

EXEL FINANCE (1986) LIMITED

Registered number: 1925614

Annual Report and Financial Statements

For the Year Ended

31 December 2009

Directors

P Taylor

Exel Nominee No 2 Limited

Exel Secretarial Services Limited

Secretary

Exel Secretarial Services Limited

**Registered Office
The Merton Centre
45 St Peters Street
Bedford
MK40 2UB**

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EXEL FINANCE (1986) LIMITED

Directors' Report for the year ended 31 December 2009

The directors present their report and the audited financial statements of the company for the year ended 31 December 2009

Results and dividends

	2009 £000	2008 £000
Profit for the year	90	6,979
Interim dividend paid	2,521	-

The directors do not recommend the payment of a final dividend (2008 £nil)

Principal activity and business review

The principal activity of the company was the leasing of vehicles and other tangible assets to fellow subsidiary undertakings

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

Future developments

The company does not expect to actively take on any leasing of vehicles or other tangible assets to fellow subsidiary undertakings in the foreseeable future

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Business risk and key performance indicators

Given the straightforward nature of the business, the directors consider that a discussion of the main business risks and analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of liquidity risk. The company does not use derivative financial instruments.

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

Liquidity risk

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

EXEL FINANCE (1986) LIMITED

Directors' Report for the year ended 31 December 2009 (continued)

Directors

The directors who held office during the year and up to the date of this report are given below

J Bumstead

ceased to be a director on 31 August 2009

P Taylor

was appointed a director on 28 August 2009

Exel Nominee No 2 Limited

Exel Secretarial Services Limited

Directors' indemnities

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

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

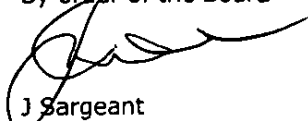
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Statement as to disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware; and
- each director has taken all the steps that one ought to have taken as a director in order to make oneself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the Board



J Sargeant

For and on behalf of

Exel Secretarial Services Limited

Secretary

30th June 2010

EXEL FINANCE (1986) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXEL FINANCE (1986) LIMITED

We have audited the financial statements of Exel Finance (1986) Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement as set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

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



Mike Robinson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes

30th June 2010

EXEL FINANCE (1986) LIMITED**Profit and Loss Account****For the year ended 31 December 2009**

	Note	2009 £000	2008 £000
Turnover	2	-	46,444
Operating charges	3	-	(38,742)
Operating profit		-	7,702
Interest receivable and similar income	5	90	-
Interest payable and similar charges	6	-	(723)
Profit on ordinary activities before taxation		90	6,979
Tax on profit on ordinary activities	7	-	-
Profit for the financial year	13	90	6,979

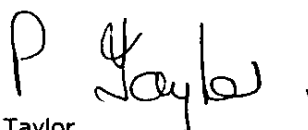
All of the company's activities were discontinued during the current year

The company has no recognised gains or losses other than the profits for the current year or previous year

EXEL FINANCE (1986) LIMITED**Balance Sheet****At 31 December 2009**

	Note	2009 £000	2008 £000
Fixed assets			
Tangible assets	9	-	-
Debtors: amounts falling due within one year	10	-	2,533
Creditors: amounts falling due within one year	11	-	(102)
Total assets less current liabilities		-	2,431
Net Assets		-	2,431
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account	13	-	2,431
Total shareholders' funds		-	2,431

The financial statements on pages 5 to 12 were approved by the Board of Directors on 30th June 2010 and signed on its behalf by


P Taylor
Director

Registered number: 1925614

EXEL FINANCE (1986) LIMITED

Notes to the Financial Statements

For the year ended 31 December 2009

1 Accounting Policies

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

(a) Basis of preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable UK accounting standards

(b) Cash flow statement and related party disclosures

The group financial statements of Deutsche Post AG contain a consolidated cash flow statement. The company has taken advantage of the exemption granted by FRS 1 whereby it is not required to publish its own cash flow statement

The company has taken advantage of the exemption granted by FRS 8 from disclosure of related party transactions with members of the Group or associates of other Group members

(c) Revenue recognition

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

(d) Tangible fixed assets

Fixed assets are stated at cost less depreciation and less any impairment in value. Cost includes interest on the funding of major assets until the asset is complete

Depreciation of tangible fixed assets is charged evenly over their estimated useful lives at the following rates

Plant and equipment	5 – 10 years
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Assets that are not expected to be held for the whole of their useful lives are written down to estimated residual values at disposal

The carrying values of tangible fixed assets are reviewed for impairment if circumstances indicate that they may not be recoverable

(e) Leased assets

Assets held under finance leases are capitalised and treated as tangible fixed assets at fair value. Depreciation is charged over the shorter of the lease period or the useful life of the asset. The deemed capital element of future rentals is included in borrowings. Deemed interest, calculated on the reducing balance method, is charged as interest payable over the period of the lease. Rental costs of operating leases are charged against profit before interest as incurred

EXEL FINANCE (1986) LIMITED**Notes to the Financial Statements (continued)****For the year ended 31 December 2009****1 Accounting Policies (continued)****(f) Taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

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

The company has entered into an agreement regarding UK corporation tax payments and refunds with Exel Limited, a fellow group undertaking. Under the terms of this agreement, Exel Limited has undertaken to discharge the current and future UK corporation tax liabilities on behalf of, and benefit from any tax recoverable due to, the company. The company recognises its UK corporation tax and deferred tax liabilities but as such liabilities are indemnified by Exel Ltd, an indemnification asset for the amount due from Exel Limited is also recognised in the balance sheet until the amount is settled on the company's behalf. The net tax charge on the profit or loss on ordinary activities that has been indemnified by Exel Limited is netted against the indemnification amount due from Exel Limited in the profit and loss account.

EXEL FINANCE (1986) LIMITED**Notes to the Financial Statements (continued)****For the year ended 31 December 2009****2 Turnover**

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

3 Operating income and expense

The following amounts have been charged in arriving at the operating profit

	2009	2008
	£000	£000
Depreciation		
Owned assets	-	37,406
Other operating charge	-	6
Loss on sales of fixed assets	-	1,330
Total operating charges	-	38,742

The fee payable for the audit of £2,000 (2008: £3,000) has been paid by another group undertaking.

4 Directors' emoluments and employees

The directors received no remuneration (2008: none) for services provided to the company and there are no employees.

5 Interest receivable and similar income

	2009	2008
	£000	£000
Interest receivable from group undertakings	90	-

6 Interest payable and similar charges

	2009	2008
	£000	£000
Interest payable to group undertakings	-	723

EXEL FINANCE (1986) LIMITED**Notes to the Financial Statements (continued)****For the year ended 31 December 2009****7 Tax on profit on ordinary activities**

A fellow group undertaking, Exel Ltd, has undertaken to discharge the company's liability to UK corporation tax. The company has also agreed that Exel Ltd will benefit from any tax recoverable. The indemnification asset arising under this agreement, if any, is disclosed in other debtors.

Factors affecting tax charge for year

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom 28.0% (2008: 28.5%). The differences are explained below.

	2009 £000	2008 £000
Profit on ordinary activities before taxation	90	6,979
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.0% (2008: 28.5%)	25	1,989
Effects of:		
Capital allowances for the year in excess of depreciation	-	10,986
UK current tax for the year	25	12,975
Group relief claimed from other group companies	(25)	(12,975)
Current tax for the year	-	-

The rate of corporation tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the company's profit for the accounting period ended 31 December 2008 was taxed at an effective rate of 28.5%. Profits or losses of the current and future periods will be taxed at 28%.

8 Dividends

	2009 £000	2008 £000
Equity – Ordinary		
Interim paid – £1,260,500 per share (2008: none)	2,521	-

EXEL FINANCE (1986) LIMITED**Notes to the Financial Statements (continued)****For the year ended 31 December 2009****9 Tangible fixed assets**

	Plant and equipment leased £000	Total £000
Cost		
At 1 January 2009	361	361
Transfers to group undertakings	(361)	(361)
At 31 December 2009	-	-
Depreciation		
At 1 January 2009	(361)	(361)
Transfers to group undertakings	361	361
At 31 December 2009	-	-
Net book amount		
At 31 December 2009	-	-
At 31 December 2008	-	-
10 Debtors: amounts falling due within one year		
	2009 £000	2008 £000
Amounts owed to group undertakings	-	2,533
11 Creditors: amounts falling due within one year		
	2009 £000	2008 £000
Amounts owed to group undertakings	-	102
12 Called up share capital		
	2009 £	2008 £
Authorised		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

There were no allotments during the year

EXEL FINANCE (1986) LIMITED**Notes to the Financial Statements (continued)****For the year ended 31 December 2009****13 Reconciliation of shareholders' funds and movements on reserves**

	Share capital £000	Profit and loss account £000	Total share- holders' funds £000
At 1 January 2008	-	(4,548)	(4,548)
Profit for the financial year	-	6,979	6,979
At 31 December 2008	-	2,431	2,431
Profit for the financial year	-	90	90
Dividends	-	(2,521)	(2,521)
At 31 December 2009	-	-	-

14 Contingent liabilities

- (a) The nature of the company's business and the extent of its operations are such that it is from time to time involved in legal proceedings, as plaintiff or defendant. No such current proceedings are expected to have a material effect on the company.
- (b) For VAT purposes, the company is grouped with other undertakings in a VAT group; under these arrangements the company has a joint and several liability for amounts owed by those undertakings to HM Revenue & Customs.

15 Immediate and ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Exel Holdings Limited. The company's ultimate parent undertaking and controlling party is Deutsche Post AG, a company incorporated in Germany. This is the only group of which the company is a member for which group financial statements are prepared. Copies of the financial statements of Deutsche Post AG can be obtained from Deutsche Post AG, Headquarters, Investor Relations, 53250 Bonn, Germany.

16 Events after the balance sheet date

In his Budget Statement issued on 22 June 2010, the Chancellor of the Exchequer announced the Government's intention to reduce future corporation tax rates to 27% from 1 April 2011 and by a further 1% in following years to a target rate of 24%.

At the date of signing these accounts these proposals had not been substantively enacted. There is no financial impact on these financial statements arising from these proposals.