REGISTERED NUMBER: 12874607 (England and Wales)

Annual Report and

Financial Statements for the Year Ended 31 December 2022

for

DIGIHAUL LIMITED

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DIGIHAUL LIMITED (REGISTERED NUMBER: 12874607)

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for the Year Ended 31 December 2022

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DIGIHAUL LIMITED (REGISTERED NUMBER: 12874607)

Company Information
for the Year Ended 31 December 2022

DIRECTORS:	S Hogan J Nava M Willmor
SECRETARY:	S Fink
REGISTERED OFFICE:	1&2 Carters Row The Melon Ground Hatfield Park Hatfield AL9 5NB
REGISTERED NUMBER:	12874607 (England and Wales)
INDEPENDENT AUDITORS:	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Exchange House Central Business Exchange Midsummer Boulevard Central Milton Keynes MK9 2DF

Strategic Report
for the Year Ended 31 December 2022

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

REVIEW OF BUSINESS

The principal activity of the company in the year under review was as a provider of a digital road freight platform in the United Kingdom.

In the opinion of the directors the annexed financial statements give a fair review of the development of the business during the year and of its position at the end of the year/period.

	Year Ended 31 December 2022 £'000	68 Week Period Ended 31 December 2021 £'000
Loss for the financial year/period	**6,008**	5,219
Net liabilities	**(10,977)**	(4,969)

Despite the challenging market conditions as a result of the recovery period from both COVID-19 and Brexit related impacts, DigiHaul Limited has performed well during its initial years of trading, bearing in mind a financial loss was always anticipated to be incurred in the start-up phase.

The primary focus for the business has been to implement a seamless transition of customer activity from the traditional brokerage model, to utilising DigiHaul Limited's digital freight platform, and this has started to deliver value for customers and hauliers, with the latter benefitting from improved efficiencies in the back-office functions via user features such as the automated self-billing module.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk categories and specific risks

The risks set out in the following paragraphs are those which we presently consider to have a significant, or potentially negative, impact on our earnings, financial position and assets and liabilities. They are not necessarily the only risks to which the company is exposed. Our business activities may also be adversely affected by additional factors of which we are currently unaware or which we do not yet consider to be material.

Risks arising from corporate strategy and economic conditions

The company provides customers in a variety of industries with solutions for their transport needs. Our success is linked closely to our customers' business trends. As the company predominantly serves customers in the United Kingdom, the performance will be linked to the UK economy. The future success of the company also depends on its ability to expand the service offering to new and existing customers and to grow activity in the most important market segments and customer solutions.

Performance and profitability risks

The loss of major customers due to aggressive competition or, for instance, due to insolvency is a constant risk facing logistics service providers. Whilst the risk can be limited by far sighted management and the implementation of strong credit control policies, it cannot be entirely neutralised. New customers are checked for credit worthiness and limits established for each customer which are reviewed regularly.

Personnel risks

The performance of our employees is decisive in ensuring the growth and further development of the company. We compete with other companies for highly qualified professionals and managers. As part of the Deutsche Post DHL 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, application 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.

Business continuity plans

The company takes preventive measures to guard against disruptions or malfunctions in our operational processes. Should disruptions nonetheless occur, contingency plans will come into effect to minimise the consequences.

KEY PERFORMANCE INDICATORS (KPI's)

The company has identified the following two key performance indicators that are regarded as central to its future profitability. The actual performance against these indicators is shown below:

	Year Ended 31 December 2022 £'000	68 Week Period Ended 31 December 2021 £'000
Turnover	**43,091**	49,487
Operating loss	**(5,857)**	(5,187)

The directors are satisfied with the position of the company at the year end and continue to monitor performance.

BY ORDER OF THE BOARD:

E-SIGNED by Steven Fink
on 2023-07-12 16:08:13 GMT

S Fink - Secretary
Date: 12 July 2023

Report of the Directors
for the Year Ended 31 December 2022

The directors present their report with the audited financial statements of the company for the year ended 31 December 2022.

FUTURE DEVELOPMENTS
The existing activity of the business is expected to continue in future. The expectation is for the business to expand significantly during the coming financial years.

GOING CONCERN
The directors have carried out a going concern assessment. The forecasts that support this assessment suggest that the company will continue to be able to meet its obligations as they fall due throughout the period of at least twelve months from the date of these financial statements. The company participates in the Deutsche Post DHL Group's centralised treasury arrangements and so shares banking arrangements with its parent and other group undertakings. The company can draw on these arrangements for funds should the need to access a short term working capital facility arise.

The Directors have sought and received a letter of support from Deutsche Post AG, the ultimate parent undertaking, including a commitment to provide funding to enable the company to meet its third party liabilities as they fall due, covering a period of at least 12 months from the date these financial statements were approved. Consequently, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

EMPLOYEES
Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

FINANCIAL RISK MANAGEMENT
The company's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and interest rate cash flow risk. The company does not use derivative financial instruments.

The policies approved by the Board of Directors, which are consistent with Deutsche Post AG financial risk policies, are implemented by the company's finance department.

FINANCIAL RISK MANAGEMENT - continued

Price risk
The company is exposed to commodity price risk as a result of its operations, principally fuel price exposures. The company has a policy of ensuring that volatility in fuel prices (to manage the exposure to commodity price risk) is underwritten where possible in customer tariffs and arrangements. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Credit risk
The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed monthly.

Liquidity risk
The company's debt profile is largely short-term debt finance that is designed to ensure that the company has sufficient available funds for operations and planned developments. A substantial part of the debt finance is provided by a fellow subsidiary undertaking.

Interest rate cash flow risk
The company has interest bearing liabilities. The company has a policy of generally borrowing from fellow subsidiary undertakings at market rates. The directors will review the appropriateness of this policy should the company's operations change significantly in size or nature, or the Deutsche Post DHL Group policies for financing group undertakings change.

DIVIDENDS

No dividends were distributed for the year ended 31 December 2022 or for the 68 week period ended 31 December 2021. The directors recommend that no final dividend be paid.

DIRECTORS

J Nava is the only director to have held office during the whole of the period from 1 January 2022 to the date of this report.

Other changes in directors holding office are as follows:

M Mohamed – resigned 18 January 2022
I Clough – resigned 1 February 2022
J Bilbao – appointed 1 February 2022 and resigned 1 June 2023
M Willmor – appointed 15 July 2022
R Gillon – resigned 1 August 2022
S Hogan – appointed 1 August 2022
M Voss – resigned 1 June 2023

DIRECTORS' INDEMNITIES

The company maintains liability insurance for its directors and officers. The company also provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purpose of the Companies Act 2006. The indemnity was in force throughout the financial year and is currently in force.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the Financial Statements 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing 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 102, 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 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.

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.

DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the Report of the Directors 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.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, will resign from office and a resolution to appoint Deloitte LLP will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD:

E-SIGNED by Steven Fink
on 2023-07-12 16:08:07 GMT

S Fink - Secretary
Date: 12 July 2023

Independent auditors' report to the members of DigiHaul Limited

Report on the audit of the financial statements

Opinion

In our opinion, DigiHaul Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2022; the Statement of Comprehensive Income, Statement of cash flows and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Independent auditors' report to the members of DigiHaul Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Independent auditors' report to the members of DigiHaul Limited (continued)

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to failure to comply with employment laws and health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006 and taxation regulations. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquiries of management, walkthrough procedures to understand and evaluate the controls designed to prevent and detect irregularities and fraud, and consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- challenging assumptions made by management in their accounting estimates, for example in relation to impairment of debtors and the long term incentive plan;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations and journal entries with specific defined descriptions;
- review of Board minutes to identify any inconsistencies with other information provided by management; and
- incorporating elements of unpredictability.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Independent auditors' report to the members of DigiHaul Limited (continued)

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

L Gartside

Lucy Gartside (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes
12 July 2023

DIGIHAUL LIMITED (REGISTERED NUMBER: 12874607)

Statement of Comprehensive Income
for the Year Ended 31 December 2022

	Note	Year Ended 31 December 2022 £'000	68 Week Period Ended 31 December 2021 £'000
TURNOVER	4	**43,091**	49,487
Staff costs	5	**(5,202)**	(5,105)
Other operating charges		**(43,746)**	(49,569)
OPERATING LOSS	6	**(5,857)**	(5,187)
Other interest receivable and similar income	7	**54**	20
Interest payable and similar charges	8	**(205)**	(52)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(6,008)**	(5,219)
Tax on loss on ordinary activities	9	**-**	-
LOSS FOR THE FINANCIAL YEAR/PERIOD		**(6,008)**	(5,219)

There are no items of other comprehensive income other than the loss for the financial year (68 week period ended 31 December 2021: £nil).

CONTINUING OPERATIONS
All results relate to continuing operations.

The notes on pages 17 to 34 form part of these financial statements.

DIGIHAUL LIMITED (REGISTERED NUMBER: 12874607)

Balance Sheet
as at 31 December 2022

	Note	2022 £'000	2021 £'000
FIXED ASSETS			
Intangible fixed assets	10	**194**	226
Investments	11	**210**	-
		404	226
CURRENT ASSETS			
Debtors	12	**7,306**	16,988
Cash at bank and in hand		**24**	10
		7,330	16,998
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	**(17,311)**	(20,754)
NET CURRENT LIABILITIES		**(9,981)**	(3,756)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(9,577)**	(3,530)
PROVISIONS FOR LIABILITIES	14	**(1,400)**	(1,439)
NET LIABILITIES		**(10,977)**	(4,969)
CAPITAL AND RESERVES			
Called up share capital	16	**250**	250
Accumulated losses		**(11,227)**	(5,219)
EQUITY		**(10,977)**	(4,969)

The financial statements on pages 13 to 34 were approved by the Board of Directors on 12 July 2023 and signed on its behalf by:

E-SIGNED by Martin Willmor
on 2023-07-12 16:00:59 GMT

.....

M Willmor - Director

The notes on pages 17 to 34 form part of these financial statements.

DIGIHAUL LIMITED (REGISTERED NUMBER: 12874607)

Statement of cash flows
for the Year Ended 31 December 2022

	Note	Year Ended 31 December 2022 £'000	68 Week Period Ended 31 December 2021 £'000
Net cash from operating activities	17	**431**	18
Taxation paid		**-**	-
NET CASH GENERATED FROM OPERATING ACTIVITIES		**431**	18
Cash flow from investing activities			
Investment in subsidiary undertaking		**(210)**	-
Purchase of intangible assets		**(56)**	(226)
Interest received		**54**	20
NET CASH USED IN INVESTING ACTIVITIES		**(212)**	(206)
Cash flow from financing activities			
Proceeds from issue of ordinary share capital		**-**	250
Interest paid		**(205)**	(52)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		**(205)**	198
NET INCREASE IN CASH AND CASH EQUIVALENTS		**14**	10
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD		**10**	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD		**24**	10
Cash and cash equivalents consist of:			
CASH AT BANK AND IN HAND		**24**	10

The notes on pages 17 to 34 form part of these financial statements.

DIGIHAUL LIMITED (REGISTERED NUMBER: 12874607)

Statement of Changes in Equity
for the Year Ended 31 December 2022

	Note	Called up share capital £'000	Accumulated losses £'000	Total £'000
Balance at 12 September 2020		-	-	-
Changes in equity				
Issued share capital	16	250	-	**250**
Loss for the financial period		-	(5,219)	**(5,219)**
Balance at 31 December 2021		250	(5,219)	**(4,969)**
Changes in equity				
Loss for the financial year		-	(6,008)	**(6,008)**
Balance at 31 December 2022		**250**	**(11,227)**	**(10,977)**

Retained earnings represents accumulated comprehensive losses for the year and prior period.

The notes on pages 17 to 34 form part of these financial statements.

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

General information

DigiHaul Limited is a private company limited by shares and is incorporated and domiciled in England. The address of its registered is 1&2 Carters Row, The Melon Ground, Hatfield Park, Hatfield, AL9 5NB.

Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and in accordance with the Companies Act 2006.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared on the going concern basis, under the historical cost convention.

The directors have carried out a going concern assessment. The forecasts that support this assessment suggest that the company will continue to be able to meet its obligations as they fall due throughout the period of at least twelve months from the date of these financial statements. The company participates in the Deutsche Post DHL Group's centralised treasury arrangements and so shares banking arrangements with its parent and other group undertakings. The company can draw on these arrangements for funds should the need to access a short term working capital facility arise.

The Directors have sought and received a letter of support from Deutsche Post AG, the ultimate parent undertaking, including a commitment to provide funding to enable the company to meet its third party liabilities as they fall due, covering a period of at least 12 months from the date these financial statements were approved. Consequently, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The company is a wholly-owned subsidiary of Deutsche Post AG, a company incorporated in Germany, and is included in the consolidated financial statements of Deutsche Post AG which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of Section 401 of the Companies Act 2006. These financial statements are the company's separate financial statements.

The principal accounting policies adopted by the company are set out below and are consistent with those of the previous period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Revenue recognition

Turnover is recognised based on the fair value of the right to consideration for the sale of services and goods to third parties. For the sale of services, turnover is determined by the percentage of the total service chargeable to customers completed by the balance sheet date. Turnover excludes value added tax and equivalent taxes, duty and other disbursements made on behalf of customers.

Taxation

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Taxation - continued

(ii) Deferred tax - continued

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 statement of comprehensive income.

As a result of the above agreement with Exel Limited, the company will not benefit from the reversal of deferred tax assets and consequently these are not recognised in the financial statements.

Pensions

The company participates in defined contribution pension arrangements. A defined contribution plan is a pension plan under which the company pays fixed contributions. Once the contributions have been paid the company has no further obligations. The amount charged to total comprehensive income in respect of pension cost is the contributions payable during the year. The difference between contributions payable in the year and contributions actually paid is shown as an accrual or prepayment in the balance sheet.

The company does not maintain any other post-retirement benefits.

Long term incentive plans

The company operates a long term incentive plan whereby certain executives employed by the company receive part of their variable remuneration for the financial year in the form of an opportunity to receive an additional cash payment. The payments are based on the expected increase in the valuation of the company. If certain conditions are met, the executive will have the opportunity to receive additional remuneration following the end of the vesting period. The resulting staff costs are recognised pro rata in the statement of comprehensive income to reflect the services rendered as consideration during the vesting period (lock-up period), as required under section 26 of FRS 102 for cash settled share based payments.

Foreign currencies

The company's functional and presentation currency is pound sterling.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Intangible fixed assets

Development costs relating to the company's software platform solution are capitalised and valued at historical cost and are amortised over the life of the commercial arrangement to which the contracts relate, which management estimates to be not more than 5 years. The carrying value of software developments costs are reviewed for impairment if circumstances indicate that they may not be recoverable, and any impairment is charged to the statement of comprehensive income.

Fixed asset investments

Fixed asset investments are included in the balance sheet at cost less provision for any impairment in value. Investment carrying values are reviewed for impairment at the balance sheet date and when there has been an indication of potential impairment.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Amounts owed by group undertakings

As a part of its normal activity, the company provides loan financing to members of the group. The loans are advanced on commercial terms, taking into account the borrower's status and financial position. The company periodically assesses the ability of the borrower to repay the loans, and provisions are made where necessary and recognised in other operating charges. If the borrower's financial position subsequently improves or the loan is repaid then any excess provision is released and recognised in other operating income. The loans are repayable on demand and for the purposes of FRS 102 are regarded as basic financial instruments.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Incentives received to enter into an operating lease are credited to the statement of comprehensive income, to reduce the lease expense, on a straight-line basis over the period of the lease.

Called up share capital

Ordinary shares are classified as equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Contingencies

Contingent liabilities arise as a result of past events when

(i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or

(ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control.

Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Financial instruments

The company has chosen to adopt the Sections 11 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies that are classified as debt, are initially recognised at transaction price, Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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 company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing the impairment of trade and other debtors, management considers factors including the credit rating of the debtor, the ageing profile and historical experience. Debtors receivable from group undertakings are assessed on an annual basis for impairment following a review of the net assets of those group companies. See note 12 for the net carrying amount of the debtors.

Long term incentive plans

The company makes an estimate of the amount to be paid out under such incentive schemes at the end of the vesting period. The estimates rely on the future forecasting of profitability and cash flows over the vesting period, which are subject to updates each year end, and consequently could materially impact the level of the provisions in the future. See note 14 for the value of the provision.

Critical accounting judgements in applying the entity's accounting policies

Taxation

The company has entered into an agreement with Exel Limited, a fellow group undertaking, under which the company's UK taxation liabilities are settled by Exel Limited and similarly the benefit of amounts recoverable from tax authorities are received by this fellow group undertaking. As a result, the company has not recognised either current or deferred tax liabilities/assets due to/recoverable from the UK tax authorities. All such assets and liabilities are recognised in the financial statements of Exel Limited.

4. TURNOVER

Turnover relates to the company's principal activity, which the directors consider constitutes a single class of business. The geographical origin of turnover was the United Kingdom.

5. STAFF COSTS

	Year Ended 31 December 2022 £'000	68 Week Period Ended 31 December 2021 £'000
Wages and salaries	**3,935**	2,821
Social security costs	**797**	332
Other pension costs	**502**	288
Cost of long term incentive plan	**(32)**	1,664
	5,202	5,105

During the year the basis of the long term incentive scheme was amended, extending the build up in provision by four years to better reflect the more probable utilisation date. This is reflected in a credit to the statement of comprehensive income in 2022.

The monthly average number of persons employed during the year was as follows:

	Year Ended 31 December 2022 Number	68 Week Period Ended 31 December 2021 Number
Management and clerical	**86**	50

6. OPERATING LOSS

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

	Year Ended 31 December 2022 £'000	68 Week Period Ended 31 December 2021 £'000
Operating lease rentals	**203**	365
Subcontractors' costs	**40,451**	45,253
Amortisation for the year	**88**	-
Foreign exchange loss/(gain)	**4**	(1)

Operating lease rentals are all short term and less than 12 months.

6. OPERATING LOSS – continued

The fees in respect of audit services were borne by DHL Supply Chain Limited. The amount of remuneration received by the auditors in respect of the audit for DigiHaul Limited was £27,500 (68 week period ended 31 December 2021: £25,000). There have been no non-audit services in the year (68 week period ended 31 December 2021: £nil).

Directors' emoluments

	Year Ended 31 December 2022 £'000	68 Week Period Ended 31 December 2021 £'000
Aggregate emoluments	**117**	-
Company contributions paid to money purchase pension schemes	**-**	-

Retirement benefits are accruing to one director (68 week period ended 31 December 2021: no directors) under defined benefit schemes, and to no directors (68 week period ended 31 December 2021: no directors) under a money purchase scheme. Shares in the ultimate parent company, Deutsche Post AG, are accruing to one director (68 week period ended 31 December 2021: no directors) under long term incentive plans. One director (68 week period ended 31 December 2021: no directors) received shares in the ultimate parent company, Deutsche Post AG, during the year.

The emoluments of I Clough to the date of his resignation are included in the aggregate of directors' emoluments disclosed in the financial statements of DHL Supply Chain Limited. DigiHaul Limited received no charges for the services of this director. The remaining directors except M Willmor from the date of his appointment, are principally employed by other group companies outside of the UK and Digihaul Limited receives no charges for the services of these directors.

6. OPERATING LOSS – continued

Highest paid director

	Year Ended 31 December 2022 £'000	68 Week Period Ended 31 December 2021 £'000
Total amount of emoluments and amounts (excluding shares) receivable under long term incentive schemes	**117**	-
Company contributions paid to money purchase pension schemes	**-**	-

The highest paid director exercised (68 week period ended 31 December 2021: did not exercise) share options during the year but is accruing benefits under a long term incentive plan. The highest paid director had 2,397 shares (68 week period ended 31 December 2021: no shares) in the ultimate parent company, Deutsche Post AG, receivable under long term incentive plans.

7. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31 December 2022 £'000	68 Week Period Ended 31 December 2021 £'000
Interest receivable from group undertakings	**54**	20

8. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31 December 2022 £'000	68 Week Period Ended 31 December 2021 £'000
Interest payable to group undertakings	**205**	52

9. TAX ON LOSS 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.

	Year Ended 31 December 2022 £'000	68 Week Period Ended 31 December 2021 £'000
Current tax	-	-
		-
	-	
Deferred tax		
Origination and reversal of timing differences	**12**	(275)
Impact of changes in tax rates	**4**	(86)
Adjustments in respect of prior years	**(22)**	-
Movement on UK deferred tax not recognised	**6**	361
		-
	-	
Total tax on loss on ordinary activities	-	-

9. TAX ON LOSS ON ORDINARY ACTIVITIES - continued

Reconciliation of tax charge

The tax assessed for the year differs from (68 week period ended 31 December 2021: differs from) the standard rate of corporation tax in the UK of 19% (68 week period ended 31 December 2021: 19%). The differences are explained below:

	Year Ended 31 December 2022 £'000	68 Week Period Ended 31 December 2021 £'000
Loss on ordinary activities before taxation	**(6,008)**	(5,219)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (68 week period ended 31 December 2021: 19%)	**(1,142)**	(992)
Effects of:		
Income not subject to UK tax	**(13)**	-
Impact of changes in tax rates	**4**	(86)
Group relief surrendered to other group companies	**1,167**	717
Adjustments in respect of prior years	**(22)**	-
Movement on UK deferred tax not recognised	**6**	361
Total tax on loss on ordinary activities	**-**	-

The standard rate of corporation tax is 19% (68 week period ended 31 December 2021: 19%).

Deferred tax

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

	2022 Unrecognised £'000	2021 Unrecognised £'000
Decelerated capital allowances	**12**	-
Other timing differences	**3**	1
Share schemes	**352**	360
Net deferred tax asset	**367**	361

Deferred tax is calculated at rates between 23.5% and 25% (2021: 19% and 25%).

9. TAX ON LOSS ON ORDINARY ACTIVITIES – continued

Deferred tax - continued

The company had a net deferred tax asset at 31 December 2022 of £367,000 (2021: £361,000) which has not been recognised in the financial statements because the company will not benefit from the reversal of deferred tax assets as a result of an agreement entered into with Exel Limited.

Finance Act 2021 increased the main rate of corporation tax from 19% to 25% with effect from 1 April 2023. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements based on when the timing differences are expected to reverse.

10. INTANGIBLE ASSETS

	Internally generated software £'000
COST	
At I January 2022	**226**
Additions	**56**
At 31 December 2022	**282**
ACCUMULATED AMORTISTION	
At 1 January 2022	**-**
Charge for year	**88**
At 31 December 2022	**88**
NET BOOK VALUE	
At 31 December 2022	**194**
At 31 December 2021	**226**

11. INVESTMENTS

	Shares in group undertaking £'000
COST	
At 1 January 2022	-
Additions	**210**
At 31 December 2022	**210**
NET BOOK VALUE	
At 31 December 2022	**210**
At 31 December 2021	-

During the year the company made an investment in DigiHaul Spain S.L.U. of £210,067. The investment is for 100% ownership of DigiHaul Spain S.L.U., whose registered office is at Avda. Castilla, núm 2, Planta 2, 28830, San Fernando de Henares, Madrid, Spain.

In the opinion of the directors, the value of the company's investments in subsidiary undertakings is not less than the amount included in the balance sheet.

12. DEBTORS

	Note	2022 £'000	2021 £'000
Trade debtors		**690**	31
Amounts owed by group undertakings	18	**6,118**	16,739
Prepayments and accrued income		**398**	118
		7,206	16,888
Amounts falling due after more than one year:			
Amounts owed by group undertakings	18	**100**	100
Aggregate amounts		**7,306**	16,988

Amounts owed by group undertakings are unsecured and repayable on demand and include £3,554,000 (2021: £11,765,000) on which the interest rate is the Sterling Overnight Index Average plus 71 basis points (0.71%) (2021: Sterling Overnight Index Average plus 68 basis points (0.68%)). This interest spread is determined once a year ex ante.

Amounts owed by group undertakings due after more than one year relates to amounts due from Ezyhaul Pte. Limited for the DigiHaul Limited software supply agreement.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Note	2022 £'000	2021 £'000
Trade creditors		**3,140**	8,781
Amounts owed to group undertakings	18	**9,991**	8,155
Taxation and social security		**917**	979
Other creditors		**2**	-
Accruals and deferred income		**3,261**	2,839
		17,311	20,754

Amounts owed to group undertakings are unsecured and repayable on demand, and include £9,813,000 (2021: £8,032,000) of unsecured interest bearing loans. The rate of interest applicable is the Sterling Overnight Index Average plus 84 basis points (0.84%) on £8,000,000 of the loan principle amount and 142 basis points (1.42%) on the remaining £1,700,000 of the loan principle (2021: LIBOR plus a margin of 45 basis points (0.45%)).

14. PROVISIONS FOR LIABILITIES

	Other £'000
Balance at 1 January 2022	**1,439**
Amounts credited to the statement of comprehensive income	**(39)**
Balance at 31 December 2022	**1,400**

Other provisions relate to a long term incentive scheme. During the year the basis of the scheme was amended, extending the build up in provision by four years to better reflect the more probable utilisation date. This is reflected in a credit to the statement of comprehensive income in 2022 (see note 5). These provisions are expected to be utilised by 2029.

15. EMPLOYEE BENEFIT OBLIGATIONS

The company participates in a contributory funded pension scheme for its employees via the defined contribution sections of the DHL Group Retirement Plan ("the Plan"), which is administered by external trustees independently of the Deutsche Post DHL Group's finances.

The amount recognised as an expense for defined contribution schemes was £502,000 (68 week period ended 31 December 2021: £288,000).

16. CALLED UP SHARE CAPITAL

	2022 £'000
Allotted and fully paid	
25,000 (2021: 25,000) ordinary shares of £10 each	**250**

There were no allotments during the year (68 week period ended 31 December 2021: 1 share was allotted on incorporation of the company on 12 September 2020 and 24,999 shares were allotted on 2 December 2020).

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

17. NET CASH FROM OPERATING ACTIVITIES

	Year Ended 31 December 2022 £'000	68 Week Period 31 December 2021 £'000
Loss for the financial year/period	**(6,008)**	(5,219)
Net interest expenses	**151**	32
Operating profit	**(5,857)**	(5,187)
Amortisation of intangible assets	**88**	-
Other provisions	**(39)**	1,439
Working capital movements:		
Decrease/(increase) in debtors	**9,682**	(16,988)
(Decrease)/increase in payables	**(3,443)**	20,754
Cash flow generated from operating activities	**431**	18

Analysis of changes in net debt

	2022 £'000	2021 £'000
Cash at bank and in hand		
At 1 January	**10**	-
Cash flows	**14**	10
At 31 December 2022	**24**	10

18. RELATED PARTY TRANSACTIONS

The following related party transactions took place and were made at arm's length:

Related party	Nature of service	Income 2022 £'000	Purchases 2022 £'000	Balance at 31 December 2022 £'000
DHL Supply Chain Limited	Turnover, IT and management support	39,984	999	2,459
DHL Parcel UK Limited	Freight services	950	-	80
DHL Global Forwarding (UK) Limited	Freight services	809	-	22
Danzas Corporation	Freight services	18	-	3
Ezyhaul Pte. Limited	Software supply agreement	-	-	100
Deutsche Post AG	Loan funding and interest	54	2	3,554
				6,218
Agheera GmbH	Freight services	-	16	-
DHL Supply Chain Management GmbH	Freight services	-	122	(3)
DHL Express (UK) Limited	Freight services	-	151	-
DHL Freight Spain S.L.	Freight services	-	11	-
DHL Lojistik Hizmetleri A.S.	Freight services	-	38	(13)
Ezyhaul Pte. Limited	IT support	-	1,091	(162)
Exel Limited	Loan funding and interest	-	203	(9,813)
				(9,991)

18. RELATED PARTY TRANSACTIONS - continued

Related party	Nature of service	Income 2021 £'000	Purchases 2021 £'000	Balance at 31 December 2021 £'000
DHL Supply Chain Limited	Turnover, IT and management support	**49,127**	**2,784**	**4,859**
DHL Freight Finland Oy	Freight services	**7**	**-**	**6**
DHL Parcel UK Limited	Freight services	**201**	**-**	**27**
DHL Global Forwarding (UK) Limited	Freight services	**187**	**-**	**82**
Danzas Corporation	Freight services	**18**	**-**	**-**
Ezyhaul Pte. Limited	Software supply agreement	**100**	**-**	**100**
Deutsche Post AG	Loan funding and interest	**20**	**3**	**11,765**
				16,839
Agheera GmbH	Freight services	**-**	**12**	**-**
DHL Supply Chain Management GmbH	Freight services	**-**	**117**	**-**
DHL Freight Spain S.L.	Freight services	**-**	**5**	**-**
DHL Express (UK) Limited	Freight services	**-**	**73**	**-**
DHL Lojistik Hizmetleri A.S.	Freight services	**-**	**11**	**-**
Ezyhaul Pte. Limited	IT support	**-**	**345**	**(123)**
Exel Limited	Loan funding and interest	**-**	**49**	**(8,032)**
				(8,155)

The company is owned 60% by DHL Supply Chain Limited and 40% by Ezyhaul Pte. Limited and is controlled by DHL Supply Chain Limited. The ultimate parent undertaking is Deutsche Post AG, a company incorporated in Germany.

There were no provisions for debtor balances or write offs within the year (2021: £nil)

19. ULTIMATE CONTROLLING PARTY

The company is owned 60% by DHL Supply Chain Limited and 40% by Ezyhaul Pte. Limited and is controlled by DHL Supply Chain Limited. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Deutsche Post AG, a company incorporated in Germany. Copies of the financial statements of Deutsche Post AG can be obtained from Deutsche Post AG, Headquarters, Investor Relations, 53250 Bonn, Germany.