

TNT Newco Limited

Directors' report and financial statements

27 December 2003

Registered number 2604019



Directors' report and financial statements

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Directors' report

The Directors present their report, together with the audited financial statements, for the year ended 27 December 2003.

Principal activities

The principal activity of the Company during the year was that of a holding company. The Directors do not envisage initiating any material departure from this activity in the foreseeable future.

Results and dividend

The results of the year are shown in the profit and loss account on page 4. Dividends totalling £16,591,000 (*year ended 28 December 2002: £18,962,000*) have been paid during the year. The Directors recommend that no further dividend be paid.

Directors

The Directors of the Company who served during the year ended 27 December 2003, and subsequently, were as follows:

JC Downing	(appointed 14 September 2004)
GF Ginty	
WV Hanley M.B.E.	(resigned 1 January 2003)
AD Jones O.B.E.	(resigned 1 January 2003)
JT Yates	(resigned 1 April 2004)
CE Lynagh	(appointed 1 January 2003, resigned 25 March 2004)

Directors' interests

None of the Directors had any disclosable interests in the shares of the Company or any group company at the end of the current and preceding financial year.

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year that 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. The Directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 27 December 2003 and that applicable accounting standards have been followed.

The Directors are responsible for keeping 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Directors' report *(continued)*


Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution to reappoint them, as auditors to the Company, will be proposed at the annual general meeting.

By Order of the Board


J C Downing
Director

Railway Street
Ramsbottom
Bury
Lancashire
BL0 9BF


27 October 2004

Independent auditors' report to the members of TNT Newco Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown, or in to whose hands it may come, save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' report.

Basis of audit 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 accounts 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 at 27 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham

27 October 2004

Profit and loss account
for the year ended 27 December 2003

	<i>Note</i>	Year ended 27 December 2003 £000	Year ended 28 December 2002 £000
Administrative expenses		(539)	-
Operating loss		(539)	-
Interest receivable and similar income	5	2,627	2,957
Interest payable and similar charges	6	(4,774)	(3,960)
Loss on ordinary activities before taxation		(2,686)	(1,003)
Tax on loss on ordinary activities	7	500	301
Loss on ordinary activities after taxation for the financial year		(2,186)	(702)
Dividends paid	8	(16,591)	(18,962)
Movement on reserves	13	(18,777)	(19,664)

During the current and preceding financial year the Company made no material acquisitions and had no discontinued operations.

In accordance with paragraph 27 of FRS 3, a statement of total recognised gains and losses is not provided as all such items are included within the above profit and loss account.

In the current and preceding financial year there was no material difference between the results reported in the profit and loss account and the results on an unmodified historical cost basis.

The movement on reserves is disclosed in note 13 on page 10 of these financial statements.

Balance sheet
at 27 December 2003

	<i>Note</i>	27 December 2003	28 December 2002
		£000	£000
Fixed assets			
Investments	9	904,523	904,523
Current assets			
Debtors	10	81,198	77,538
Creditors: amounts falling due within one year	11	(136,206)	(113,769)
Net current liabilities		(55,008)	(36,231)
Net assets		849,515	868,292
Capital and reserves			
Called up share capital	12	371,626	371,626
Share premium account	13	234,690	234,690
Profit and loss account	13	243,199	261,976
Equity shareholder's funds	14	849,515	868,292

These financial statements on pages 4 to 11 were approved by the board of Directors on ~~27~~ and were signed on its behalf by:

27 October 2004


J.C. Downing
Director

Notes to the financial statements

1 Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and under the historical cost accounting convention.

Investments

Investments are stated at the cost of the shares less any provisions for impairment.

Going concern

As shown by the balance sheet on page 5, the Company has net current liabilities, which primarily relate to amounts owed to group companies. The Company's parent company, TNT Holdings (UK) Limited has indicated that it will continue to provide financial support. Amounts due will not be called in without alternative finance being made available. Consequently, the Directors believe that it is appropriate for these accounts to be drawn up on a going concern basis.

Taxation (including deferred taxation)

The charge for taxation is based on the profit or loss for the financial year and takes into account deferred taxation. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded, as more likely than not, that they will be recovered. Deferred tax assets and liabilities are not discounted.

Exemption from preparation of consolidated financial statements

The financial statements present information about the Company as an individual Company and not about its group.

The Company is exempt under section 229 of the Companies Act 1985 from the obligation to prepare group accounts and to deliver them to the Registrar of Companies as the results of the Company and its subsidiaries are consolidated in TPG NV its ultimate parent Company, which is incorporated in the Netherlands.

Cash flow statement

The Company is exempt from the requirement of Financial Reporting Standard 1 (revised) to prepare a cash flow statement as 90 percent or more of the voting rights of the Company's shares are controlled by TPG NV. The consolidated financial statements of TPG NV, which include the Company, are publicly available.

2 Tax adjustment

Due to changes in the availability of group relief in prior years the Directors have been advised that the Company should now recognise a UK corporation tax liability in respect of the year ended 27 December 1997, which is likely to be subject to interest and penalties (see note 3). The Directors believe that any interest and penalties should be recoverable under an indemnity between TNT Post Group NV (now renamed TPG NV) and TNT Holdings (UK) Limited, the immediate parent company of the Company. The Company has not yet determined the nature, timing or amount of any claim to be made under this indemnity, and, as a result, no amount has been shown in respect of it in these financial statements.

Notes to the financial statements (continued)

3 Loss on ordinary activities before tax

The loss on ordinary activities before tax is stated after charging the following:

	Year ended 27 December 2003 £000	Year ended 28 December 2002 £000
Interest on underpaid tax	372	-
Estimated tax-related penalties	539	-
	<u> </u>	<u> </u>

Auditors' remuneration in relation to the Company has been borne by the parent undertaking and not recharged (2002: £nil).

4 Directors and employees

The Company has no employees other than Directors. In the current and preceding financial year the Directors neither received nor waived any remuneration for services to the Company and have not accrued any pension benefits under either defined benefit or defined contribution schemes.

5 Interest receivable and similar income

	Year ended 27 December 2003 £000	Year ended 28 December 2002 £000
Interest received from group undertakings	2,627	2,957
	<u> </u>	<u> </u>

6 Interest payable and similar charges

	Year ended 27 December 2003 £000	Year ended 28 December 2002 £000
Interest payable to group undertakings	4,402	3,960
Interest payable on underpaid tax	372	-
	<u> </u>	<u> </u>
	4,774	3,960
	<u> </u>	<u> </u>

Notes to the financial statements (continued)

7 Tax on loss on ordinary activities

	Year ended 27 December 2003 £000	Year ended 28 December 2002 £000
Current tax		
UK corporation tax at 30% (year ended 28 December 2002: 30%)	533	301
Adjustment in respect of previous periods – group relief	(33)	-
Total current tax	<u>500</u>	<u>301</u>
Deferred tax		
Current year	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Total tax	<u>500</u>	<u>301</u>

The tax assessed for the period is lower than (2002: the same as) the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Year ended 27 December 2003 £000	Year ended 28 December 2002 £000
Loss on ordinary activities before tax	(2,686)	(1,003)
Tax on loss on ordinary activities before tax at 30% (2002: 30%)	(806)	(301)
Effects of:		
Expenses not deductible for tax purposes	273	-
Adjustment to tax charge in respect of previous periods	33	-
Current tax credit for the period	<u>(500)</u>	<u>(301)</u>

Factors that may affect future tax charges

There are no known factors that may affect future tax charges.

Notes to the financial statements (continued)

8 Dividends on equity shares

	Year ended 27 December 2003 £000	Year ended 28 December 2002 £000
Dividends paid (4.46p (2002: 5.10p))	16,591	18,962

9 Fixed asset investments

	Subsidiary Undertakings £'000
Cost	
At beginning and end of year	960,561
Provisions	
At beginning and end of year	56,038
Net book value	
At 27 December 2003	904,523
At 28 December 2002	904,523

The principal Company in which TNT Newco Limited has an interest is TNT SPC Limited, a holding Company, incorporated in Great Britain of which 100% of the ordinary shares are owned. In the opinion of the Directors the value of the investment is not less than its book value.

10 Debtors

	27 December 2003 £000	28 December 2002 £000
Amounts due from group undertakings	80,365	76,911
Group relief receivable	833	627
	81,198	77,538

Amounts due from group undertakings are unsecured and repayable on demand. Interest is charged at market rates.

Notes to the financial statements (continued)

11 Creditors: amounts falling due within one year

	27 December 2003 £000	28 December 2002 £000
Amounts due to group undertakings	134,095	113,769
Corporation tax	1,199	-
Accruals	912	-
	<hr/>	<hr/>
Amounts due to group undertakings	136,206	113,769
	<hr/>	<hr/>

Amounts due to group undertakings are unsecured and repayable on demand. Interest is charged at market rates.

The company has a policy of transferring the liability for tax losses surrendered by way of group relief through the inter-company account at the appropriate tax rate. This transfer is done after the tax return filing date when the group tax position is more certain. Any subsequent adjustments are made as required.

12 Called up share capital

	27 December 2003 £000	28 December 2002 £000
<i>Authorised:</i>		
500,000,000 Ordinary shares of £1 each	500,000	500,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid:</i>		
371,625,726 Ordinary shares of £1 each	371,626	371,626
	<hr/>	<hr/>

13 Reserves

	Share premium account £000	Profit and loss account £000	Total £000
At beginning of year	234,690	261,976	496,666
Loss for the year	-	(18,777)	(18,777)
	<hr/>	<hr/>	<hr/>
At end of year	234,690	243,199	477,889
	<hr/>	<hr/>	<hr/>

Notes to the financial statements *(continued)*

14 Reconciliation of movement in equity shareholder's funds

	27 December 2003	28 December 2002
	£000	£000
Loss for the financial year	(2,186)	(702)
Dividends paid	(16,591)	(18,962)
Net decrease in equity shareholder's funds	(18,777)	(19,664)
Opening equity shareholder's funds	868,292	887,956
Closing equity shareholder's funds	849,515	868,292

15 Related party disclosures

The Company has taken advantage of the exemption under Financial Reporting Standard No. 8, and has not disclosed transactions with entities that are part of the group, where 90% or more of the voting rights of these entities are controlled within the group.

16 Ultimate parent undertaking

The immediate parent undertaking is TNT Holdings (UK) Limited. The ultimate parent undertaking and controlling party of TNT Newco Limited is TPG NV, a Company incorporated in the Netherlands. Copies of the consolidated financial statements of TPG NV that include TNT Newco Limited may be obtained from TPG Investor Relations, PO Box 13000, 1100 KG Amsterdam, The Netherlands.