

The DHL UK Foundation

Annual Report and Financial Statements

31 March 2023

Company Limited by Guarantee
Registration Number
2223373 (England and Wales)

Charity Registration Number
327880

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Legal and administrative information

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| Trustees (as at date of signing) | P K Butchart N Calvert H Copinger-Symes P Fuller N Mahendru S Resnick S Robinson (Chair) C Selig B Storch I Wilson M Young |
| Registered office | Eastworth House Eastworth Road Chertsey KT16 8SH |
| Company registration number | 2223373 (England and Wales) |
| Charity registration number | 327880 |
| Auditor | Haysmacintyre LLP 10 Queen Street Palace London EC4R 1AG |
| Bankers | National Westminster Bank plc 81 High Street Bedford MK40 1YN Santander UK plc Business Banking Centre Santander House 301 St Vincent Street Glasgow G2 5NT |

Legal and administrative information

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Trustees' report Year to 31 March 2023

The trustees present their annual report together with the financial statements of The DHL UK Foundation for the year ended 31 March 2023.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purpose of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 26 to 29 of the attached financial statements and comply with the charitable company's memorandum and articles of association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Principal aims and objects

The Vision and Mission of the Foundation approved by the Board in November 2020 are as follows:

DHL UK Foundation Vision:

An end to youth unemployment

DHL UK Foundation Mission:

For the Foundation, and DHL colleagues across the UK, to work together to help our charity and school partners ensure that disadvantaged young people aged 5 to 25 years have access to the best possible education, develop essential life skills and the opportunity to secure meaningful and sustainable employment.

The trustees have agreed that the Foundation's support should be focussed on three key areas:

Education

Partnering with charities and schools that help struggling students to get the most out of their education during important stages of their time in primary and secondary school, college and university – helping them to become ready for employment and to develop life and citizenship skills.

Employability

Partnering with charities that help young people from disadvantaged backgrounds learn about the world of work, the logistics industry and DHL.

Engagement

Encouraging colleagues across DHL to use their passion and skills to help support their local communities and young people in need.

The Foundation's support of the above themes is achieved by:

- ◆ Providing funding and leveraging DHL employee support for highly impactful projects with national charity partners working with children and young people;
- ◆ Providing structured programmes and encouragement for DHL employees to volunteer, fundraise and use their skills in community activity; and

Trustees' report Year to 31 March 2023

- ♦ Maximising the impact of our funds through the structure with a small central team with external 'in kind' support and regular evaluation of all projects supported.

The principal objects of the Foundation as laid out in the Memorandum and Articles of Association are:

- the advancement of education, training and employment support to young people aged between 5 and 25 years, in particular, but without limitation, those who the trustees, in their discretion, determine to be disadvantaged;
- the relief of need by reason of financial hardship, for current and former employees of the DHL Group (or predecessors of any of the DHL Group entities or their business activities) and their families, at the discretion of the trustees; and
- the advancement of general purposes which are exclusively charitable under the law of England and Wales.

Structure, Governance and Management

The DHL UK Foundation is a charitable company limited by guarantee with no share capital, governed by its Memorandum and Articles of Association. The Foundation was registered with the Charity Commission on 22 July 1988. The Articles were amended to allow for current governance arrangements on 28 July 2006, 8 December 2006, 19 January 2012, and 26th April 2022.

Appointment, induction and training of trustees

As set out in the Articles of Association in effect from 28 July 2006, the directors of the Foundation are the trustees and trustees are appointed by the Board. The trustees are normally appointed to serve for a period of two or three years and are eligible for re-appointment for a further two consecutive terms up to a maximum term of 9 years.

The trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role. For new trustees there is an induction process which includes a brief on the trustee obligations under charity and company law, the content of the Memorandum and Articles of Association, the governance structure of the Foundation, the programmes run by the Foundation and the recent financial performance of the charity.

Trustees' report Year to 31 March 2023

The following trustees served throughout the financial year to 31 March 2023, except where shown:

| Trustees | Appointed/Resigned |
|------------------------------|--------------------|
| Lindsay Bridges | Resigned 30.06.22 |
| Patricia Katherine Butchart | |
| Neil Calvert | |
| Helen Copinger-Symes | Appointed 26.07.22 |
| Peter Fuller | |
| Neha Mahendru | |
| John Nestor | Resigned 24.04.23 |
| Saul Resnick | Appointed 30.01.23 |
| Susie Robinson (New Chair) | Appointed 25.04.23 |
| Christoph Selig | |
| Barbara Storch | |
| Perry Watts (Outgoing Chair) | Resigned 24.04.23 |
| Ian Wilson | |
| Michael Young | |

Organisational Structure

The DHL UK Foundation has a board of trustees who meet quarterly. Their key responsibilities are:

- i. To set the strategic aims of the Foundation;
- ii. To ensure sound financial management (including investment management);
- iii. To ensure compliance with charity and company law; and
- iv. To ensure the bodies to which responsibility has been delegated are performing their duties in a proper manner.

Sonia Chhatwal is the DHL UK Foundation Chief Executive.

The Chairmanship of the Operations Committee was undertaken by Lindsay Bridges (DHL business representative and trustee) until her resignation on 30th June 2022 and from then by Duncan Butler (DHL business representative). The Operations Committee consists of Sonia Chhatwal (DHL UK Foundation Chief Executive), Lindsay Bridges (DHL business representative and trustee) until 30th June 2022, Duncan Butler (DHL business representative), Harry Wade (DHL UK Foundation representative), Nicky Donovan (DHL UK Foundation representative), Emma Stratford (DHL UK Foundation representative), Jen Simkin (DHL UK Foundation representative), Karen Tatham (DHL UK Foundation representative), Erica Young (DHL UK Foundation representative), Jessica McKenna (DHL UK Foundation representative) and Aishwarya Swaminathan (DHL UK Foundation representative)

The Operations Committee normally meets a minimum of seven times each year and is responsible for:

Trustees' report Year to 31 March 2023

- ◆ Approving requests in respect of the Helping Hands programme;
- ◆ Reviewing financial statements and agreeing any necessary actions; and
- ◆ Identifying and resolving any operational issues.

The Chairmanship of the Investment Committee was undertaken by John Nestor (trustee) until his resignation on 24th April 2023 and by Helen Copinger-Symes (trustee) from 25th April 2023. The Investment Committee consists of Sonia Chhatwal (DHL UK Foundation Chief Executive), John Nestor (trustee) until 24th April 2023, Perry Watts (Chairman of trustees) until his resignation on 24th April 2023, Neil Calvert (trustee), Helen Copinger-Symes (trustee), Graham Jung (independent advisor), Duncan Butler (DHL business representative), and Harry Wade (DHL UK Foundation representative).

The Investment Committee normally meets a minimum of four times a year. The role of the Investment Committee is to:

- ◆ Advise the trustees in taking decisions in all investment related areas;
- ◆ Monitor progress towards the achievement of the trustees' investment goals
- ◆ Manage the trustees' investment managers and any other provider of investment services
- ◆ Monitor the investment managers and, if necessary, advise the trustees of a need for change.

Trustees

The trustees constitute directors of the Foundation for the purpose of the Companies Act 2006.

Constant regard is given to the skills mix of the trustees to ensure that the Board of trustees has all the necessary skills required to contribute fully to the Foundation's development.

No trustee received any remuneration from the charity during the year (2022 - none). Out of pocket travelling expenses totalling £1,362.34 (2022 - £402.82) were reimbursed to three trustees during the year.

No trustee had any beneficial interest in any contract with the Foundation during the year.

Key management personnel

The trustees consider that the Foundation Chief Executive, Foundation Senior Programme Manager, two Foundation Programme Managers, two part-time Foundation Managers (job share - responsible for Finance and Administration), two Foundation Programme Coordinators and one Foundation Coordinator (from 20th March 2023) comprise the key management personnel in charge of directing, running and operating the DHL UK Foundation on a day-to-day basis.

The pay and performance of the Foundation Team is reviewed annually by the Remuneration Committee, which was established in February 2021. The Remuneration Committee is Chaired by Neil Calvert (Foundation trustee and Vice Chair), with Perry Watts, (Chair of the Foundation Board of trustees until April 23), Susie Robinson from April 23 (Chair of the

Foundation Board of trustees), Lindsay Bridges, (Foundation trustee until June 22), and Peter Fuller (Foundation trustee) as committee members. Foundation Team salaries are benchmarked against similar roles in other charities and where possible also against similar posts in the DHL business. The trustees give their time freely.

Statement of trustees' responsibilities

The trustees (who are also directors of the DHL UK Foundation for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

In preparing these financial statements, the trustees are required to:

- ◆ Select suitable accounting policies and then apply them consistently;
- ◆ Observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- ◆ Make judgements and estimates that are reasonable and prudent;
- ◆ State whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- ◆ So far as the trustee is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- ◆ Each trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the Charity Commission's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Related Parties

The Foundation is independent of any other body. However, it was originally endowed by the National Freight Consortium (NFC) plc and in May 2000, NFC plc merged with Exel plc and on 12 December 2005, Deutsche Post DHL (previously called Deutsche Post World Net) acquired Exel plc, which was renamed DHL.

The DHL UK Foundation and the DHL business signed a Framework Agreement in June 2022. This formalises arrangements that have been in place since the original endowment by NFC plc for agreed annual donation and the services provided to the Foundation by DHL, including salary costs, office space and infrastructure costs. Service costs of £622,551 (2022 - £511,977) were paid to DHL to cover certain running costs of the Foundation.

In the period covered by this report a donation of £393,929 (2022 - £393,929) was received from DHL.

In addition, DHL also donates staff time to the Foundation which is recognised as a gift in kind. The estimated value of donated services in this period was £160,511 (2022 - £41,698). The significant increase compared to last year is due to the increase in colleague activity after the impact of COVID.

The DHL UK Foundation runs specific programmes that are linked to DHL employees, with a focus on the UK, and these are highlighted in the trustees' report.

Activities and achievements

Grant Making

The Foundation provides grants to organisations that work with disadvantaged young people to achieve their full potential despite experiencing social and economic challenges.

Teach First

The DHL UK Foundation continued its partnership with Teach First in 2022/23. The unrestricted donation of £250,000 enabled Teach First to recruit, train and place brilliant teachers in schools, develop great leaders for schools and support schools to thrive. Without voluntary income, Teach First couldn't deliver their bespoke Training Programme for new trainee teachers or deliver high quality leadership programmes for senior leaders in schools.

2022/23 Partnership Highlights:

- 33 DHL colleagues were trained to coach a teacher.
- 23 school partners engaged since Sep 2022 accessed GoTeach sessions delivered by DHL colleagues (10 took part in the Foundation's Impact Evaluation). Teach First have helped cement these school relationships and play an integral role in the GoTeach Champion initiative.
- Updated 3 Foundation GoTeach sessions and created a new session called 'Routes into DHL' focused on apprenticeships at DHL.

Outward Bound

The Outward Bound Trust programme provides bursary support for young people from disadvantaged backgrounds to take part in outdoor learning and personal development activities. The DHL UK Foundation funded programme includes an employability skills theme to empower students to become well-rounded individuals ready to enter the workplace. The Trust also trains DHL employees as mentors to support the students funded by the Foundation that are taking part in the programme.

In 2022/23 The Outward Bound Trust was back up to full capacity following the pandemic. The trustees of the Foundation agreed to provide a donation of £125,791 of restricted funding to run Outward Bound residential courses for 192 students from 9 schools in the UK taking part in the DHL UK Foundation funded programme.

Street League

The DHL UK Foundation further developed its partnership with Street League in 2021/22 with the move to a 3-year funding commitment. The £336,427 donation provided in 2022/23 supported Street League academies in key locations across the UK and enabled DHL colleagues to engage with each of these academies.

This employability programme was delivered at 5 locations during 2022/23, providing Street League beneficiaries with 100 hours paid work experience (wages funded by the DHL business) across 9 DHL sites. Aftercare support from the charity (funded by the Foundation) was provided to ensure that the young people taking part had the best chance of succeeding in their work placements.

2022/23 Partnership Highlights

- Academies funded in 5 city locations.
- 9 DHL sites partnered with the above Street League academies.
- 48 young people took part in paid work experience and training with DHL.
- Following the placements 23 young people were offered permanent employment with DHL.
- 48 DHL colleagues supported through hosting work placements, leading site visits and delivering virtual classroom sessions.

The work placements were supported by a sports session, site visit and DHL presentation. These activities inspired Street League young people about the world of work, gave an insight into the logistics industry, helped Street League clients develop transferable employability skills and practice interview techniques and showcased DHL and career opportunities in the logistics industry.

ThinkForward

ThinkForward specialise in working with some of the most disadvantaged young people in the country, who have been identified by their school as likely to leave education without a job or any further training. Their work focusses on providing specially trained coaches in secondary schools working directly with these targeted students over a 5-year period. They also run a targeted programme called MoveForward which supports young people between 16-25 with Special Educational Needs and Disabilities (SEND).

The Foundation agreed to a three year commitment to ThinkForward with an annual donation of £120,000 for them to deliver and further develop their FutureMe and MoveForward programmes. An additional donation of £50,000 was made in 2022/23 to enable ThinkForward to develop a work placement pilot for young people on their MoveForward programme.

2022/23 Partnership Highlights

- DHL colleagues were recruited to provide mentoring support for up to 15 students in Year 10 at the Dover Christchurch Academy, Dover and the Robert Napier School, Gillingham.
- A DHL GoTeach Champion continues to support a Think Forward partner school, New Line Learning Academy (Maidstone), to deliver classroom sessions to students.
- 4 young people on the MoveForward programme signed up to a work placement pilot at the DHL Parcel Sittingbourne site.

City Year

The DHL UK Foundation continued its partnership with City Year in 2022/23. The £135,000 donation was split into a £125,000 unrestricted donation to help City Year to recruit and support c.100 Volunteer Mentors working in schools across London, the West Midlands and Greater Manchester, and a £10,000 restricted donation for City Year Volunteer Mentors to complete a CMI (Chartered Management Institute) introduction to management qualification. The City Year Volunteer Mentors support students to improve their attendance, behaviour and curriculum attainment in school.

This year, an additional £50,000 donation enabled 93 Volunteer Mentors to complete a CMI in Coaching and Mentoring and enabled 12 young people who were classed as NEET (Not in Education, Employment or Training) to become Volunteer Mentors.

2022/23 Partnership Highlights

- 45 DHL colleagues signed up to mentor City Year Volunteer Mentors.
- Employability skills sessions were delivered to City Year volunteer mentors in each region.
- 17 GoTeach sessions took place across 8 City Year schools.

The Difference

The Difference exists to change the story on school exclusion and to improve the life-outcomes of the most vulnerable children by raising the status and expertise of those who educate them. The DHL UK Foundation partnered with the Difference in spring 2021 with a 3-year strategic funding commitment to donate £100,000 per annum. This unrestricted donation supports The Difference to deliver its core Vision and Mission.

The Difference recruits and trains specialist senior school leaders, with the expertise to lead whole-school and multi-agency approaches to meet the learning, wellbeing and safeguarding needs of all children, and most crucially those with high levels of need and vulnerability.

Through its programmes, research and partnerships, The Difference learns what works to improve outcomes for vulnerable children and shares this best practice across its network and the sector.

2022/23 Partnership Highlights

Due to the specialist needs of the young people, opportunities to engage DHL colleagues in support activities are very limited.

- A school visit took place in February 2023 to a DHL site.
- The site hosted 4 young people who met DHL colleagues in a variety of roles from engineering to finance.
- This visit was supported by 10 DHL colleagues.

Place2Be

Place2Be is a children's mental health charity that has been operating for 25 years providing specialist mental health support to children in primary and secondary schools across the UK. The DHL UK Foundation began its partnership with Place2Be in 2021/22 with a commitment to provide an unrestricted donation of £100,000 per annum for 3 years.

2022/23 Partnership Highlights

To date Place2Be have hosted 3 webinars to help DHL colleagues support the mental health of young people in their families and wider circles. Topics have included:

'Understanding and supporting your child through anxious times' and the most recent *'Building resilience and finding balance'*. Both sessions had over 100 colleagues in attendance

The Foundation have also engaged DHL colleagues to provide career support activities with 4 Place2Be partner schools in Durham, London, Manchester and Glasgow from Autumn 2022. These primary schools are piloting the Foundation's primary skills activity and receiving careers talks and they will also shortly receive DHL Trucks & Child safety sessions.

Coram Beanstalk

Coram Beanstalk are a national children's literacy charity that provides one-to-one reading support to disadvantaged children at risk of falling behind with their reading. After two years of Foundation support, in 2022 the trustee Board decided not to continue the partnership with Coram Beanstalk beyond April 2023. The Foundation gave a final unrestricted donation of £40,000 to Coram Beanstalk in October 2022.

Bookmark

Bookmark is a national reading charity that provides reading support to primary school children. Low literacy levels can have a devastating impact on a child's future and Bookmark want to stop this trend by ensuring every child can read.

The DHL UK Foundation welcomed Bookmark as a new charity partner in April 2023 as part of a three year partnership, with an unrestricted annual donation of £100,000. This will enable Bookmark to identify and onboard 11 new schools to receive Bookmark's one to one reading programme, reaching up to 350 children. The Foundation will also recruit and train around 50 DHL colleagues to be reading volunteers.

Greenwood Academies Trust (GAT)

The DHL UK Foundation has a long-standing partnership with the Greenwood Academies Trust, a large Multi Academy Trust based with over 30 schools, to support the careers education of their students. The partnership enables GAT academies to fulfil their careers strategy and help the Trust to meet the requirements of the Gatsby Good Career Guidance Benchmarks. The DHL UK Foundation does not make any direct financial donation to GAT.

6 GAT academies are involved in the Outward Bound programme funded by the Foundation. Each of the 6 schools received 2 preparatory sessions delivered by DHL colleagues along with significant funding towards the cost of a 5-day student residential program. The residential program was followed by Foundation Go Teach sessions delivered in school covering transferable skills and the opportunity to draft their CV.

23 DHL colleagues have been involved in delivering these activities with GAT supporting over 200 students.

Engagement programmes

Trucks and Child Safety (TACS)

The TACS programme promotes the importance of road safety around large vehicles to primary school aged children in England. Specially trained DHL employees provide interactive awareness sessions to schools and local community organisations. The Foundation funds the cost of TACS resources and materials and the recruitment and training of DHL colleagues to become TACS demonstrators. Total funding for the programme in 2022/23 was £4,459 (£11,326 in 2021/22).

The number of demonstrations being carried out is definitely on the increase following the slow opening of schools after the pandemic. TACS is currently supported across 20 different DHL sites in the UK including Supply chain, Parcel, and Express.

By March 2023 there were 147 trained TACS demonstrators, 43 schools had received a demonstration day and we have shared important safety messages with 10,598 primary aged children.

Uptake of the downloadable materials for schools unable to house a large vehicle has now increased.

An impact research review of the TACS program in partnership with Staffordshire University, is almost complete and the results are expected in August 2023.

Match It!

Match It! (MI!) aims to support and encourage current and retired DHL employees to take part in fundraising and volunteering activities by matching up to a certain limit, the funds they raise for their chosen charities.

In 2022/23, 361 MI! applicants received funding for their chosen charity or community organisation as a result of taking part in fundraising (323 applications) and volunteering (38 applications). MI! expenditure was £106,485 for the year ending 31 March 2023, (a slight increase from 2021/22 £105,270).

Helping Hands

Helping Hands is a benevolent fund that provides grants to current and retired DHL UK employees who are in financial hardship.

Types of support include contributing towards the cost of funerals, providing supermarket vouchers, help with household bills and donating essential white goods such as washing machines and furniture as well as signposting applicants to other support organisations. Members of the Operations Committee are responsible for approving the applications on a regular basis. The budget for 2022/23 was £120,000.

During 2022/23, 214 Helping Hands applications were received, 149 applicants were awarded grants and the total Helping Hands budget spend was £135,365. There remains a significant increase in Helping Hands applications compared to pre-Covid years (average 45 applications per annum pre-COVID).

Due to the cost-of-living crisis, levels of Helping Hands grants where increased in August 2022 to £800 (from £700) for general grants and to £3,000 (from £2,500) for funeral cost grants. DHL HR representatives are now supporting the Foundation team with payroll and

HR information for each applicant to help speed up the application review process. Recommendation criteria for both general and funeral cost grants is used to ensure recommendations are consistent and fair.

Grant making policy

For the programmes described above which include grant giving, the Foundation assesses applications through structured procedures.

For grants made via Match It! applicants are required to complete an online form and provide information including proof of their fundraising or volunteering activity. The DHL UK Foundation Chief Executive then approves those applications which have met the programme criteria, and this decision is then ratified by the trustees.

Public Benefit

When setting the objectives and planning the work of the Foundation for the year, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit and, where relevant, its supplementary guidance. The Foundation's public benefit is focussed on supporting young people.

The DHL UK Foundation is an independent registered charity that helps disadvantaged children and young people aged 5 to 25 years in the UK.

Young people from disadvantaged backgrounds have struggled to do well in school and at work for decades. Research tells us that in 2022/23, with the impact of the cost-of-living increase as well as the after effects of COVID 19, the need for increased support for young people from low-income families has never been greater. This is highlighted by respected research bodies including the Education Endowment Fund and Impetus who confirm that:

- Over 4 million young people live in poverty in Britain today.
- Children who don't read well by age 7 are six times more likely to drop out of school, and only 10% of disadvantaged children who leave primary school with their reading below the expected standard get passes in English and mathematics at GCSE
- 70% of the UK's poorest children won't achieve a standard pass (grade 5) in GCSE Maths and English (compared to 43% of non-disadvantaged pupils). And 33% will not be in any form of work, education or training by the time they are 21 years old

The DHL UK Foundation wants to continue to play a part in helping young people from poorer communities have the same chances in life as their wealthier peers. Through making donations to charities that run successful education and employability programs and by harnessing the skills and enthusiasm of DHL colleagues to inspire students about the world of work, the Foundation aims to help disadvantaged young people access the successful futures they deserve.

The Foundation's Mission is delivered through the following Strategic Plans:

Grant Making Strategy:

- Making grants to specially selected charity partners that are focussed on the education and employability of disadvantaged young people, and where possible, work where DHL operates in the UK.

- 80% of the Foundation's annual budget is allocated to delivering the Grant Making Strategy.

DHL Colleague Engagement Strategy:

- Partnering with DHL and engaging colleagues in the Foundation's national programmes.
- 20% of the Foundation's annual budget is allocated to supporting DHL colleague fundraising through the Match It programme and DHL colleague benevolence through the Helping Hands programme.

GoTeach

The DPDHL GoTeach programme, encourages employees around the world to inspire disadvantaged young people about their future careers and help them prepare to enter the workplace. In the UK, the Foundation partners with GoTeach by providing meaningful opportunities for DHL staff to use their skills and experience to add value to the work of our school and charity partners.

Foundation Strategy 2021 – 2024

The Foundation's 2021-2024 Strategy was approved by the Foundation Board in November 2020. There are no major changes to the previous Strategic Plan and the Foundation will continue to focus on the themes of Education and Employability, to ensure that disadvantaged children and young people in the UK get the most out of their time in school and college and are well prepared for the world of work. It is also expected that in the period 2021-2024, the Foundation will significantly increase engagement with DHL colleagues, including recruiting more employees to deliver expertly developed career support activities to the Foundation's beneficiaries.

Financial report.

Income for the year was £661,433 (2022 - £648,826). The Foundation's two main sources of income are donations of £554,440 (2022 - £435,627) and investment income £106,941 (2022 - £213,199) which is reinvested accumulated shares of £92,631 (2022 - £205,318) and bank interest of £14,310 (2022 - £7,881). Additional cashflow is also created from the periodic divestment of investment assets.

Total charitable expenditure on activities in furtherance of the Foundation's objectives was £2,496,455 (2022 - £2,196,451) of which £2,227,287 (2022: £2,042,291) related to charitable grants and donations and £4,459 of charitable expenditure incurred on the Trucks and Child Safety programme (2022 - £11,326). The costs of governance of the charity amounted to £87,062 (2022 - £87,098).

This resulted in net expenditure of £1,835,022 (2022 - £1,547,625) before investment gains and losses. The Foundation generated realised and unrealised investment losses of £1,804,076 (2022 – realised and unrealised investment losses of £546,408) on its investment portfolio, which contributed to a total decrease in funds of £3,639,098 (2022 – total decrease in funds of £2,094,033).

Reserves policy

As detailed above, the charity carries out a diverse range of activities, the trustees have examined the requirement for free reserves i.e. those unrestricted funds not invested in fixed assets, designated for specific purposes or otherwise committed.

The unrestricted fund represents the cumulative surplus arising from investment income exceeding charitable expenditure over the past few years. The Foundation's historic cash reserves policy was to hold the equivalent of 2 years of operating spend, c.£4m, and having this higher level of cash has helped us not to be a forced seller in a depressed investment market. Our cash reserves policy was put in place at a time when markets were buoyant and we were taking profits from our investment managers back to cash. The Foundation currently holds enough liquidity to fund outgoings for the next quarter and one year's operating spend which is including the Aviva fund. We can liquidate funds from the Aviva "cash plus" product with immediate effect (notice is 2 days) which will serve to fund the Foundation through the 2023/24 financial year.

The Foundation prepares budgets with an anticipated annual grant expenditure of approximately £2.3m with a deficit of £1.9m forecast for 2022/23 against which the Foundation's unrestricted fund balance at the year-end was £557k.

The endowment funds represent the Foundation's investment portfolio. In recent years, the Foundation adopted a policy of profit taking on the investment portfolio in accordance with its investment policy. The DHL UK Foundation has chosen to adopt a total return approach to investment, thus the year end reserve balance is deemed to be prudent given the change to be less dependent on income generating investments and to avoid liquidating investments as a forced seller in a depressed market.

The reserves policy is reviewed annually to reassess the risks and reflect changes to the Foundation's income, capital, financial obligations and long-term plans for charitable expenditure.

Financial position

The balance sheet shows total funds of £32,166,373 (2022 - £35,805,471).

These funds include the expendable endowment fund of £31,609,200 (2022 - £33,320,645). The endowment, whilst expendable, is represented by investments, which provide financial support to the charitable activities of the Foundation.

General funds of the charity at 31 March 2023 total £557,173 (2022 - £2,484,826) and equate to free reserves and the trustees consider that the level of free reserves falls within the reserves policy stated above.

Risk management

The trustees have established a risk management process comprising:

- ◆ An annual review of the risks the charity may face summarised in a 'Risk Register';
- ◆ A safeguarding policy relating to DHL colleague engagement with the beneficiaries of the Foundation's school and charity partners

- ◆ The establishment of systems and procedures to mitigate those risks identified; and
- ◆ The implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

The principal risks faced by the DHL UK Foundation have been identified as follows:

- ◆ Safeguarding
- ◆ Financial sustainability
- ◆ Investment management

Risk Register

The Risk Register, referred to above, details other potential risks that the Foundation may face in its day-to-day operations and is created by the Foundation team with the support of the Operations Committee. The Register is reviewed by the Board of trustees on an annual basis.

Safeguarding

The Foundation has introduced a Safeguarding Policy and Code of Conduct that relate to the behaviours expected of all DHL colleagues involved in working with the beneficiaries of the Foundation's school and charity partners, and how any breach of these safeguarding principles will be dealt with. This Safeguarding Policy was developed after consultation with an independent safeguarding consultant and a number of charity experts, and will be reviewed on an annual basis to ensure that the latest guidance is included. Every DHL colleague engaged in supporting Foundation programs must sign the Safeguarding code of conduct before taking part in any activity and on an annual basis. In addition, in November 2021, the Foundation launched a mandatory online safeguarding course, which was also developed in consultation with the safeguarding consultant with input from the Foundation's charity partners. All colleagues involved in Go Teach activities must complete the mandatory safeguarding course on an annual basis. All Foundation team members and trustees complete an enhanced DBS (Disclosure and Barring Service) check on a bi-annual basis, as do all DHL colleagues involved in long term activities with the same pupils, such as mentoring, or in delivering the Trucks and Child Safety program. The Foundation's trustee Safeguarding sub-committee is led by Neha Mahendru, the trustee lead for Safeguarding, and also includes Foundation trustees Neil Calvert and Christoph Selig, together with the Foundation team CEO Sonia Chhatwal, and Foundation team members Harry Wade, Nicky Donovan and Emma Stratford.

Financial sustainability

The key elements in managing the financial sustainability of the DHL UK Foundation are a regular review of available funds with which to meet current and future grant commitments, regular liaison with investment managers and monthly reporting of performance against budget for income and expenditure to the Foundation's Operations Committee, which was led by Lindsay Bridges (DHL business representative and trustee) before her resignation in June 2022, and then by Duncan Butler, DHL Senior Business Advisor. In addition, financial risk is mitigated by processes which ensure that all major financial instructions are approved by the Board of trustees.

Investment management

The key elements in effective investment management are a trustee body with a skill set appropriate to evaluating investment performance, the engagement of professional investment managers with a significant and successful track record, frequent reviews of investment performance, and regular meetings with investment managers. All these activities are managed for the DHL UK Foundation by the Investment Committee, which includes four trustees, a senior advisor from the DHL business, an independent investment adviser, the Foundation Chief Executive and the Foundation Senior Programme Manager. The Investment Committee meets quarterly and is accountable to the Board of trustees.

Investment policy

In addition to the cash balances referred to under "Financial Position", the charity has a portfolio of investments with a market value as at 31 March 2023 of £31,609,200 (2022 - £33,320,645). Of this value £1.5m is held as short-term investments.

There are no restrictions on the charity's power to invest. The investment strategy is set by the trustees and takes into account income requirements, the risk profile and the investment manager's view of the market prospects in the medium term. The overall investment policy is to maximise total return through a diversified portfolio, aiming to provide the level of income advised by the trustees and, at the same time, with a view to ensuring that capital appreciation of the fund exceeds inflation over any five-year period.

The Foundation currently hold enough liquidity to fund outgoings for the next quarter and one year's operating spend which is including the Aviva fund. We can liquidate funds from the Aviva "cash plus" product with immediate effect (notice is 2 days) which will serve to fund the Foundation through the 2023/24 financial year and reviewed on a quarterly basis.

The trustees meet with the investment managers annually to review the performance of the portfolio and the investment strategy. The trustees are satisfied that their investment policy is being achieved.

Volunteers

The trustees are very grateful to the many volunteers who have given their time to the charity over the past year and who have provided invaluable assistance.

Approved by the trustees and signed on their behalf by:



Susan Robinson, Chair of the Trustee Board

Date: 29/08/2023

Independent auditor's report to the members of The DHL UK Foundation

Opinion

We have audited the financial statements of The DHL UK Foundation for the year ended 31 March 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of 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 charitable company's affairs as at 31 March 2023 and of the charitable company's net movement in funds, including the income and expenditure, 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 charity 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 trustees' 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 charitable 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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in 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 Trustees' Report (which includes the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Trustees' 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates 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 by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 7, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable 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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related 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 preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011 and consider other factors such as payroll taxes.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and we determined that the principal risks were related to the completeness and cut-off of voluntary income. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates, in particular the recognition of grant commitments and the valuation of gifts in kind.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located 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 charitable 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 charitable 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 charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Vikram Sandhu (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor
Date: 30/08/2023

10 Queen Street Place
London
EC4R 1AG

Statement of financial activities Year to 31 March 2023
(Including income and expenditure account)

| | Notes | Unrestricted funds £ | Expendable Endowment funds £ | Restricted funds £ | 2023 Total funds £ | Unrestricted funds £ | Expendable Endowment funds £ | Restricted funds £ | 2022 Total funds £ |
|---|----------|-------------------------|------------------------------------|-----------------------|--------------------------|-------------------------|------------------------------------|-----------------------|--------------------------|
| Income from: | | | | | | | | | |
| Donations | 1 | 554,440 | — | — | 554,440 | 435,627 | — | — | 435,627 |
| Investments | 2 | 14,310 | 92,631 | — | 106,941 | 7,881 | 205,318 | — | 213,199 |
| Other income | | 52 | — | — | 52 | — | — | — | — |
| Total income | | 568,802 | 92,631 | — | 661,433 | 443,508 | 205,318 | — | 648,826 |
| Expenditure on: | | | | | | | | | |
| Raising funds | 6 | — | — | — | — | — | — | — | — |
| Charitable expenditure | 3 | 2,496,455 | — | — | 2,496,455 | 2,196,451 | — | — | 2,196,451 |
| Total expenditure | | 2,496,455 | — | — | 2,496,455 | 2,196,451 | — | — | 2,196,451 |
| Net expenditure before investment gains | | (1,927,653) | 92,631 | — | (1,835,022) | (1,752,943) | 205,318 | — | (1,547,625) |
| Net gains and losses on investments | | | | | | | | | |
| Realised gains on investments | 11 | — | (80,860) | — | (80,860) | — | (155,156) | — | (155,156) |
| Unrealised gains (losses) on investments | 11 | — | (1,723,216) | — | (1,723,216) | — | (391,252) | — | (391,252) |
| | | — | (1,804,076) | — | (1,804,076) | — | (546,408) | — | (546,408) |
| Net income/(expenditure) | 8 | (1,927,653) | (1,711,445) | — | (3,639,098) | (1,752,943) | (341,090) | — | (2,094,033) |
| Transfers between funds | | — | — | — | — | 500,000 | (500,000) | — | — |
| Net movement in funds | | (1,927,653) | (1,711,445) | — | (3,639,098) | (1,252,943) | (841,090) | — | (2,094,033) |
| Fund balances brought forward at 1 April 2022 | | 2,484,826 | 33,320,645 | — | 35,805,471 | 3,737,769 | 34,161,735 | — | 37,899,504 |
| Fund balances carried forward at 31 March 2023 | | 557,173 | 31,609,200 | — | 32,166,373 | 2,484,826 | 33,320,645 | — | 35,805,471 |

All income and expenditure derives from continuing activities.

The statement of financial activities includes all gains and losses recognised.

Balance sheet 31 March 2022

| | Notes | 2023 £ | 2023 £ | 2022 £ | 2022 £ |
|--|-------|------------------|-------------------|------------------|-------------------|
| Fixed assets | | | | | |
| Investments | 11 | | 30,075,778 | | 31,819,015 |
| Current assets | | | | | |
| Debtors | 12 | 93,359 | | 70,846 | |
| Short term investments | 11 | 1,533,422 | | 1,501,630 | |
| Cash at bank and in hand | | 601,700 | | 2,540,938 | |
| | | <u>2,228,481</u> | | <u>4,113,414</u> | |
| Liabilities | | | | | |
| Creditors: amounts falling due within one year | 13 | (137,886) | | (126,958) | |
| Net current assets | | | 2,090,595 | | 3,986,456 |
| Total net assets | | | <u>32,166,373</u> | | <u>35,805,471</u> |
| The funds of the charity | | | | | |
| Capital funds: | | | | | |
| Endowment funds | 14 | | 31,609,200 | | 33,320,645 |
| Income funds: | | | | | |
| Unrestricted funds | | | 557,173 | | 2,484,826 |
| | | | <u>32,166,373</u> | | <u>35,805,471</u> |

Signed on behalf of the trustees by:

Susan Robinson

Susan Robinson, Chair of the Trustee Board

Date: 29/08/2023

The DHL UK Foundation, Company Limited by Guarantee
Registration Number 2223373

Statement of cash flows 31 March 2022

| | Notes | 2023 £ | 2022 £ |
|--|-------|--------------------|-------------|
| Cash flows from operating activities: | | | |
| Net cash used in operating activities | A | (1,953,548) | (1,772,490) |
| Cash flows from investing activities: | | | |
| Investment income | | 106,941 | 213,199 |
| Proceeds from the disposal of investments | | 2,000,000 | 2,000,000 |
| Purchase of investments | | (2,092,631) | (1,705,318) |
| Net cash provided by investing activities | | 14,310 | 507,881 |
| Change in cash and cash equivalents in the year | | (1,939,238) | (1,264,609) |
| Cash and cash equivalents at 1 April 2022 | B | 2,540,938 | 3,805,547 |
| Cash and cash equivalents at 31 March 2023 | B | 601,700 | 2,540,938 |

Notes to the statement of cash flows for the year to 31 March 2023.

A Reconciliation of net movement in funds to net cash used in operating activities

| | 2023 £ | 2022 £ |
|---|--------------------|-------------|
| Net movement in funds (as per the statement of financial activities) | (3,639,098) | (2,094,033) |
| Adjustments for: | | |
| (Gains)/Losses on investments | 1,804,076 | 546,408 |
| Investment income | (106,941) | (213,199) |
| Decrease/(increase) in debtors | (22,513) | (28,613) |
| (Decrease)/increase in creditors | 10,928 | 16,947 |
| Net cash used in operating activities | (1,953,548) | (1,772,490) |

B Analysis of cash and cash equivalents

| | 2022 £ | Cashflows £ | 2023 £ |
|--|------------------|--------------------|----------------|
| Cash at bank and in hand | 2,540,938 | (1,939,238) | 601,700 |
| Total cash and cash equivalents | 2,540,938 | (1,939,238) | 601,700 |

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 March 2023.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011. The financial statements have been prepared under the historical cost convention except for the modification to a fair value basis as specified in the accounting policies below.

The charity constitutes a public benefit entity as defined by FRS 102.

All financial information is presented in British Pounds Sterling (£), the charity's functional currency, and has been rounded to the nearest pound (£).

Critical accounting estimates and areas of judgement

The preparation of financial statements requires the use of certain critical accounting estimates and judgements. It also requires the trustees to exercise judgement in the process of applying accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including an expectation of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the trustees' best knowledge of the amount, event or actions, actual results may differ from those estimates.

Areas requiring the use of estimates and critical judgements that may impact on the charity's financial activities and financial position include multi-year grant commitment, where judgements are made for recognising grants payable where the payment is not due until future periods. In accordance with the charity's accounting policy for expenditure recognition, multi-year grant commitments are only recognised when approved and all conditions have been satisfied.

Assessment of going concern

The trustees of the charity have not identified any material uncertainties relating to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern.

The trustees have considered the economic climate and have concluded that it is appropriate for the Foundation to continue to prepare its accounts on the going concern basis, not least because the Foundation's cash reserves have been managed to ensure they are sufficient to meet the anticipated grant commitments for the ensuing years.

Income

Income from donations is recognised in the period in which the charity becomes entitled to the donation and where receipt is probable and its amount can be measured reliably.

Investment income comprises interest on the charity's cash balances and is recognised when receipt is probable and the amount can be measured reliably using the effective interest method.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. It includes VAT which cannot be recovered.

Expenditure on charitable activities comprises grants payable and related support and governance costs.

Grants payable

Grants payable are recognised when approved and when the intended recipient has either received the funds or been informed of the decision to make the donation and has satisfied all related conditions.

Grants are not accrued, but are noted as financial commitments in the notes to the financial statements, under the following circumstances:

- Where the beneficiary has not been informed; or
- Where the beneficiary has to meet certain explicit conditions before the grant is released; or
- Where the amount and timing of matched funding payments is uncertain.

Support and governance costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include administration, personnel and governance costs. Governance costs include audit costs and legal costs relating to the charity's compliance with regulation and good practice.

Fixed asset investments

The charity's investment in quoted shares and similar investments are initially measured at cost and subsequently at market value. Investment gains and losses, whether realised or unrealised, are recognised in the statement of financial activities in the period in which they arise.

Financial instruments

The charity only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the charity and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities –accruals and other creditors are financial instruments and are measured at amortised cost as detailed in note 13. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Debtors

Trade and other debtors are initially recognised at their settlement amount and subsequently at amortised cost or their recoverable amount. Impairment provisions are recognised when there is objective evidence, such as significant financial difficulties on the part of the counterparty or default or a significant delay in payment, that the charity will be unable to collect all of the amounts due.

Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short-term deposits.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be measured or estimated reliably.

Creditors and provisions are initially recognised at fair value, being the amount the charity anticipates it will pay to settle the debt, and subsequently at amortised cost.

Funds

The expendable endowment fund represents the market value of the charity's investment portfolio and comprises of monies set aside out of general funds in pursuit of the objectives of the charity.

General funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

Pension costs

Employer's contributions in respect of defined contribution pension schemes are charged to the statement of financial activities in the year in which they are payable to the scheme.

1 Donations

| | Unrestricted 2023 £ | Restricted 2023 £ | 2023 Total funds £ | Unrestricted 2022 Total funds £ |
|-----------------------|---------------------------|-------------------------|-----------------------------|---|
| Donation from DHL | 393,929 | - | 393,929 | 393,929 |
| Gift in kind from DHL | 160,511 | - | 160,511 | 41,698 |
| Total funds | 554,440 | - | 554,440 | 435,627 |

Gifts in kind represent the donation of DHL employee time spent on Foundation activities in the year. It represents approximately 4,097 hours of volunteer time (2022 –1,042 hours).

No restricted income was received in 2023.

2 Investments

| | 2023 Total funds £ | 2022 Total funds £ |
|---------------------|-----------------------------|-----------------------------|
| Interest receivable | 14,310 | 7,881 |
| Investment income | 92,631 | 205,318 |
| Total funds | 106,941 | 213,199 |

3 Charitable expenditure

| | Unrestricted 2023 £ | Restricted 2023 £ | 2023 Total funds £ | Unrestricted 2022 Total funds £ |
|---------------------------|---------------------------|-------------------------|-----------------------------|---|
| Grants payable (note 4) | 2,227,287 | - | 2,227,287 | 2,042,291 |
| Other activities (note 5) | 182,106 | - | 182,106 | 67,062 |
| Governance costs (note 7) | 87,062 | - | 87,062 | 87,098 |
| Total funds | 2,496,455 | - | 2,496,455 | 2,196,451 |

4 Grants payable

Grants payable analysed between activities and projects with the main recipients were as follows:

| | Unrestricted 2023 £ | Restricted 2023 £ | 2023 Total funds £ | Unrestricted 2022 Total funds £ |
|--------------------------------------|---------------------------|-------------------------|-----------------------------|---|
| Engagement: | | | | |
| . Match it! | 106,485 | - | 106,485 | 105,270 |
| . Helping Hands Scheme | 135,365 | - | 135,365 | 88,621 |
| Education & Employability | | | | |
| . Outward Bound Trust | 125,791 | - | 125,791 | 131,891 |
| . Teach First | 250,000 | - | 250,000 | 250,000 |
| . Go Teach | 5,866 | - | 5,866 | 1,535 |
| . Coram Beanstalk | 40,000 | - | 40,000 | 75,000 |
| . Street League | 336,427 | - | 336,427 | 325,841 |
| . City Year UK | 185,000 | - | 185,000 | 135,000 |
| . Think Forward | 170,000 | - | 170,000 | 120,000 |
| . Place2Be | 100,000 | - | 100,000 | 100,000 |
| . The Difference | 100,000 | - | 100,000 | 100,000 |
| . Other: Trustee donations | 7,900 | - | 7,900 | 7,900 |
| . Other: International disasters | 5,000 | - | 5,000 | 15,000 |
| | 1,567,834 | - | 1,567,834 | 1,456,058 |
| Allocation of 3s (note 6) | 659,453 | - | 659,453 | 586,233 |
| Total funds | 2,227,287 | - | 2,227,287 | 2,042,291 |

A reconciliation of grants paid and grant commitments is as follows:

| | 2023 Total funds £ | 2022 Total funds £ |
|---|-----------------------------|-----------------------------|
| Grant commitments at 1 April 2022 | 17,846 | 15,892 |
| Grants made in the year | 1,567,834 | 1,456,058 |
| Grants paid in the year | (1,560,931) | (1,454,104) |
| Grant commitments at 31 March 2023 | 24,749 | 17,846 |

5 Other charitable activities

| | Unrestricted | |
|---|---------------------------------------|-----------------------------|
| | 2023 Total funds £ | 2022 Total funds £ |
| Direct costs | | |
| . Trucks and Child Safety | 4,459 | 11,326 |
| . Gifts in kind – DHL employee services | 141,011 | 23,168 |
| | 145,470 | 34,494 |
| Allocation of support costs (note 6) | 36,636 | 32,568 |
| Total funds | 182,106 | 67,062 |

6 Support costs

The support costs incurred during the year to 31 March 2023 and the bases of their allocation were as follows:

| | Cost of raising funds £ | Grants payable £ | Other charitable activities £ | Governance £ | 2023 Total £ |
|--------------------------|--|---------------------------------|--|-------------------------|-----------------------------|
| Staff costs | — | 396,136 | 22,007 | 22,007 | 440,150 |
| Consultancy | — | 35,125 | 1,951 | 1,951 | 39,027 |
| Irrecoverable VAT | — | 109,742 | 6,097 | 6,097 | 121,936 |
| Marketing and promotions | — | 18,906 | 1,050 | 1,050 | 21,006 |
| Office costs | — | 25,759 | 1,431 | 1,431 | 28,621 |
| Accommodation and travel | — | 16,354 | 909 | 909 | 18,172 |
| Car expenses | — | 33,063 | 1,837 | 1,837 | 36,737 |
| Sundry expenses | — | 24,368 | 1,354 | 1,354 | 27,076 |
| | — | 659,453 | 36,636 | 36,636 | 732,725 |

| | Cost of raising funds £ | Grants payable £ | Other charitable activities £ | Governance £ | 2022 Total £ |
|--------------------------|--|---------------------------------|--|-------------------------|-----------------------------|
| Staff costs | — | 354,840 | 19,713 | 19,713 | 394,266 |
| Consultancy | — | 49,383 | 2,743 | 2,743 | 54,869 |
| Irrecoverable VAT | — | 90,565 | 5,031 | 5,031 | 100,627 |
| Marketing and promotions | — | 6,026 | 335 | 335 | 6,696 |
| Office costs | — | 30,986 | 1,722 | 1,722 | 34,430 |
| Accommodation and travel | — | 6,699 | 372 | 372 | 7,443 |
| Car expenses | — | 24,888 | 1,383 | 1,383 | 27,654 |
| Sundry expenses | — | 22,849 | 1,269 | 1,269 | 25,387 |
| | — | 586,236 | 32,568 | 32,568 | 651,372 |

Support costs are allocated using estimates of the proportion of staff time spent on each activity and were revised in the current financial year to reflect the activities absorbing staff time (see note 9).

7 Governance costs

| | Unrestricted | |
|---|-----------------------------|-----------------------------|
| | 2023 Total funds £ | 2022 Total funds £ |
| Direct costs: | | |
| . Audit fees | 16,200 | 14,250 |
| . Meeting expenses | 145 | 175 |
| . Bank charges | 491 | 483 |
| . Legal and professional | 14,090 | 21,092 |
| . Gifts in kind – DHL employee services | 19,500 | 18,530 |
| | 50,426 | 54,530 |
| Allocation of support costs (note 6) | 36,636 | 32,568 |
| Total funds | 87,062 | 87,098 |

8 Net (expenditure)/income

This is stated after charging:

| | Unrestricted | |
|---|-----------------------------|-----------------------------|
| | 2023 Total funds £ | 2022 Total funds £ |
| Staff costs (note 9) | 440,150 | 394,266 |
| Auditor's remuneration for statutory audit services | 16,200 | 14,250 |

9 Staff costs including key management personnel and trustees remuneration

Staff costs during the year were as follows:

| | 2023 £ | 2022 £ |
|-----------------------|----------------|-----------|
| Wages and salaries | 345,704 | 319,505 |
| Social security costs | 45,413 | 34,665 |
| Other pension costs | 49,033 | 40,096 |
| | 440,150 | 394,266 |

One employee earned over £60,000 (including taxable benefits but excluding employer pension contributions) during the year (2022 - one).

The average number of employees during the year was eight (2022 – seven). The employees were all engaged in support activities on the following estimated proportions: 95% on charitable activities and 5% on governance.

The Foundation's staff have employment contracts with DHL and staff costs are invoiced to the Foundation (see note 18).

9 Staff costs including key management personnel and trustees remuneration
(continued)

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the charity and are represented by the trustees, the Chief Executive, Programme Directors and the Foundation Manager.

The number of key management personnel was 10 (2022: 10).

The total emoluments received by the key management personnel was £442,693 (2022: £410,484).

Trustees' remuneration

None of the trustees received any remuneration in respect of their services during the year (2022 - none).

During the year out of pocket travelling expenses amounting to £1,362 (2022 - £403) were reimbursed to three trustees (2022 – one).

10 Taxation

The DHL UK Foundation is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

11 Investments

| | 2023 £ | 2022 £ |
|---|-------------------|-------------------|
| Listed investments | | |
| Market value at 1 April 2022 | 33,320,645 | 34,161,735 |
| Additions at cost | 2,092,631 | 1,705,318 |
| Disposals (proceeds: £2m; loss: £80,860) | (2,080,860) | (2,155,156) |
| Movement in investment market value | (1,723,216) | (391,252) |
| Market value at 31 March 2023 | <u>31,609,200</u> | <u>33,320,645</u> |
| Cost of listed investments at 31 March 2023 | <u>24,651,502</u> | <u>21,644,565</u> |

Investments held at 31 March 2023 comprised the following:

| | 2023 £ | 2022 £ |
|------------|-------------------|-------------------|
| OEIC Funds | 31,609,200 | 33,320,645 |
| | <u>31,609,200</u> | <u>33,320,645</u> |

Notes to the financial statements 31 March 2023

11 Investments (continued)

At 31 March 2023 the following individual investment holdings are deemed material when compared to the overall investment values:

| Holding | 2023 | | 2022 | |
|---|------------------------------|------------------------------------|------------------------------|------------------------------------|
| | Market value of holding £ | Percentage of total portfolio % | Market value of holding £ | Percentage of total portfolio % |
| Return Plus Fund S (held as short term investments) | 1,533,422 | 5% | 1,501,630 | 5% |
| LPI Global Equity Fund | 8,032,136 | 25% | 7,981,829 | 24% |
| LTGG Fund B | 7,958,620 | 25% | 9,122,633 | 27% |
| Dynamic Real Return S Accumulation | 6,158,288 | 20% | 7,472,384 | 22% |
| BNY Mellon Real Return Fund Newton | 5,946,293 | 19% | 7,242,169 | 22% |
| TM Fulcrum Diversified Liquid Alt F ACC | 1,980,441 | 6% | - | - |
| | 31,609,200 | 100% | 33,320,645 | 100% |

12 Debtors

| | 2023 £ | 2022 £ |
|--------------------------------|---------------|---------------|
| Trade debtors | 30,279 | 9,762 |
| Other debtors | 10,072 | 525 |
| Prepayments and accrued income | 53,008 | 60,559 |
| | 93,359 | 70,846 |

13 Creditors: amounts falling due within one year

| | 2023 £ | 2022 £ |
|-----------------|----------------|----------------|
| Trade creditors | 74,718 | 14,075 |
| Grants payable | 24,749 | 17,846 |
| Accruals | 38,419 | 95,037 |
| | 137,886 | 126,958 |

14 Endowment funds

Movements on the expendable endowment fund during the year can be summarised as follows:

| | At 1 April 2022 £ | Incoming resources £ | Transfers Gains and losses £ | At 31 March 2023 £ |
|----------------|----------------------------|----------------------------|---------------------------------------|-----------------------------|
| Endowment fund | 33,320,645 | 92,631 | (1,804,076) | 31,609,200 |

| | At 1 April 2021 £ | Incoming resources £ | Transfers Gains and losses £ | At 31 March 2022 £ |
|----------------|----------------------------|----------------------------|---------------------------------------|-----------------------------|
| Endowment fund | 34,161,735 | 205,318 | (1,046,408) | 33,320,645 |

The endowment funds are represented in full by the investment portfolio.

15 Analysis of net assets between funds

| | General fund £ | Endowment funds £ | Total 2023 £ |
|---|----------------------|-------------------------|--------------------|
| Fund balances at 31 March 2023 are represented by: | | | |
| Investments | — | 30,075,778 | 30,075,778 |
| Current assets | 695,059 | 1,533,422 | 2,228,481 |
| Creditors: amounts falling due within one year | (137,886) | — | (137,886) |
| Total net assets | 557,173 | 31,609,200 | 32,166,373 |
| | General fund £ | Endowment funds £ | Total 2022 £ |
| Fund balances at 31 March 2022 are represented by: | | | |
| Investments | — | 31,819,015 | 31,819,015 |
| Current assets | 2,611,784 | 1,501,630 | 4,113,414 |
| Creditors: amounts falling due within one year | (126,958) | — | (126,958) |
| Total net assets | 2,484,826 | 33,320,645 | 35,805,471 |

16 Capital commitments

The company had no capital commitments as at 31 March 2023 (2022 – none).

17 Liability of members

The DHL UK Foundation is a company limited by guarantee. In the event of winding up, the maximum amount guaranteed to be contributed by each member is £1.

18 Related Parties

The Foundation is independent of any other body. However, it was endowed by the National Freight Consortium (NFC) plc. In May 2000, NFC plc merged with Exel plc and on 12 December 2005, Deutsche Post DHL (previously called Deutsche Post World Net) acquired Exel plc, which was renamed DHL.

The DHL UK Foundation had the following transactions with DHL:

- Donations of £393,929 (2022 - £393,929) were received from DHL in the year ended 31 March 2023
- Service costs of £622,551 (2022 - £511,977) were paid by the Foundation to DHL for staff costs and infrastructure expenses
- DHL employees provided unpaid volunteer hours with an estimated value of £160,511 (2022 - £41,698)
- As at year-end, the DHL UK Foundation had an outstanding balance of £57,189.12 (2022: £111,311) with DHL which has been recognised as an outstanding payment reducing the cash and bank balance held at the year-end.