

Company Registration No. 08214408 (England and Wales)

Gerlach Customs Services UK Limited

**Annual report and financial statements
for the year ended 31 December 2022**



Gerlach Customs Services UK Limited

Company information

Directors	Elouise Glencastle Liesbeth Steenlant Thomas Mercuri
Company number	08214408
Registered office	3rd Floor, Charlton House Dour Street Dover United Kingdom CT16 1AT
Independent auditors	Saffery LLP St Catherine's Court Berkeley Place Clifton Bristol BS8 1BQ

Gerlach Customs Services UK Limited

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Gerlach Customs Services UK Limited

Strategic report

For the year ended 31 December 2022

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

Gerlach Customs Services UK Limited is a member of the Deutsche Post AG group of companies and specialises in offering customs clearance services to clients located in Europe along with other entities operating under the Gerlach Customs Services brand.

Review of the business

The business achieved a turnover of £10,589,000 (2021: £10,742,000) with a strong gross profit margin of 102% (2021: 84%). The profit for the financial year was £3,967,000 (2021: £1,878,000 profit) primarily due to increased volumes following Brexit. There is a net asset position of £5,540,000 (2021: £1,573,000 net asset).

Future developments and post balance sheet events

The company's strategy for 2023 is to continue to grow the business using the leverage of the Gerlach Customs Services brand in Europe and to develop the customs consultancy revenue stream. Following Brexit on 1 January 2021, volumes have increased significantly and therefore the company has continued to invest to ensure that business is able to support its customers.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. Risks are formally reviewed by the board and appropriate processes put in place to monitor and mitigate them. The key business risks affecting the company are set out below.

Competitive market

The customs market is a highly competitive market. The main requirement for customers is a reliable and quality service. The company ensures that this is offered to all customers in order to differentiate ourselves from our competitors. The branding of the business under Gerlach Customs Services allows the business to leverage greater opportunities.

Gerlach Customs Services UK Limited

Strategic report (continued)

For the year ended 31 December 2022

Environmental management

Environmental impact is still a high profile subject and the company continues to improve its environmental impact and maintain, as a minimum, compliance with all legal requirements and permits.

Key performance indicators

The Directors of the company manage the key performance indicators at a group level and these are discussed in Deutsche Post AG's annual report which does not form part of this report. The main key performance indicators are considered to be turnover growth and profitability and these trends are analysed in the review of the business above.

On behalf of the board

Liesbeth
Steenlant
(DHL AT)

Digitally signed by
Liesbeth Steenlant
(DHL AT)
Date: 2023.09.29
06:58:59 +0200

Liesbeth Steenlant

Director

29 September 2023

Gerlach Customs Services UK Limited

Directors' report

For the year ended 31 December 2022

The directors present their annual report and audited financial statements for the year ended 31 December 2022.

Directors

The directors who held office during the year ended and up to the date of signature of the financial statements were as follows:

Elouise Glencastle
Thomas Mercuri
Liesbeth Steenlant (appointed 1 February 2023)
Antoine Kuppens (resigned 1 January 2023)

Future developments

See the Strategic report (page 1) for details of the company's future developments.

Dividends

The directors do not recommend the payment of a dividend (2021: £nil)

Business environment

The company operates in a highly competitive market. The company's revenue is generated within the United Kingdom. The customs service business is highly competitive but gross margins remain strong. The business plans to grow aggressively and offer more services related to consultancy in addition to the transactional customs clearance work.

Financial risk management

The company's operations form part of Deutsche Post International B.V. and as such, the directors are of the opinion that liquidity and interest rate cash flow risk are minimal, given the access to working capital facilities from the group. The most significant financial risks are credit risk, foreign exchange risk and price risk.

Credit risk

The company has implemented policies that require appropriate checks on potential customers before sales are made. The amount of exposure to any individual counterpart is subject to limits which are monitored regularly to ensure no undue exposure to customer failure exists.

Foreign exchange risk

Foreign exchange risk is managed by matching payments and receipts in foreign currencies where possible to minimise exposure.

Gerlach Customs Services UK Limited

Directors' report (continued)

For the year ended 31 December 2022

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 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.

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.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Statement of disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

The independent auditors, Saffery LLP, have indicated their willingness to continue in office and a resolution covering their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board

Liesbeth Steenlant - Digitally signed by Liesbeth Steenlant (DN: cn=Liesbeth Steenlant, o=DHL AT)

Liesbeth Steenlant

Director

29 September 2023

Gerlach Customs Services UK Limited

Independent auditors' report

To the members of Gerlach Customs Services UK Limited for the year ended 31 December 2022

Opinion

We have audited the financial statements of Gerlach Customs Services (UK) Limited for the year ended 31 December 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Gerlach Customs Services UK Limited

Independent auditors' report (continued)

To the members of Gerlach Customs Services UK Limited for the year ended 31 December 2022

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Gerlach Customs Services UK Limited

Independent auditors' report (continued)

To the members of Gerlach Customs Services UK Limited for the year ended 31 December 2022

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how *fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended.* We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and updating our understanding of the sector in which the company operates

Laws and regulations of direct significance in the context of the company include The Companies Act 2006, and UK Tax legislation.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

Gerlach Customs Services UK Limited

Independent auditors' report (continued)

To the members of Gerlach Customs Services UK Limited for the year ended 31 December 2022

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. 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 is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Saffery LLP
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Michael Strong (Senior Statutory Auditor)
for and on behalf of Saffery LLP

Chartered Accountants
Statutory Auditors

St Catherine's Court
Berkeley Place
Bristol
BS8 1BQ

29 September 2023

Gerlach Customs Services UK Limited

Statement of comprehensive income

For the year ended 31 December 2022

	Note	2022	2021
		£000	£000
Revenue	5	10,589	10,742
Cost of sales		168	(1,766)
Gross profit		10,757	8,976
Administrative expenses		(6,790)	(7,098)
Operating profit/(loss) before taxation	6	3,967	1,878
Tax on profit/(loss)	9	-	-
Profit/(loss) for the financial year		3,967	1,878
Total comprehensive income/(expense) for the year		3,967	1,878

The results for the financial year are derived entirely from continuing operations.

Gerlach Customs Services UK Limited

Statement of financial position

As at 31 December 2022

	Note	2022	2021
		£000	£000
Fixed assets			
Property, plant and equipment	10	168	236
Current assets			
Debtors	11	7,179	7,663
Total assets		7,348	7,899
Non-current liabilities			
Provisions for liabilities	12	35	35
Current liabilities			
Creditors - amounts falling due within one year	13	1,772	6,291
Total liabilities		1,807	6,326
Net current assets/(liabilities)		5,407	1,372
Net assets/(liabilities)		5,540	1,573
Equity			
Called up share capital	14	80	80
Retained (loss)/earnings		5,460	1,493
Total equity		5,540	1,573

The financial statements on pages 9 to 26 were approved by the board of directors and authorised for issue on 29 September 2023 and are signed on its behalf by:

Liesbeth
Steenlant (DHL
AT)

Digitally signed by Liesbeth
Steenlant (DHL AT)
Date: 2023.09.29 07:00:36
+02'00'

Liesbeth Steenlant

Director

29 September 2023

Company Registration No. 08214408

Gerlach Customs Services UK Limited

Statement of changes in equity

For the year ended 31 December 2022

	Called up share capital	Retained earnings	Total equity
	£000	£000	£000
Balance at 1 January 2021	80	(385)	(305)
Profit for the financial year and total comprehensive income	-	1,878	1,878
Balance at 31 December 2021	80	1,493	1,573
Balance at 1 January 2022	80	1,493	1,573
Profit for the financial year and total comprehensive income	-	3,967	3,967
Balance at 31 December 2022	80	5,460	5,540

Gerlach Customs Services UK Limited

Notes to the financial statements

For the year ended 31 December 2022

1. General Information

Gerlach Customs Services UK Limited is a private company limited by shares incorporated in the United Kingdom. The registered office is 3rd Floor, Charlton House, Dour Street, Dover, United Kingdom, CT16 1AT.

The principal activity of the company during the year was specialising in offering customs clearance services to clients located in Europe along with other entities operating under the Gerlach Customer Services brand.

2. Statement of compliance

The individual financial statements of Gerlach Customs Services UK Limited 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 the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of financial statements in conformity with FRS102 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 on page 17.

3.1 Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

3.2 Going concern

The company has net assets of £5,540,000 at 31 December 2022 (2021: £1,573,000 net assets) The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Deutsche Post AG. The Directors have received confirmation that Deutsche Post AG intends to support the company for 12 months from after these financial statements are signed.

Gerlach Customs Services UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

3. Summary of significant accounting policies (continued)

3.3 Exemption for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The company is a qualifying entity as its results are consolidated into the financial statements of Deutsche Post AG which are publicly available.

As a qualifying entity, the company has taken advantage of the following exemptions:

- the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.
- the company has taken advantage of the exemptions as provided by Section 33.1A of FRS 102 from disclosing related party transactions with wholly owned entities that are part of the Deutsche Post AG group or investees of the Deutsche Post AG group.

3.4 Revenue recognition

Revenue is measured at the fair value of consideration received or recoverable, excluding value added tax relating to services in connection with the management of customs clearance and consultancy for customers. Revenue is recognised when the service provided to the customer is complete, the company having fulfilled its obligations at that point in time.

Gerlach Customs Services UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

3. Summary of significant accounting policies (continued)

3.5 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.

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.

Gerlach Customs Services UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

3. Summary of significant accounting policies (continued)

3.6 Property, plant and equipment and depreciation

Property, plant and equipment are stated at historic purchase cost less accumulated depreciation and accumulated impairment together with any incidental expense of acquisition. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition. Depreciation is calculated to write off the cost of the assets less their residual values on a straight line basis over their estimated useful economic lives at the following rates:

Leasehold improvements	over the lease term
Operating and office equipment	over 5 – 10 years
IT equipment	over 4 – 5 years

Residual values are calculated on prices prevailing at the date of acquisition.

Repairs, maintenance and minor inspection costs are expensed as incurred

3.7 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.

3.8 Accrued income

Accrued income represents unbilled customs clearance services provided in the period.

3.9 Financial instruments

The company has chosen to adopt the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

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 the statement of comprehensive income.

Gerlach Customs Services UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

3. Summary of significant accounting policies (continued)

3.9 Financial instruments (continued)

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

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 who has the practical ability to unilaterally sell the asset to an unrelated party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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.

The company does not hold or issue derivative financial instruments.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an 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.

3.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Gerlach Customs Services UK Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

3. Summary of significant accounting policies (continued)

3.11 Foreign exchange

(i) Functional and presentational currency

The company's functional and presentational currency is the pound sterling

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions

At each period end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates on monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

3.12 Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. The company has taken advantage of the exemptions as provided by section 33.1A of FRS 102 from disclosing related party transactions with wholly owned entities that are part of the Deutsche Post AG group or investees of the Deutsche Post AG group.

4. Critical accounting judgements and key sources of estimation uncertainty

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 which will have a risk of causing a material adjustment to the carrying amount 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 debtors. When assessing impairment of trade debtors, management consider factors including the current credit rating of the debtor, the ageing profile and historic experience. See note 11 for the net carrying amount of the debtors and associated impairment provision.

Gerlach Customs Services UK Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

5. Revenue

All revenue is attributable to the company's principal activity of customs clearance services.

Revenue analysed by geographical market

	2022	2021
	£000	£000
UK sales	9,213	9,810
Other EU sales	1,328	877
Non-EU sales	48	55
	10,589	10,742

6. Operating profit

Cost of sales for 2022 includes accrual releases totaling £760,000 relating to prior years. This has resulted in a net income reported in cost of sales in 2022. The cost of sales excluding these releases in 2022 is £(592,000) and the underlying gross profit is £9,997,000.

Operating profit for the year is stated after charging/(crediting):

	2022	2021
	£000	£000
Audit fees payable to the company's auditors	20	18
Currency translation (gain)/loss	(7)	6
Operating lease charges	60	36
Depreciation	72	63

7. Directors emoluments

	2022	2021
	£000	£000
Remuneration for qualifying services	109	12
Company contributions paid to money purchase pension schemes in respect of 1 (2021: 1) director.	6	1
	115	13

Gerlach Customs Services UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

8. Employees

There were no persons directly employed by Gerlach Customs Services UK Limited during the year. The average monthly number of persons (including directors) employed by other group entities and assigned to Gerlach Customs Services UK Limited was:

	2022	2021
	Number	Number
Management	-	-
Operational	111	78
	111	78

Their aggregate remuneration comprised:

	2022	2021
	£000	£000
Wages and salaries	3,955	2,718
Social security costs	395	289
Defined contribution pension costs	212	124
	4,562	3,131

Gerlach Customs Services UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

9. Tax on profit/loss

a) Tax on profit/loss

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.

	2022	2021
	£000	£000
Current Tax	-	-
Total current tax	-	-
Deferred Tax		
Origination and reversal of timing differences	(8)	22
Impact of changes in tax rates	(2)	2
Adjustments in respect of prior years	(1)	(13)
Movement on UK deferred tax not recognised	1	-
Movement on UK deferred tax indemnified by Exel Limited	10	(11)
Total deferred tax	-	-
Total tax on profit on ordinary activities	-	-

Gerlach Customs Services UK Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

9. Tax on profit/loss (continued)

b) Reconciliation of tax charge

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

	2022	2021
	£000	£000
Profit on ordinary activities before taxation	3,967	1,878
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021:19%).	754	357
Effects of:		
Expenses not allowable for UK tax	-	1
Income not subject to UK tax	(1)	(6)
Impact of changes in tax rates	(2)	2
Group relief claimed from other group companies	(761)	(330)
Adjustments in respect of prior years	(1)	(13)
Movement on UK deferred tax not recognised	1	-
Movement on UK deferred tax indemnified by Exel Limited	10	(11)
Total tax on profit on ordinary activities	-	-

The standard rate of Corporation tax is 19% (2021: 19%).

Gerlach Customs Services UK Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

9. Tax on profit/loss (continued)

c) Deferred Tax

A summary of the company's deferred tax asset/(liability) is as follows:

	2022	2021
	Unrecognised	Provided
	£000	£000
Decelerated/(Accelerated) capital allowances	1	(10)
Net deferred tax asset/(liability)	1	(10)

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

Provision for liabilities:

	2022
	£000
At 1 January 2022	10
(Credit)/Charge to tax on profit on ordinary activities	(10)
At 31 December 2022	-

The company had a net deferred tax liability at 31 December 2022 of £nil (2021: £10,000) which has been recognised in the financial statements. A fellow group undertaking, Exel Limited, has agreed to indemnify the company against its current and future liabilities to UK corporation tax, and accordingly an indemnification asset due from Exel Limited equal to the deferred tax liability has been recognised in the balance sheet.

No significant reversal of the deferred tax liability is expected in 2023.

The company had a net deferred tax asset at 31 December 2022 of £1,000 (2021: £nil) 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.

Gerlach Customs Services UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

10. Property, plant and equipment

	Leasehold improvements	Operating and office equipment	IT Equipment	Advanced payments & assets under development	Total
	£000	£000	£000	£000	£000
Cost					
At 1 January 2022	91	71	149	0	311
Additions	-	-	-	4	4
At 31 December 2022	91	71	149	4	315
Accumulated depreciation					
At 1 January 2022	30	7	38	-	75
Charge for the year	28	7	37	-	72
At 31 December 2022	58	14	75	-	147
Net book amount					
At 31 December 2022	33	57	74	4	168
At 31 December 2021	61	64	111	-	236

Gerlach Customs Services UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

11. Debtors

	2022	2021
	£000	£000
Amounts falling due within one year:		
Trade debtors	1,687	4,791
Other debtors	5,480	2,853
Prepayments and accrued income	12	19
	7,179	7,663

12. Provisions for liabilities – Leasehold property obligations

	2022	2021
	£000	£000
Dilapidation provision	35	35
	35	35

The provision for leasehold property obligations comprises the estimated dilapidation costs associated with the company's obligations to reinstate leased buildings to their original state, under a property lease which has an expiry date in 2026.

13. Creditors – amounts falling due within one year

	2022	2021
	£000	£000
Amounts owed to group undertakings	-	2,602
Trade creditors	17	17
Other creditors	283	252
Accruals and deferred income	1,472	3,420
	1,772	6,291

Accruals includes £682,000 for customs and duties liabilities (2021: £1,891,000) repayable to HM Revenue and Customs on demand.

Gerlach Customs Services UK Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

14. Called up share capital

	2022	2021
	£000	£000
Ordinary share capital		
Issued and fully paid		
80,000 (2021: 80,000) Ordinary shares of £1 each	80	80

The company's share capital is fully owned by Deutsche Post International B.V. which has the right to participate in the distribution of dividends and in the return of capital including if the company were to be wound up.

15. Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings	
	2022	2021
	£000	£000
Not later than one year	64	62
Later than one year and not later than five years	61	74
	136	136

16. Financial commitments, guarantees and contingent liabilities

The company has issued a guarantee in favour of HM Revenue & Customs, the maximum liability under which was £8,000,000 (2021: £8,000,000) as at 31 December 2022.

Gerlach Customs Services UK Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

17. Parent undertakings and ultimate controlling party

The company's immediate parent undertaking is Deutsche Post International B.V. which holds 100% of the share capital and is the parent undertaking of the smallest group to consolidate these financial statements.

The ultimate parent undertaking and ultimate controlling party is Deutsche Post AG, which is the parent undertaking of the largest group to consolidate these financial statements. Copies of the consolidated financial statements of Deutsche Post AG can be obtained at Deutsche Post AG, Headquarters, Charles-de-Gaulle, Strabe 20, 53113 Bonn.