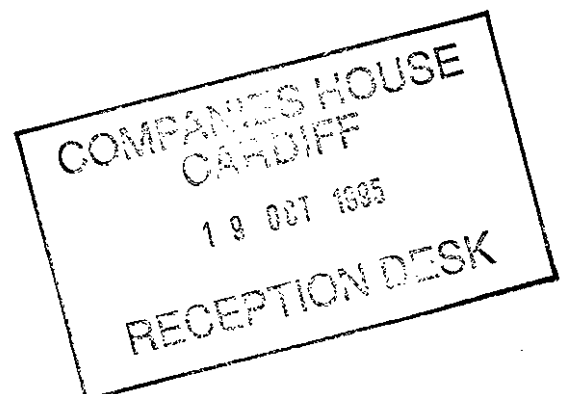


**BUSINESS POST HOLDINGS LTD**  
**DIRECTORS' REPORT AND FINANCIAL**  
**STATEMENTS**  
**for the year ended 31 March 1995**



Company number 965783



**BUSINESS POST HOLDINGS LTD**

**DIRECTORS AND ADVISORS**

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**DIRECTORS**

P Kane (Chairman)  
M Kane  
T J Montague-Johnstone  
M D Jones  
S E McLaren  
T E Dahler  
D Forbes  
J D Fishburn  
N Benson

**SECRETARY**

J P Mair

**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  
354 Station Road  
Harrow  
Middlesex  
HA1 2XZ

## **FINANCIAL STATEMENTS**

The Board of directors have pleasure in presenting their report and financial statements for the year ended 31 March 1995.

## **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 ACTIVITIES**

The principal activity of the Company is 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 twelve additional loading bays were built for the national hub in Birmingham, and construction commenced of a purpose built hub at Thatcham to service the Thames Valley.

## **FUTURE DEVELOPMENTS**

Further expansion of activities of the Company are anticipated as the Business Post Group of companies expands. In April 1995 the Thames Valley hub was opened replacing the rented unit at Reading. In addition a new purpose built hub is planned for Docklands at a total cost of £1.9 million.

## **RESULTS AND DIVIDEND**

The results for the year are shown in the profit and loss account on page 4. No interim dividend was paid in the year (1994 £600,000).. The directors recommend the payment of a final dividend of £252,844 (1994: £266,875).

## **TANGIBLE FIXED ASSETS**

Details of movements in tangible fixed assets are given in note 9 to the accounts.

**BUSINESS POST HOLDINGS LTD**

**DIRECTORS' REPORT**  
**for the year ended 31 March 1995**

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**DIRECTORS**

The directors who have held office during the year are:

P Kane	(Chairman)
M Kane	
NW Benson	
CG Buswell	(resigned 20 July 1994)
TE Dahler	(appointed 1 September 1994)
JD Fishburn	
DE Forbes	(appointed 1 February 1995)
MD Jones	
SE McLaren	
TJ Montague-Johnstone	

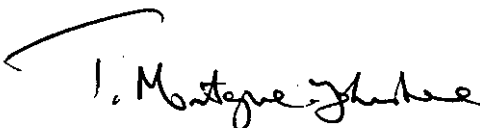
None of the directors had any interest in the Company's share capital during the year. P Kane, M Kane, TJ Montague-Johnstone, NW Benson and JD Fishburn are also directors of the ultimate parent company and details of their interests in its share capital are disclosed in the financial statements of Business 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 120p exercisable at dates between 1996 and 2003 held by M Jones for 244,500 shares. SE McLaren held similar options for 281,280 shares exercisable at 78.75p. There was no change in these options during the year. The options previously granted to CG Buswell for 292,797 shares lapsed upon his resignation from the Company. Upon appointment TE Dahler held options for 101,156 shares at 120p exercisable at dates between 1996 and 2003, and was granted further options in the year for 25,000 shares at 140p exercisable at dates between 1997 and 2004. DE Forbes held no options during the year.

**AUDITORS**

On 1 October 1994 our auditors, BDO Binder Hamlyn, joined the Arthur Andersen world-wide organisation and now practise in the name, Binder Hamlyn. 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 21 June 1995.



**T. Montague-Johnstone**  
Director

# BINDER HAMLYN

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20 Old Bailey  
London EC4M 7BH

## **AUDITORS' REPORT**

**to the members of Business Post Holdings 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, on 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 1995 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**

21 June 1995

**BUSINESS POST HOLDINGS LTD**

**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 March 1995

	Notes	1995 £	1994 £
<b>Turnover</b>		<b>3,101,055</b>	<b>3,000,000</b>
Cost of sales		<u>181,679</u>	<u>55,623</u>
<b>Gross profit</b>		<b>2,919,376</b>	<b>2,944,377</b>
Administrative expenses		<u>2,794,555</u>	<u>2,597,462</u>
<b>Operating profit</b>	2	<b>124,821</b>	<b>346,915</b>
Income from shares in group undertakings		-	600,000
Interest receivable and similar income	5	<u>278,036</u>	<u>183,840</u>
		<b>402,857</b>	<b>1,130,755</b>
Interest payable and similar charges	6	<u>488</u>	<u>140,925</u>
<b>Profit on ordinary activities before taxation</b>		<b>402,369</b>	<b>989,830</b>
Taxation	7	<u>149,525</u>	<u>122,955</u>
<b>Profit for the financial year</b>		<b>252,844</b>	<b>866,875</b>
Dividends	8	<u>252,844</u>	<u>866,875</u>
<b>Retained profit for the year transferred to reserves</b>	15	<u>-</u>	<u>-</u>

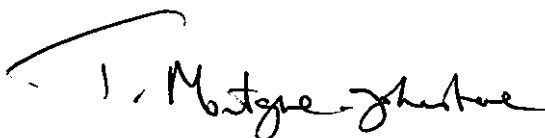
The profit for the financial year is derived from continuing activities and includes all recognised gains and losses for the year.

**BUSINESS POST HOLDINGS LTD**

**BALANCE SHEET  
as at 31 March 1995**

	Notes	1995	1994
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	9	11,105,428	8,569,491
<b>CURRENT ASSETS</b>			
Debtors	10	910,805	4,137,590
Cash in hand		<u>16,082</u>	<u>105</u>
		926,887	4,137,695
<b>CREDITORS:</b> amounts falling due within one year	11	<u>9,028,634</u>	<u>9,865,945</u>
<b>Net current liabilities</b>		<u>(8,101,747)</u>	<u>(5,728,250)</u>
<b>Total assets less current liabilities</b>		3,003,681	2,841,241
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	12	<u>502,770</u>	<u>340,330</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>Total 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 21 June 1995.



**T. Montague-Johnstone**  
Director

## **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 published consolidated financial statements including a consolidated cash flow statement.



**BUSINESS POST HOLDINGS LTD**

**NOTES TO THE FINANCIAL STATEMENTS**

**2 OPERATING PROFIT**

is stated after charging/(crediting):

	1995 £	1994 £
Depreciation	863,917	649,467
Profit on disposal of tangible fixed assets	(25,648)	(24,511)
Operating lease rentals		
- plant and machinery	(84,985)	(8,691)
- other operating leases	(157,434)	74,697
Auditors' remuneration		
- audit fees	6,561	2,750
- non audit services	300	5,000
	<u>300</u>	<u>5,000</u>

**3 DIRECTORS**

**Emoluments**

The emoluments of the directors of the company were:

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

634,380	603,491
<u>634,380</u>	<u>603,491</u>

**Bandings**

The emoluments of the Chairman who was also the highest paid director were as follows:

Salary and taxable benefits	125,500	113,325
Bonus payments	43,119	33,941
	<u>168,619</u>	<u>147,266</u>
Pension contributions	53,341	70,410
	<u>221,960</u>	<u>217,676</u>

## NOTES TO THE FINANCIAL STATEMENTS

**3 DIRECTORS** *continued*

Directors' emoluments (excluding pension contributions) were in the following ranges:

	<b>1995 Number</b>	<b>1994 Number</b>
£0 - £5,000	4	4
£5,001 - £10,000	1	-
£25,001 - £30,000	1	-
£45,001 - £50,000	1	1
£80,001 - £85,000	-	1
£100,001 - £105,000	1	-
£125,001 - £130,000	-	1
£140,001 - £145,001	1	-
£145,001 - £150,000	-	1
£165,001 - £170,000	1	-

**4 STAFF COSTS**

	<b>£</b>	<b>£</b>
Wages and salaries	1,672,775	1,319,457
Social security costs	165,949	136,708
Other pension costs	145,234	207,189
	<b>1,983,958</b>	<b>1,663,354</b>

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

	<b>Number</b>	<b>Number</b>
Administration	77	74
Operational	17	5
	<b>94</b>	<b>79</b>

**BUSINESS POST HOLDINGS LTD**

**NOTES TO THE FINANCIAL STATEMENTS**

<b>5 INTEREST RECEIVABLE AND SIMILAR INCOME</b>	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
Bank and loan interest	<b>278,036</b>	<b>183,840</b>

**6 INTEREST PAYABLE AND SIMILAR CHARGES**

Bank loan and overdrafts	-	93,862
Other loans	-	16,446
Hire purchase contracts and finance leases	<b>224</b>	<b>21,617</b>
Other charges	<b>264</b>	<b>9,000</b>
	<b>488</b>	<b>140,925</b>

Included in interest payable on bank loan and overdrafts is £nil (1994: £55,110) in respect of a bank loan which was repaid during 1994.

**7 TAXATION**

The charge for taxation is based on the profit for the year and comprises:

UK Corporation tax recoverable at 33% (1994: 33%)	<b>(28,341)</b>	<b>(171,840)</b>
Adjustments relating to prior years	<b>15,426</b>	-
Transfer to deferred taxation (see note 12)	<b>162,440</b>	<b>294,795</b>
	<b>149,525</b>	<b>122,955</b>

**8 DIVIDENDS**

Paid £nil per share (1994: £600 per share)	-	600,000
Proposed £252.844 per share (1994 : £266.875 per share)	<b>252,844</b>	<b>266,875</b>
	<b>252,844</b>	<b>866,875</b>

## NOTES TO THE FINANCIAL STATEMENTS

**9 TANGIBLE FIXED ASSETS**

	Freehold land and buildings £	Short leasehold premises £	Motor vehicles £	Plant and equipment £	Total £
<b>Cost</b>					
1 April 1994	5,870,735	150,210	2,984,237	1,020,243	10,025,425
Additions	1,774,271	9,537	1,219,333	475,538	3,478,679
Disposals	-	(4,148)	(234,097)	(14,015)	(252,260)
<b>31 March 1995</b>	<b>7,645,006</b>	<b>155,599</b>	<b>3,969,473</b>	<b>1,481,766</b>	<b>13,251,844</b>
<b>Depreciation</b>					
1 April 1994	68,305	45,541	758,029	584,059	1,455,934
Disposals	-	(4,148)	(160,938)	(8,349)	(173,435)
Charge for the year	77,267	5,531	570,692	210,427	863,917
<b>31 March 1995</b>	<b>145,572</b>	<b>46,924</b>	<b>1,167,783</b>	<b>786,137</b>	<b>2,146,416</b>
<b>Net book value</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>
<b>31 March 1994</b>	<b>5,802,430</b>	<b>104,669</b>	<b>2,226,208</b>	<b>436,184</b>	<b>8,569,491</b>

Included in short leasehold premises are short leasehold improvements at cost of £123,057 (1994: £117,124) and net book value of £103,255 (1994: £102,531).

Included in freehold land and buildings is freehold land with a cost of £2,926,554 (1994: £2,166,724).

The net book value of motor vehicles acquired under finance lease and hire purchase agreements included in the above is £190,378 (1994: £25,499). Depreciation charged for the year on these assets was £25,506 (1994: £59,942).

Included in motor vehicles are assets which are hired under operating leases by a fellow subsidiary company with a cost of £1,786,519 (1994: £1,339,968) and accumulated depreciation of £549,032 (1994: £283,375).

**BUSINESS POST HOLDINGS LTD**

**NOTES TO THE FINANCIAL STATEMENTS**

<b>10 DEBTORS</b>	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
Amounts owed by fellow subsidiary undertakings	<b>715,710</b>	3,232,239
Other debtors	<b>76,409</b>	23,271
Prepayments and accrued income	<b>89,337</b>	57,791
Corporation tax recoverable	<b>29,349</b>	824,289
	<b>910,805</b>	4,137,590
<b>11 CREDITORS: amounts falling due within one year</b>		
Bank overdrafts	-	1,816,485
Trade creditors	<b>85,655</b>	177,177
Amount owed to parent undertaking	<b>6,539,664</b>	7,063,117
Amount owed to fellow subsidiary undertaking	<b>1,803,883</b>	-
Finance lease and hire purchase commitments	<b>87,550</b>	9,049
Corporation tax	-	236,735
Other taxes and social security	<b>98,727</b>	144,412
Other creditors	<b>102,697</b>	102,567
Accruals and deferred income	<b>57,614</b>	49,528
Proposed dividend	<b>252,844</b>	266,875
	<b>9,028,634</b>	9,865,945

At 31 March 1994 the bank overdrafts were secured by fixed charges over the group's freehold land and buildings and book debts and floating charges over all other assets.

## NOTES TO THE FINANCIAL STATEMENTS

	1995 £	1994 £
<b>12 PROVISION FOR LIABILITIES AND CHARGES</b>		
<b>Deferred Taxation Potential and provided</b>		
Accelerated capital allowances	494,508	381,127
Other timing differences	8,262	(40,797)
	<u>502,770</u>	<u>340,330</u>
1 April 1994	340,330	45,535
Profit and loss account in respect of:		
Accelerated capital allowances	113,381	262,896
Other timing differences	49,059	31,899
31 March 1995	<u>502,770</u>	<u>340,330</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 1995.		
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 1994 and 31 March 1995	<u>2,499,911</u>	<u>2,499,911</u>
<b>16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS</b>		
Opening shareholders' funds	2,500,911	2,500,911
Profit for the financial year	252,844	866,875
	<u>2,753,755</u>	<u>3,367,786</u>
Dividends	(252,844)	(866,875)
Closing shareholders' funds	<u>2,500,911</u>	<u>2,500,911</u>

## NOTES TO THE FINANCIAL STATEMENTS

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

At 31 March 1995 the Company had the following annual commitments in respect of non-cancellable operating leases:

	Land and buildings £	Other £
Expiring		
- within one year	57,320	237,474
- within two to five years	49,163	1,624,815
- after five years	869,717	-
	<u>976,200</u>	<u>1,862,289</u>

**(2) Capital commitments**

At 31 March 1995, capital commitments were:

	1995 £	1994 £
Contracted for	337,877	143,680
Authorised but not contracted for	1,906,250	3,481,080

On 23 May 1995 the directors authorised the purchase of land and construction of a purpose-built regional hub at Docklands at a total cost of £1.9million.

**(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 (1994: £nil).

**18 ULTIMATE PARENT COMPANY**

At 31 March 1995 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.