

G3 Worldwide Mail (UK) Limited

Directors' report and financial statements

Year ended 29 December 2001

Registered number 545421



Directors report and financial statements

Contents

Directors' report	1-2
Independent auditors report to the members of G3 Worldwide Mail (UK) Limited	3
Profit and loss account	4
Balance sheet	5
Notes forming part of the financial statements	6-13

Directors' report

The directors present their report together with the audited financial statements of the company for the year ended 29 December 2001.

Principal activities

The principal activity during the year was the provision of international re-mailing services. The directors do not envisage any material departure from this activity in the foreseeable future.

Review of operations

On 1 January 2001, the company acquired the International Mail business and related fixed assets of its fellow subsidiary company, TNT Express Worldwide (UK) Limited. Consideration of £880,000, based on an external valuation of the business, was paid in cash on 15 January 2001. Further details are given in note 16 to the financial statements.

On 15 January 2001, the company issued 880,000 £1 ordinary shares to its parent company TPG NV. Consideration was paid in cash.

Results and dividends

The results for the year are shown in the profit and loss account of page 4. The Directors recommend that no dividend be paid (*year ended 30 December 2000: £Nil*).

Directors

The directors of the company who served during the period to date were as follows:

L Farr	(appointed 1 January 2001, resigned 3 May 2002)
W V Hanley M.B.E.	(resigned 1 January 2001)
A D Jones O.B.E.	(resigned 1 January 2001)
A Sherman	(appointed 1 January 2001, resigned 19 November 2002)
J T Yates	(resigned 1 January 2001)
N R Frazer	(appointed 3 May 2002, resigned 19 November 2002)
H A F Leenders	(appointed 19 November 2002)
J Possollo	(appointed 19 November 2002)

Directors' interests

None of the directors had any disclosable interest in the shares of the company or any group company at the end of the current or preceding financial year.

Supplier payment policy

The company agrees terms and conditions under which business transactions with suppliers are conducted. It is company policy that, provided a supplier is complying with the relevant terms and conditions, including the prompt and complete submission of all specified documentation, payment will be made in accordance with the agreed terms. It is company policy to ensure that suppliers know the terms on which payment will take place when business is agreed.

The average number of days taken to pay the company's trade suppliers calculated in accordance with the requirements of the Companies Act is 51 days (*year ended 30 December 2000: 0 days*).

Charitable donations

During the year, the company made charitable donations of £547 (*year ended 30 December 2000: £nil*).

Directors' report (continued)

Employees

Applications for employment from disabled persons are always fully considered and a careful assessment made of their aptitudes and abilities in the context of the job requirements. In the event of an employee becoming disabled, every effort is made to ensure that either they are retained in their existing role or a more suitable role is identified.

The directors acknowledge their responsibilities in communicating relevant information to the company's employees and to assist in developing their full potential. The company operates a number of initiatives designed to develop its employees' understanding of critical business factors which affect the performance of the company and maintains regular communication through the circulation of frequent bulletins and periodic magazines.

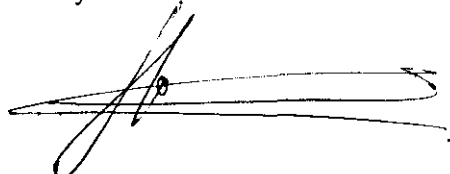
Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss 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 confirm that they have complied with these requirements. 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.

By order of the board



H Leenders
Director

Railway Street
Ramsbottom
Bury
Lancashire
BL0 9AL
23rd January 2003

Independent auditors report to the members of G3 Worldwide Mail (UK) 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 on page 2.

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 report, 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 financial statements 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 conduct 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 at 29 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Birmingham
23rd January 2003

Profit and loss account

for the year ended 29 December 2001

	<i>Note</i>	Year ended 29 December 2001	Year ended 30 December 2000
		£000	£000
Turnover	1	18,965	-
Cost of sales		(17,271)	-
Gross profit		1,694	-
Administrative expenses		(4,358)	-
Loss on ordinary activities before interest and taxation	2	(2,664)	-
Interest payable and similar charges	5	(107)	-
Loss on ordinary activities before taxation		(2,771)	-
Tax on loss on ordinary activities	6	648	-
Loss for the financial year	12	(2,123)	-

The activities of the company during the current financial period are continuing operations acquired in the year.

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

The movement on reserves is detailed in note 12 on page 11 of these financial statements.

Balance sheet
 at 29 December 2001

	Note	29 December 2001 £000	30 December 2000 £000
Fixed assets			
Tangible assets	7	231	-
Intangible assets	8	454	-
		<u>685</u>	<u>-</u>
Current assets			
Debtors	9	6,275	15
Cash at bank and in hand		773	-
		<u>7,048</u>	<u>15</u>
Creditors: amounts falling due within one year	10	<u>(8,961)</u>	<u>-</u>
Net current (liabilities)/assets		<u>(1,913)</u>	<u>15</u>
Net (liabilities)/assets		<u>(1,228)</u>	<u>15</u>
Capital and reserves			
Called up share capital	11	895	15
Profit and loss account	12	(2,123)	-
Total equity shareholders' funds	13	<u>(1,228)</u>	<u>15</u>

These financial statements on pages 4 to 13 were approved by the board of directors on 23rd January 2003 and were signed on its behalf by:


H Leenders
 Director

Notes to the financial statements

1 Basis of accounting

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and under the historical cost convention. Financial Reporting Standard 18 – Accounting Policies has been adopted in the current year but this did not require any changes to the accounting policies.

Turnover

Turnover represents the invoiced value of goods and services supplied during the year excluding value added tax.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost or valuation of tangible fixed assets, less the estimated residual value, by equal instalments over their estimated useful economic lives as follows:

Leasehold buildings	-	over the period of the lease
Trailers and other motor vehicles	-	4-8 years
Other machinery and equipment	-	3-20 years

Goodwill

Goodwill represents the excess of cost of acquisitions over the fair value of the separable net assets of the business acquired. Goodwill is amortised through the profit and loss account in equal instalments over its estimated useful life of 20 years.

Going concern

As shown by the balance sheet on page 5, the company has net current liabilities. These principally relate to amounts due to group companies. The parent company, G3 Worldwide Mail NV, 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 year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation only to the extent that it is probable that an actual liability will crystallise.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date.

Pension scheme

The company participates in two defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds during the year.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Assets held under hire purchase and lease agreements

Assets acquired under hire purchase and finance leases are capitalised with the capital element of the related rental obligations included as liabilities in the balance sheet. The interest element of the repayments is charged against profit in proportion to the reducing capital element outstanding. The assets are depreciated over their estimated useful life.

Rentals applicable to operating leases are charged to the profit and loss account as incurred on a straight line basis over the life of the lease

Claims

Provision is made for claims for loss or damage arising in respect of goods carried or in transit prior to the accounting date.

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 G3 Worldwide Mail NV. The consolidated financial statements of G3 Worldwide Mail NV, which include the company, are publicly available.

2 Operating loss on ordinary activities before interest and taxation

Loss on ordinary activities before interest and taxation is stated after charging/(crediting) the following:

	Year ended 29 December 2001 £000	Year ended 30 December 2000 £000
Depreciation of tangible fixed assets	229	-
Depreciation of intangible fixed assets	24	-
Other operating lease rentals:		
land and buildings	235	-
plant and machinery	99	-
Auditors' remuneration for audit services	11	-
Foreign exchange gains	(48)	-

Fees paid to the current auditors, PricewaterhouseCoopers, for UK non-audit services during the year amounted to £nil (*year ended 30 December 2000: £nil*).

Notes to the financial statements *(continued)*

3 Directors' emoluments

	Year ended 29 December 2001 £000	Year ended 30 December 2000 £000
<i>Aggregate director's remuneration:</i>		
Emoluments	189	-
Company contributions to money purchase schemes	8	-
	197	-
	Number	Number
<i>Number of directors who are:</i>		
Members of money purchase pension schemes	2	-
	2	-

During the year amounts accruing to directors under defined benefit schemes amounted to £nil (2000: £nil).

4 Staff costs

The average number of employees by activity is as follows:

	Year ended 29 December 2001 Number	Year ended 30 December 2000 Number
Mail	159	-
	159	-

The aggregate payroll costs for these persons was as follows:

	£000	£000
Wages and salaries	2,611	-
Social security costs	218	-
Pension costs (note 15)	80	-
	2,909	-

Notes to the financial statements (continued)

5 Interest payable and similar charges

	Year ended 29 December 2001 £000	Year ended 30 December 2000 £000
Interest payable to group companies	107	-

6 Tax on loss on ordinary activities

	Year ended 29 December 2001 £000	Year ended 30 December 2000 £000
UK Corporation tax credit at 30%	(648)	-

The above tax credit arises on the losses for the year. A recoverable amount has been recognised in the accounts for recovery by group relief and consortium relief. No deferred tax has been recognised in the accounts in respect of the trading losses in the business. The unrecognised amount of such a deferred tax asset is £128,000 (2000: £nil).

7 Tangible fixed assets

	Short leasehold properties £000	Plant and machinery £000	Total £000
Cost			
At 30 December 2000	-	-	-
Transfer of group assets	105	297	402
Additions	1	57	58
Re-classifications	5	(5)	-
At 29 December 2001	111	349	460
Depreciation			
At 30 December 2000	-	-	-
Charge for the period	83	146	229
At 29 December 2001	83	146	229
Net book value			
At 29 December 2001	28	203	231
At 30 December 2000	-	-	-

Notes to the financial statements (continued)

8 Intangible Fixed Assets

	Goodwill £000
Cost	
At 30 December 2000	-
Additions	478
At 29 December 2001	478
Depreciation	
30 December 2000	-
Charge for the period	24
At 29 December 2001	24
Net book value	
At 29 December 2001	454
At 30 December 2000	-

The goodwill arose on the acquisition of the International Mail business and certain assets, of a fellow subsidiary company TNT Express Worldwide (UK) Limited, on 1 January 2001. It is being amortised over 20 years. In the opinion of the directors, this represents a prudent estimate of the period over which the company will derive direct economic benefit.

9 Debtors

	29 December 2001 £000	30 December 2000 £000
Amounts falling due within one year:		
Trade debtors	3,094	-
Amounts owed by group companies	2,340	15
Other debtors	153	-
Prepayments and accrued income	40	-
	5,627	15
Amounts falling due after one year:		
Corporation tax recoverable from group and associated companies	648	-
Total debtors	6,275	15

Notes to the financial statements *(continued)*

10 Creditors: amounts falling due within one year

	29 December 2001 £000	30 December 2000 £000
Trade creditors	2,287	-
Amounts owed to group companies	4,998	-
Other taxation and social security	67	-
Accruals and deferred income	1,609	-
	8,961	-

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

11 Called up share capital

	29 December 2001 £000	30 December 2000 £000
<i>Authorised</i>		
1,000,000: Ordinary shares of £1 each	1,000	1,000
<i>Allotted, called up and fully paid</i>		
895,000: Ordinary shares of £1 each (30 December 2000: 15,000)	895	15

On the 15 January 2001 the company issued 880,000 £1 Ordinary shares at par to its then parent company TPG NV. Consideration was settled in cash.

12 Reserves

	Profit and Loss Account £000
At beginning of year	-
Loss for the year	(2,123)
At end of year	(2,123)

Notes to the financial statements *(continued)*

13 Reconciliation of movements in equity shareholders' funds

	£000
Opening equity shareholders' funds	15
Loss for the year	(2,123)
Issue of shares (note 11)	880
Closing equity shareholders' funds	(1,228)

14 Operating lease commitments

The company had annual commitments under non-cancellable operating leases expiring as follows:

	29 December 2001 Plant and equipment £000	30 December 2002 Plant and equipment £'000
Between two and five years	47	-

15 Pension costs

The company participates in two defined contribution pension schemes. The assets of the schemes are held separately from the company in independently administered funds. The pension cost charge for the year represents contributions payable by the company to the funds and amounted to £80,161 (*year ended 30 December 2000: £nil*).

16 Transfer of operation

On 1 January 2001, the company acquired the International Mail business of its fellow subsidiary company, TNT Express Worldwide (UK) Ltd. Consideration of £880,000, based on an external valuation, was paid in cash on 15 January 2001. The analysis of net assets acquired, which the directors of both companies consider to be their fair value, is as follows:

	Fair Value/ Book Value £000
Tangible fixed assets	402
Net assets	402
Consideration	880
Goodwill	478

Notes to the financial statements *(continued)*

17 Related party disclosures

The company is controlled by G3 Worldwide Mail NV, its immediate parent undertaking. The ultimate parent undertaking and controlling party is TPG NV.

The company, being a subsidiary undertaking with 90 percent or more of the voting rights being controlled within G3 Worldwide Mail NV, is exempt from the requirement under the terms of FRS 8 to disclose transactions with entities that are part of this group or investees of this group qualifying as exempt related parties.

G3 Worldwide Mail NV is the smallest group in which the accounts of the company are consolidated. Copies of these accounts may be obtained from the registered office of G3 Worldwide Mail NV at Paasheuvelweg 6, 1105 BH Amsterdam, The Netherlands.

G3 Worldwide Mail NV, is a joint venture company where the controlling interest of 51 per cent is held by TPG NV. The other parties are Consignia PLC and Singapore Post who each hold 24.5 per cent of the shareholding.

18 Ultimate parent undertaking

The ultimate parent undertaking and controlling party of G3 Worldwide Mail (UK) Limited is TPG NV, a company incorporated in The Netherlands. Copies of the consolidated financial statements of TPG NV that include G3 Worldwide Mail (UK) Limited may be obtained from TPG Investor Relations, PO Box 13000, 1100 KG Amsterdam, The Netherlands.