

1.

DIRECTORS' REPORT AND ACCOUNTS

CORY EXPRESS LIMITED

No. 3139944

31 December 1999

Directors

P.R. Brown  
C.J. Howse  
T.R. Latton  
P. Venable

Secretary

P.A. Earnshaw

Registered Office

Ocean House, The Ring, Bracknell, Berkshire, RG12 1AN





**CORY EXPRESS LIMITED****Directors' Report**

The Directors submit their report and the accounts for the year ended 31 December 1999.

**Principal Activity and Business Review**

During the financial year, the Company did not trade and received no income and incurred no expenditure. Consequently, during the year, the Company made neither a profit nor a loss. The Directors do not recommend the payment of a dividend (1998: nil).

At the end of 1998, the Company ceased operations.

The Directors are not aware of any likely future developments for the Company.

**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;
- 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 proper accounting records which 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 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.

**Year 2000**

The year 2000 issue related to the possible inability of computer systems to recognise the year 2000. The Company's ultimate parent company, Ocean Group plc, established a programme of risk analysis and monitoring of this problem across all of its subsidiaries. The Company did not experience any significant impact on its ability to conduct business or operate its computer systems as a result of the move into 2000. The company did not incur any costs related to the year 2000 programme.

**Introduction of the Euro**

As part of a group wide initiative by its ultimate parent, Ocean Group plc, a review of the implications of the introduction of the euro was carried out. It was concluded that in the short term there is no significant impact on the Company's systems, and consequently limited external costs have been incurred.

**Directors and their Interests**

The Directors who held office during the year are given below:

P.R. Brown	
J.J. Foley	(resigned on 30 April 1999)
C.J. Howse	
T.R. Latton	
P. Venables	



## CORY EXPRESS LIMITED

## Directors' Report (continued)

## Directors and their Interests (continued)

The interests of the Directors in office at the end of the year and their families in the ordinary shares of Ocean, the Company's ultimate holding company, were as shown below.

	Ordinary Shares 27 <sup>7</sup> / <sub>9</sub> p			
	During the year			
	1 January	Acquisitions	Disposals	31 December
P.R. Brown	721	3,273	3,994	-
C.J. Howse	-	521	-	521
P. Venables	-	20,953	19,929	1,024

		B Shares 65 <sup>1</sup> / <sub>4</sub> p		
		During the year		
	1 January	Acquisitions	Disposals	31 December
P.R. Brown	802	-	802	-

The capital of Ocean was consolidated on 14 December 1998 on the basis of 9 shares at 27<sup>7</sup>/<sub>9</sub>p for 10 shares at 25p and there was a capitalisation issue out of Ocean's share premium account of B Shares resulting in the allotment of one redeemable B Share of 65<sup>1</sup>/<sub>4</sub>p for every one Existing Ordinary Share. All issued B Shares that were outstanding on 30 December 1999 were redeemed on that date.

The under mentioned Directors held options under Ocean's Share Option Schemes.

	1 January	Number of Options		31 December
		During the year		
		Granted	Exercised	
P.R. Brown	21,577	5,641	3,259	23,959
C.J. Howse	22,569	2,182	521	24,230
T.R. Latton	9,899	1,673	5,049	6,523
P. Venables	37,897	12,230	20,953	29,174

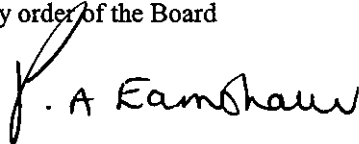
No options lapsed during the year. The market price of the shares at 31 December 1999 was 1155p and the range during 1999 was 733.50p to 1300p.

Options granted during the year under Ocean's Executive Share Option Schemes at a price of 1052.5p will, at the date of exercise, require the underlying basis earnings per share of Ocean to have matched or exceeded the increase in the UK Retail Price Index by 6% over the preceding three year period.

The Company's Register of Directors Interests, which is open to inspection at the registered office, contains full details of Directors shareholdings and share options.

Except as above no Director had any interest in any shares or debentures in any companies of the Group.

By order of the Board



P.A. Earnshaw  
Secretary

13 July 2000



AUDITORS' REPORT TO MEMBERS OF  
CORY EXPRESS LIMITED

**Auditors' Report to the members of Cory Express Limited**

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the annual report. As described on page 2 this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our professions' ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. 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.

**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 affairs of the Company's affairs at 31 December 1999 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



13 July 2000

PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
London





## CORY EXPRESS LIMITED

PROFIT AND LOSS ACCOUNT  
for the year ended 31 December 1999

## Notes

	1999 £'000	1998 £'000
1 Turnover	-	3,682
Cost of sales	-	(4,074)
Gross loss	-	(392)
Administrative expenses	-	(398)
2 Operating loss	-	(790)
Interest payable - intra group	-	(102)
Loss on ordinary activities before taxation	-	(892)
8 RETAINED LOSS FOR THE YEAR	-	(892)

There are no recognised gains and losses for the year.

The notes on pages 8 to 12 form part of these financial statements.



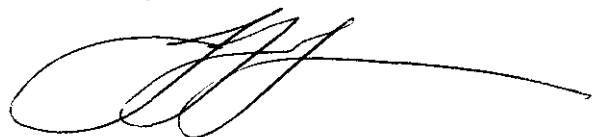
## CORY EXPRESS LIMITED

BALANCE SHEET  
as at 31 December 1999

		1999 £'000	1998 £'000
Notes			
	<b>FIXED ASSETS</b>		
4	Tangible assets	-	9
	<b>CURRENT ASSETS</b>		
5	Debtors	19	688
	Cash at bank and in hand	27	359
		46	1,047
	<b>CREDITORS: amounts falling due within one year</b>		
6	Trade and other creditors	(5)	(690)
10	Amounts owed to other group undertakings	(1,197)	(1,522)
		(1,202)	(2,212)
	<b>NET CURRENT LIABILITIES</b>	(1,156)	(1,165)
	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>(1,156)</u>	<u>(1,156)</u>
	<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>		
7	Called up share capital	-	-
8	Profit and loss account	(1,156)	(1,156)
		<u>(1,156)</u>	<u>(1,156)</u>

The notes on pages 7 to 10 form part of these financial statements.

On behalf of the Board



P R Brown  
Director

13 July 2000



CORY EXPRESS LIMITED  
CASH FLOW STATEMENT  
for the year ended 31 December 1999

		1999 £'000	1998 £'000
Notes			
9	Net cash (outflow)/inflow from operating activities	(341)	402
	Returns on investments and servicing of finance		
	Interest paid	-	(102)
	Capital Expenditure		
	Sale of tangible fixed assets	9	-
10	(Decrease) / Increase in cash and cash equivalents	<u>(332)</u>	<u>300</u>



## CORY EXPRESS LIMITED

NOTES TO THE ACCOUNTS  
for the year ended 31 December 1999

## ACCOUNTING POLICIES

## (a) ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention in accordance with applicable accounting standards.

## (b) DEPRECIATION

Depreciation of fixed assets is provided evenly over their estimated useful lives. Useful lives are assessed as follows:

Plant and equipment	3 years
Motor vehicles	4 years

## (c) COMPUTER SOFTWARE

The cost of computer software is written off as incurred.

## (d) TAXATION

The ultimate parent undertaking has undertaken to discharge the Company's liability to corporation tax.

## (e) FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are expressed at the rates of exchange ruling at the balance sheet date. Profits or losses due to currency fluctuations, including those arising on the settlement of day to day transactions, are dealt with through the profit and loss account.

## (f) INTEREST RECEIVABLE AND PAYABLE

Interest receivable and payable is accounted for on an accruals basis.

## (g) OPERATING LEASES

Rental costs arising from operating leases are charged through the profit and loss account.

## (h) PENSIONS

Contributions to the Ocean Group pension scheme are assessed by a qualified actuary based on the cost of providing pensions across all participating Ocean Group companies. Costs are not determined for each individual company hence contributions are charged to the profit and loss account in the period for which they become payable.





## CORY EXPRESS LIMITED

## NOTES TO THE ACCOUNTS (continued)

		1999 £'000	1998 £'000
1	<b>TURNOVER</b>		
	Turnover represents total revenue receivable from the sale of and services to third parties, all of which arose in the United Kingdom.	-	3,682
	The Directors consider that the whole of the activities of the Company constitute a single class of business. The Company ceased trading at the end of 1998.		
2	<b>OPERATING LOSS</b>		
	The following amounts have been charged in arriving at the operating loss:		
	Depreciation	-	11
	Operating lease rentals		
	Hire of plant and machinery	-	120
	Other operating leases	-	15
3	<b>DIRECTORS AND EMPLOYEES</b>		
	<b>a) Directors' emoluments</b>		
	Aggregate emoluments	-	58
	Retirement benefits are accruing to four directors under the Ocean Nestor defined benefit scheme.		
	<b>b) Employee costs</b>		
	Wages and salaries	-	165
	Social security costs	-	14
		-	179

The average number of persons employed by the Company during the year was nil (1998: 6).



## CORY EXPRESS LIMITED

## NOTES TO THE ACCOUNTS (continued)

## 4 TANGIBLE ASSETS

	Plant and equipment	Motor vehicles	Total
COST	£'000	£'000	£'000
At 1 January 1999	17	15	32
Disposals	(17)	(15)	(32)
At 31 December 1999	<u>-</u>	<u>-</u>	<u>-</u>
ACCUMULATED DEPRECIATION			
At 1 January 1999	8	15	23
Disposals	(8)	(15)	(23)
At 31 December 1999	<u>-</u>	<u>-</u>	<u>-</u>
NET BOOK AMOUNT			
At 31 December 1999	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 1998	<u>9</u>	<u>-</u>	<u>9</u>

1999      1998  
£'000      £'000

## 5 DEBTORS

Trade debtors	11	654
Prepayments and accrued income	8	34
	<u>19</u>	<u>688</u>

## 6 TRADE AND OTHER CREDITORS

Trade creditors	1	533
Other taxation and social security	-	21
Accruals and deferred income	4	136
	<u>5</u>	<u>690</u>

## 7 CALLED UP SHARE CAPITAL

	Number of Shares	1999 £	1998 £
<i>Authorised</i>			
Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
<i>Issued and fully paid</i>			
Ordinary shares of £1 each	<u>10</u>	<u>10</u>	<u>10</u>



## CORY EXPRESS LIMITED

## NOTES TO THE ACCOUNTS (continued)

## 8 MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 January 1999	-	(1,156)	(1,156)
Retained loss	-	-	-
At 31 December 1999	-	(1,156)	(1,156)

## 9 RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1999 £'000	1998 £'000
Operating Loss	-	(790)
Depreciation	-	11
Decrease / (increase) in debtors	669	273
Increase / (decrease) in creditors	(1,010)	908
Net cash (outflow) / inflow from operating activities	(341)	402

## 10 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	Cash at bank & in hand £'000
Balance at 1 January 1999	359
Net cash outflow	(332)
Balance at 31 December 1999	27

## 11 ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent undertaking is Ocean Group plc and the immediate parent undertaking is MSAS Global Logistics Limited (formerly known as Ocean International Logistics Limited) which are both registered in England. Ocean Group plc is the only group of which this Company is a member for which group accounts are prepared. Copies of the above group accounts are available from the Secretary of the Company at Ocean House, The Ring, Bracknell, Berkshire, RG12 1AN.

The ultimate parent undertaking has informed the Company that it is its present intention to support the Company to enable it to meet its liabilities as they fall due.

## CORY EXPRESS LIMITED

## NOTES TO THE ACCOUNTS (continued)

## 12 TRANSACTIONS WITH RELATED PARTIES

The Company has a non interest bearing loan of £1,197,000 from McGregor Cory Limited, a fellow subsidiary undertaking at 31 December 1999.

## 13 OPERATING LEASES

	1999 £'000	1998 £'000
Annual commitments under operating leases which expire in:		
Under one year	-	3
Between two and five years	-	8
	<u>-</u>	<u>11</u>

## 14 PENSION COSTS

The Company participates in the Ocean Nestor pension scheme. The scheme is of the defined benefit type providing benefits to certain employees within the Ocean Group and the assets are held separately from the group's assets. The latest actuarial valuation of the scheme was carried out as at 31 March 1998. Details of this valuation are contained in the financial statements of Ocean Group plc. The total pension cost for the Company was £nil (1998: £nil).

## 15 POST BALANCE SHEET EVENTS

Subsequent to the year end, Ocean Group plc merged with Exel plc, a provider of logistics services. The Directors have not yet been able to assess the impact that the merger will have on the company.

