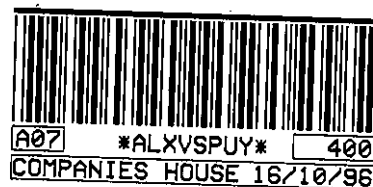


**BUSINESS POST LTD**  
**(formerly BUSINESS POST HOLDINGS LTD)**  
**DIRECTORS' REPORT AND FINANCIAL**  
**STATEMENTS**  
**for the year ended 31 March 1996**

**Company number 965783**



**BUSINESS POST LTD**

**(formerly BUSINESS POST HOLDINGS LTD)**

**DIRECTORS AND ADVISERS**

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**DIRECTORS**

M Kane  
T J Montague-Johnstone  
M D Jones

**SECRETARY**

T J Montague-Johnstone

**REGISTERED OFFICE**

Express House  
464 Berkshire Avenue  
Slough  
SL1 4PL

**AUDITORS**

Binder Hamlyn  
20 Old Bailey  
London  
EC4M 7BH

**BANKERS**

The Royal Bank of Scotland plc  
London City Office  
62/63 Threadneedle Street  
LONDON  
EC2R 8LA

**BUSINESS POST LTD**  
**(formerly BUSINESS POST HOLDINGS LTD)**

**DIRECTORS' REPORT**  
**for the year ended 31 March 1996**

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## **FINANCIAL STATEMENTS**

The Board of directors have pleasure in presenting their report and financial statements for the year ended 31 March 1996.

## **DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 Company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **PRINCIPAL ACTIVITY**

The principal activity of the Company was that of providing central services to the Business Post Group of Companies.

## **REVIEW OF BUSINESS**

The Company's activities have continued to grow as the trading activities of the other group companies have expanded. During the year the purpose built hub at Thatcham to service the Thames Valley was opened and construction commenced on that for Docklands.

In preparation for the alteration to the operating structure of the Business Post Group of companies, on 28 March 1996 the Company changed its name to Business Post Ltd.

## **FUTURE DEVELOPMENTS**

On 1 April 1996 the operating structure within the Business Post Group of companies was altered so that all activities are performed by the Company. Accordingly the activities previously carried out by Business Post Holdings Ltd (formerly Business Post Limited) and by Business Post International Ltd were transferred to the Company.

Further expansion of the parcel and express mail collection and delivery services are anticipated, with the current year starting well despite the continuing competitive nature of the parcels market.

## **RESULTS AND DIVIDEND**

The results for the year are shown in the profit and loss account on page 4. The directors recommend the payment of a final dividend of £205,199 (1995: £252,844).

**BUSINESS POST LTD**  
**(formerly BUSINESS POST HOLDINGS LTD)**

**DIRECTORS' REPORT**  
**for the year ended 31 March 1996**

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**DIRECTORS**

The directors who have held office during the year are:

P Kane	(resigned 29 March 1996)
M Kane	
TJ Montague-Johnstone	
MD Jones	
NW Benson	(resigned 29 March 1996)
TE Dahler	(resigned 29 March 1996)
JD Fishburn	(resigned 29 March 1996)
DE Forbes	(resigned 1 November 1995)
SE McLaren	(resigned 29 March 1996)

None of the directors had any interest in the Company's share capital during the year. P Kane, M Kane, TJ Montague-Johnstone, MD Jones, NW Benson and JD Fishburn are also directors of the ultimate parent company and details of their interests in its share capital are disclosed in the financial statements of Business Post Group plc.

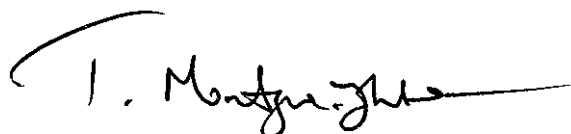
The interests of the other directors in group companies comprise options to allotments of ordinary shares in Business Post Group plc at 78.75p exercisable at dates between 1996 and 2003 held by SE McLaren for 281,250 shares. TE Dahler held similar options for 101,156 shares at 120p exercisable at dates between 1996 and 2003, and options for 25,000 shares at 140p exercisable at dates between 1997 and 2004. There was no change in these options during the year. DE Forbes was granted similar options in the year for 37,383 shares at 214p exercisable at dates between 1998 and 2005. These options lapsed upon his resignation from the Company.

On 1 April 1996 AJ Michie and G Hunter were appointed as Directors.

**AUDITORS**

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Binder Hamlyn be re-appointed as auditors of the company will be put to the Annual General Meeting.

**This report was approved by the Board on 24 June 1996.**



**T. Montague-Johnstone**  
Director

# BINDER HAMLYN

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20 Old Bailey  
London EC4M 7BH

## **AUDITORS' REPORT**

**to the members of Business Post Ltd**

We have audited the financial statements on pages 4 to 13 which have been prepared on the basis of the accounting policies set out on page 6.

### **Respective responsibilities of directors and auditors**

As described on page 1, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, of those statements and to report our opinion to you.

### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Binder Hamlyn*

**Chartered Accountants  
Registered Auditors**

*24 June 1996*

**BUSINESS POST LTD****(formerly BUSINESS POST HOLDINGS LTD)****PROFIT AND LOSS ACCOUNT  
for the year ended 31 March 1996**

	Notes	1996	1995
		£	£
<b>Turnover</b>		<b>3,409,661</b>	<b>3,101,055</b>
Cost of sales		<u>258,625</u>	<u>181,679</u>
<b>Gross profit</b>		<b>3,151,036</b>	<b>2,919,376</b>
Administrative expenses		<u>3,313,931</u>	<u>2,794,555</u>
<b>Operating (loss)/profit</b>	2	<b>(162,895)</b>	<b>124,821</b>
Interest receivable and similar income	5	<u>470,559</u>	<u>278,036</u>
		<b>307,664</b>	<b>402,857</b>
Interest payable and similar charges	6	<u>2</u>	<u>488</u>
<b>Profit on ordinary activities before taxation</b>		<b>307,662</b>	<b>402,369</b>
Taxation	7	<u>102,463</u>	<u>149,525</u>
<b>Profit for the financial year</b>		<b>205,199</b>	<b>252,844</b>
Dividend	8	<u>205,199</u>	<u>252,844</u>
<b>Retained profit for the year transferred to reserves</b>	15	<u>-</u>	<u>-</u>

The profit for the financial year is derived from continuing activities and includes all recognised gains and losses for the year.

**BUSINESS POST LTD****(formerly BUSINESS POST HOLDINGS LTD)****BALANCE SHEET  
as at 31 March 1996**

	Notes	1996	1995
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	9	12,161,158	11,105,428
<b>CURRENT ASSETS</b>			
Debtors	10	4,829,869	910,805
Cash in hand		<u>175</u>	<u>16,082</u>
		4,830,044	926,887
<b>CREDITORS:</b> amounts falling due within one year	11	<u>13,903,101</u>	<u>9,028,634</u>
<b>Net current liabilities</b>		<u>(9,073,057)</u>	<u>(8,101,747)</u>
<b>Total assets less current liabilities</b>		3,088,101	3,003,681
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	12	<u>587,190</u>	<u>502,770</u>
<b>Net assets</b>		<u>2,500,911</u>	<u>2,500,911</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	1,000	1,000
Profit and loss account	15	<u>2,499,911</u>	<u>2,499,911</u>
<b>Equity shareholders' funds</b>		<u>2,500,911</u>	<u>2,500,911</u>

The financial statements on pages 4 to 13 were approved by the Board on 24 June 1996.



**T. Montague-Johnstone**  
Director

**BUSINESS POST LTD**  
**(formerly BUSINESS POST HOLDINGS LTD)**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**1 ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

**Turnover**

Turnover represents amounts receivable for services provided to the other Business Post Group Companies in the UK net of value added tax.

**Deferred taxation**

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability will not crystallise.

**Depreciation**

Depreciation is calculated to write down the cost of tangible fixed assets to their estimated residual values over the following useful economic lives:

Freehold buildings	- fifty years on a straight line basis
Leasehold premises	- the period of the lease on a straight line basis
Short leasehold improvements	- the period of the lease on a straight line basis
Motor vehicles	- 15% to 33.3% annually on a reducing balance basis
Plant and equipment	- 25% annually on a reducing balance basis
Computer equipment	- 25% annually on a straight line basis

Full provision is made against the cost of short leasehold improvements when relocation is proposed in the following year.

**Leasing and hire purchase commitments**

Assets acquired under finance leases and hire purchase contracts are included in tangible fixed assets and are depreciated in accordance with the above depreciation policy. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. Finance charges are debited to the profit and loss account so as to produce a constant periodic rate of charge on the outstanding obligation. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

The benefits of rent free periods are spread evenly over the period of the lease up to the date of the next rent review.

**Pension costs**

Contributions to the Company sponsored employees' personal pension plans and defined contribution schemes are charged to the profit and loss account in the year in which they accrue.

**Cash flow statement**

A cash flow statement has not been prepared as the Company is a wholly owned subsidiary of a company which publishes consolidated financial statements including a consolidated cash flow statement.



**BUSINESS POST LTD****(formerly BUSINESS POST HOLDINGS LTD)****NOTES TO THE FINANCIAL STATEMENTS**

<b>2 OPERATING PROFIT</b>	<b>1996</b>	<b>1995</b>
is stated after charging/(crediting):	£	£
Depreciation	1,059,685	863,917
Profit on disposal of tangible fixed assets	(15,769)	(25,648)
Operating lease rentals		
- plant and machinery	(110,584)	(84,985)
- other operating leases	(236,936)	(157,434)
Auditors' remuneration		
- audit fees	3,789	6,561
- non audit services	4,941	300

**3 DIRECTORS' REMUNERATION****Emoluments**

The emoluments of the directors of the company were:

Directors' emoluments (including pension contributions and benefits in kind)

<b>657,207</b>	<b>634,380</b>
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**Bandings**

The emoluments of the Chairman were as follows:

Salary and taxable benefits	96,006	125,500
Bonus payments	33,429	43,119
	129,435	168,619
Pension contributions	40,650	53,341
	170,085	221,960

The emoluments of the highest paid director were as follows :

Salary and taxable benefits	111,372	125,500
Bonus payments	46,782	43,119
	158,154	168,619
Pension contributions	36,450	53,341
	194,604	221,960

**BUSINESS POST LTD**  
**(formerly BUSINESS POST HOLDINGS LTD)**  
**NOTES TO THE FINANCIAL STATEMENTS**

**3 DIRECTORS' REMUNERATION** *continued*

Directors' emoluments (excluding pension contributions) were in the following ranges:	1996 Number	1995 Number
£0 - £5,000	3	4
£5,001 - £10,000	-	1
£25,001 - £30,000	-	1
£30,001 - £35,000	1	-
£45,001 - £50,000	1	1
£50,001 - £55,000	1	-
£100,001 - £105,000	-	1
£115,001 - £120,000	1	-
£125,001 - £130,000	1	-
£140,001 - £145,000	-	1
£155,001 - £160,000	1	-
£165,001 - £170,000	-	1

**4 STAFF COSTS**

	£	£
Wages and salaries	1,966,518	1,672,775
Social security costs	199,462	165,949
Other pension costs	135,030	145,234
	<u>2,301,010</u>	<u>1,983,958</u>

The average number of persons (including directors) employed by the Company during the year was as follows :

	Number	Number
Administration	80	77
Operational	<u>26</u>	<u>17</u>
	<u>106</u>	<u>94</u>

**BUSINESS POST LTD**

**(formerly BUSINESS POST HOLDINGS LTD)**

**NOTES TO THE FINANCIAL STATEMENTS**

<b>5 INTEREST RECEIVABLE AND SIMILAR INCOME</b>	<b>1996 £</b>	<b>1995 £</b>
Bank and loan interest	<b>470,559</b>	<b>278,036</b>
<b>6 INTEREST PAYABLE AND SIMILAR CHARGES</b>		
Bank loan and overdrafts	<b>2</b>	<b>-</b>
Hire purchase contracts and finance leases	<b>-</b>	<b>224</b>
Other charges	<b>-</b>	<b>264</b>
	<b>2</b>	<b>488</b>
<b>7 TAXATION</b>		
The charge for taxation is based on the profit for the year and comprises:		
UK Corporation tax payable/(recoverable) at 33% (1995: 33%)	<b>15,399</b>	<b>(28,341)</b>
Adjustments relating to prior years	<b>2,644</b>	<b>15,426</b>
Transfer to deferred taxation (see note 12)	<b>84,420</b>	<b>162,440</b>
	<b>102,463</b>	<b>149,525</b>
<b>8 DIVIDEND</b>		
Proposed £205.199 per share (1995 : £252.844 per share)	<b>205,199</b>	<b>252,844</b>

**9 TANGIBLE FIXED ASSETS**

	<b>Freehold land and buildings £</b>	<b>Short leasehold premises £</b>	<b>Motor vehicles £</b>	<b>Plant and equipment £</b>	<b>Total £</b>
<b>Cost</b>					
1 April 1995	7,645,006	155,599	3,969,473	1,481,766	13,251,844
Additions	688,217	-	1,028,627	448,033	2,164,877
Disposals	-	-	(163,953)	-	(163,953)
<b>31 March 1996</b>	<b>8,333,223</b>	<b>155,599</b>	<b>4,834,147</b>	<b>1,929,799</b>	<b>15,252,768</b>
<b>Depreciation</b>					
1 April 1995	145,572	46,924	1,167,783	786,137	2,146,416
Disposals	-	-	(114,491)	-	(114,491)
Charge for the year	97,988	5,554	657,684	298,459	1,059,685
<b>31 March 1996</b>	<b>243,560</b>	<b>52,478</b>	<b>1,710,976</b>	<b>1,084,596</b>	<b>3,091,610</b>
<b>Net book value</b>					
<b>31 March 1996</b>	<b>8,089,663</b>	<b>103,121</b>	<b>3,123,171</b>	<b>845,203</b>	<b>12,161,158</b>
<b>31 March 1995</b>	<b>7,499,434</b>	<b>108,675</b>	<b>2,801,690</b>	<b>695,629</b>	<b>11,105,428</b>

Included in short leasehold premises are short leasehold improvements at a cost of £123,057 (1995: £123,057) and net book value of £98,028 (1995: £103,255).

Included in freehold land and buildings is freehold land with a cost of £3,253,087 (1995: £2,926,554).

The net book value of motor vehicles acquired under finance lease and hire purchase agreements included in the above is £Nil (1995: £190,378). Depreciation charged for the year on these assets was £51,997 (1995: £25,506).

Included in motor vehicles are assets which are hired under operating leases by a fellow subsidiary company with a cost of £2,140,824 (1995: £1,786,519) and accumulated depreciation of £846,739 (1995: £549,032).

**BUSINESS POST LTD****(formerly BUSINESS POST HOLDINGS LTD)****NOTES TO THE FINANCIAL STATEMENTS**

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<b>10 DEBTORS</b>	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>
Amounts owed by fellow subsidiary undertakings	<b>4,714,837</b>	715,710
Other debtors	<b>15,245</b>	76,409
Prepayments and accrued income	<b>99,787</b>	89,337
Corporation tax recoverable	<b>-</b>	29,349
	<b>4,829,869</b>	910,805

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**11 CREDITORS: amounts falling due within one year**

Bank overdraft	<b>26,154</b>	-
Trade creditors	<b>229,472</b>	85,655
Amount owed to parent undertaking	<b>12,850,117</b>	6,539,664
Amount owed to fellow subsidiary undertaking	-	1,803,883
Finance lease and hire purchase commitments	-	87,550
Corporation tax	<b>15,399</b>	-
Other taxes and social security	<b>381,267</b>	98,727
Other creditors	<b>65,690</b>	102,697
Accruals and deferred income	<b>129,803</b>	57,614
Proposed dividend	<b>205,199</b>	252,844
	<b>13,903,101</b>	9,028,634

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**BUSINESS POST LTD**

(formerly BUSINESS POST HOLDINGS LTD)

**NOTES TO THE FINANCIAL STATEMENTS**

	1996 £	1995 £
<b>12 PROVISION FOR LIABILITIES AND CHARGES</b>		
<b>Deferred Taxation Potential and provided</b>		
Accelerated capital allowances	580,545	494,508
Other timing differences	6,645	8,262
	<u>587,190</u>	<u>502,770</u>
1 April 1995	502,770	340,330
Profit and loss account in respect of:		
Accelerated capital allowances	86,038	113,381
Other timing differences	(1,618)	49,059
	<u>587,190</u>	<u>502,770</u>
<b>31 March 1996</b>	<u>587,190</u>	<u>502,770</u>
<b>13 PENSION COSTS</b>		
The Company sponsors employees' personal pension plans. Contributions were made by the Company at 2% of the eligible employees' salary in the year ended 31 March 1996.		
The Company also contributes to two defined contribution schemes for certain directors.		
<b>14 CALLED UP SHARE CAPITAL</b>		
<b>Authorised, allotted and called up</b>		
1,000 ordinary shares of £1 each	1,000	1,000
<b>15 PROFIT AND LOSS ACCOUNT</b>		
1 April 1995 and 31 March 1996	2,499,911	2,499,911
<b>16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS</b>		
Opening shareholders' funds	2,500,911	2,500,911
Profit for the financial year	205,199	252,844
	<u>2,706,110</u>	<u>2,753,755</u>
Dividend	(205,199)	(252,844)
Closing shareholders' funds	<u>2,500,911</u>	<u>2,500,911</u>

**17 FINANCIAL COMMITMENTS****(1) Operating leases**

At 31 March 1996 the Company had the following annual commitments in respect of non-cancellable operating leases:

	Land and buildings £	Other £
Expiring		
- within one year	35,437	85,655
- within two to five years	48,356	2,176,620
- after five years	888,217	-
	<u>972,010</u>	<u>2,262,275</u>

**(2) Capital commitments**

At 31 March 1996, capital commitments were:

	1996 £	1995 £
Contracted for	1,700,000	337,877
Authorised but not contracted for	9,439,103	1,906,250

Included in capital commitments authorised but not contracted for is £7.6 million representing the expected total cost of purchase of land and construction of a new purpose-built national hub in Birmingham.

**(3) Guarantees**

The Company and its fellow subsidiary companies within the group have given unlimited cross guarantees to secure the group bank borrowings. At the balance sheet date these guarantees amounted to £nil (1995: £nil).

**18 ULTIMATE PARENT COMPANY**

At 31 March 1996 the directors regarded Business Post Group plc, a company registered in England and Wales, as the ultimate parent company. It is the only company in the group to have drawn up group accounts.

Copies of the financial statements can be obtained from the registered office of Express House, 464 Berkshire Avenue, Slough, Berkshire SL1 4PL.