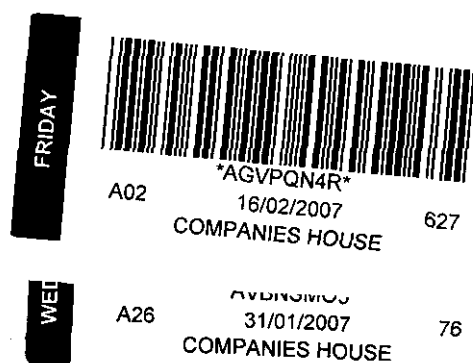


**THE EXEL FOUNDATION
(A COMPANY LIMITED BY
GUARANTEE)**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2006



**THE EXEL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

FINANCIAL STATEMENTS

For the year ended 31 March 2006

Charity registration number: 327880

Company registration number: 2223373

Registered office: The Merton Centre
45 St Peters Street
BEDFORD
MK40 2UB

Trustees: C B Stephens (Chairman)
P Dennis (resigned 20 October 2005)
S Nancollas
J Pattullo (appointed 8 December 2006)
J Rawe-Bäumer (appointed 9 December 2006)
G F Pygall
N M S Rich CBE
A P Wale

Secretary: Exel Secretarial Services Limited

Bankers: National Westminster Bank plc
81 High Street
BEDFORD
MK40 1YN

Investment fund managers: Sarasin Investment Management Limited

Legal advisers: Farrer & Co
66 Lincoln's Inn Fields
LONDON
WC2A 3LH

Consultants: The Trust Partnership
6 Trull Farm Buildings
TETBURY
Gloucestershire
GL8 8SQ

THE EXEL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

For the year ended 31 March 2006

Auditors:

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Kettering Parkway
KETTERING
NN15 6XR

THE EXEL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

For the year ended 31 March 2006

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THE EXEL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES

The members of the Board of Trustees, who also act as directors for the charitable activities of the Foundation, present their statutory report with the financial statements of the Exel Foundation for the year ended 31 March 2006.

This report has been prepared in accordance with Part VI of the Charities Act 1993.

The financial statements have been prepared in accordance with the accounting policies set out on page 12 of the attached accounts and comply with the charitable company's Memorandum and Articles of Association, applicable laws and requirements of the Statement of Recommended Practice on "Accounting and Reporting by Charities" issued in February 2005.

Structure, Governance and Management

Governing document

Exel Foundation is a company limited by guarantee with no share capital governed by its Memorandum and Articles of Association dated 17 June 1988 and amended to allow for current governance arrangements on 28 July 2006. It is registered as a charity with the Charity Commission.

Appointment of Trustees

As set out in the Articles of Association in effect during financial year to 31 March 2006 the Council (Board of Directors) could appoint any member of the company as a member of the Council and there was no time limit on how long a person may have been a member of the Council.

As updated in the Articles of Association in effect from 28 July 2006, the Directors of the company are the Trustees and Trustees are appointed by the Board. The Trustees are appointed to serve for a period of 3 years and are eligible for re-appointment for a further one consecutive term.

Trustees induction and training

The Exel Foundation has not appointed any new Trustees during this financial year. However, two new Trustees joined in December 2006 and they will undergo an induction process. This will include a brief on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the governance structure of the Foundation, the programmes run by the Foundation and recent financial performance of the charity. The trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role. For example, recent training courses offered include an investment management training course.

Organisational Structure

The Exel Foundation has a Board of Trustees of up to 9 members who meet quarterly. Their key responsibilities are:

- i to set the strategic aims of the Foundation; to ensure sound financial management (including investment management);
- ii to ensure compliance with charity and company law; and
- iii to ensure the bodies to which responsibility has been delegated are performing their duties in a proper manner.

**THE EXEL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

REPORT OF THE TRUSTEES

Structure, Governance and Management (continued)

Geoff Pygall retired as Chairman of the Board of Trustees on 31 May 2005, and Chris Stephens was appointed as Chairman of the Board of Trustees on 31 May 2005.

The Operations Committee, consisting of Helen Parker (Exel Foundation Manager), Chris Stephens (Chairman of Board of Trustees) and Paul Patten (a consultant with The Trust Partnership) normally meets a minimum of seven times each year and is responsible for: approving requests in respect of the Helping Hands programme and the DHL Partnering Education (DPE) programme; reviewing financial statements and agreeing any necessary actions; identification and resolution of any operational issues; and ratification of requests in respect of the Matched Giving Programme (MGP) and Community Partnership Programme (CPP).

Helen Parker, as Exel Foundation Manager is responsible for the day-to-day management of the Foundation. In particular, approval of requests in respect of the Community Partnership Programme and the Matched Giving Programme are delegated to her.

Two regional committees representing the UK, and mainland Europe, Middle East and Africa, met until October 2005. Two further regional committees representing Americas and Asia Pacific, met for the full financial year. These committees have authority to make donations out of annual budgets allocated by the Trustees, except that amounts of over £10,000 for any one project required approval by the Trustees.

Following the retirement of Peter Dennis as a Trustee, the Board of Trustees would like to thank Peter Dennis for the time he has given, which has been very valuable to the Foundation.

Risk management

The Trustees are establishing a risk management process which will comprise:

- an annual review of the risks the charity may face;
- the establishment of systems and procedures to mitigate those risks identified;
- the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

The Trustees have considered the major risks to which the Foundation is exposed. These risks relate to continuing income and the finances of the Foundation.

The largest proportion of income has been the annual donation from Exel plc with remaining sources of funds being investment and interest income. The investments are managed by an external manager (see Investment policy) and procedures are in place to ensure that temporarily surplus funds are held on deposit.

The Trustees have minimised internal risk by the implementation of control procedures for the authorisation of all transactions.

Related parties

The Foundation is independent of any other body. However, it was endowed by the National Freight Consortium (NFC) plc. In May 2000, NFC plc merged with Exel plc, and on 12 December 2005, Deutsche Post World Net (DPWN) AG acquired Exel plc.

DPWN AG is the parent company of DHL and employees of former Exel plc, who access Exel Foundation programmes, now work for DHL within the Logistics division. Throughout this report this group is referred to as 'DHL employees'.

THE EXEL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES

Structure, Governance and Management (continued)

In the year to 31 March 2006, the Foundation received a donation of £600,000 from Exel plc. For the next two years, a forward commitment has been made by DHL to donate a minimum of £100,000 per annum.

Trustees

The Trustees in office during the year and up to the date of this report are listed below.

G F Pygall (Chairman to 31 May 2005)
C B Stephens (Chairman from 31 May 2005)
P Dennis (resigned 20 October 2005)
S Nancollas
J Pattullo (appointed 8 December 2006)
J Rawe-Bäumer (appointed 9 December 2006)
N M S Rich CBE
A P Wale

Objectives and Activities

The principal objectives of the Foundation are:

- to advance the education and training of young people;
- the relief of hardship among employees or former employees of Exel plc or its subsidiaries and their families;
- to assist in the provision of facilities to improve the conditions of life for deserving persons; and
- to make contributions to other charities, which fall within the approved categories.

The activities carried out to achieve the Foundation's objectives include:

- Support DHL employees, retired staff and shareholders (shareholders not included after 12 December 2005) by matching the funds they raise for their chosen charities.
- Support the voluntary work that DHL employees do for their personally selected charities or community organisations and acknowledge their efforts by providing grants to the organisations they support (Matched Giving, Community Partnership and Exel Partnering Education programmes).
- Provide grants to organisations such as Outward Bound, The Scout Association, CATOM (Turkish educational organisation) and others to help disadvantaged children and young people achieve their full potential.
- Deliver road safety training sessions in schools in the UK through the Trucks and Child Safety programme
- Provide financial support to enable the children of employees in South Africa below a particular income threshold, to attend school
- Provide grants to retired employees of DHL (formerly Exel plc) with welfare needs through the Helping Hands programme
- Run the Exel Retired Staff Association, providing funding for social network events for groups of employees retired from Exel plc.

In the second half of this year, a modest number of Foundation programmes ran at a lower level of activity, due to a depleted Foundation team. For separate 3 month periods both the Exel Foundation manager and another key post were not filled and significant time was spent by the Exel Foundation manager on a review of the whole programme (please see 'Plans for Future Periods' for more information), and negotiation of funding from DHL.

Whilst the majority of activities continued as usual, those which did not take place were: grant making through UK and mainland Europe Middle East and Africa regional committees and training sessions for volunteers with the Trucks and Child Safety programme.

THE EXEL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES

Objectives and Activities (continued)

In 2005-06 a number of performance objectives were set:

Objective	Activities and Outcome
Tsunami – to identify projects in three selected countries: India, Indonesia, and Sri Lanka, and allocate funds to these projects.	During the year, the Foundation allocated funds to three educational projects, aligned with the Foundation's mission 'To help children and young people achieve their full potential. Before allocation former Exel employees in countries affected by the Tsunami were consulted to understand local needs, and also the best approach to spend funds effectively. The major project in Tamil Nadu province, India involves the reconstruction of school buildings and improvement of educational standards. The two other projects are a computer lab installation in a school on the South Coast of Sri Lanka and four school libraries on the remote island of Nias, Indonesia .
Matched Giving Programme – to provide matching grants for funds raised by DHL employees with a target of 350 applications.	361 applicants had the funds they had raised for a charity of their own choice matched by the Foundation.
Community Partnership Programme – to provide grants to local community organisations, in recognition of time spent volunteering by DHL employees, with a target of 100 applications	120 applicants had the time they had spent volunteering matched by the Foundation through a small grant to the organisation with which the DHL employees had volunteered.
Trucks and Child Safety – to run demonstrations in schools for more than 10,000 children aged 7-11 to instruct them on road safety and in particular how to behave around large trucks.	An estimated 11,100 children received demonstrations during financial year 2005-06.

Mission statement

The Foundation's Mission Statement is 'To help children and young people achieve their full potential'. A key supplementary aim in addition to the mission statement is to encourage employees of DHL to take part in volunteering and fundraising activities.

The Foundation does not raise its own funds through fund-raising activities.

Achievements and performance

Basis of grant giving

The Foundation assesses applications for grants through structured procedures.

For grants made via the Matched Giving, Community Partnership or Exel Partnering Education programmes, applicants fill out a form and provide information / proof of fundraising or volunteering activity. The Exel Foundation manager then approves those applications which have met programme criteria, and this decision is then ratified by the Operations Committee.

THE EXEL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES

Achievements and performance (continued)

For other grants, regional committees of nominated representatives from DHL (to whom the trustees have delegated authority) consider charity proposals received and take the decision to award a grant. This decision is based on whether the charity fulfils the mission of the Exel Foundation, "To help children and young people achieve their full potential" and whether there is scope for DHL employee involvement, maximising the impact of the grant made.

Matching Programmes

Donations totalling £199,972 were made through the Matched Giving, Community Partnership, and Exel Partnering Education programmes during the year. The most popular type of organisation supported by applicants to these programmes was Medicine and Health. The chart below shows the split by charity type.

Category	Donation total	Percentage
Medicine and Health	£83,929	42%
Social Welfare	£44,143	22%
Sports and Leisure	£33,172	17%
Education	£26,256	13%
International	£6,025	3%
Other	£6,447	3%
	199,972	100%

Grants to help children and young people achieve their full potential

The Outward Bound Trust is an educational charity that inspires young people to fulfil their potential through challenging outdoor experiences, raising self-esteem and preparing them to face the future with confidence. The amount donated to this charity amounted to £24,000 in the year, which was put towards the bursary fund, available to young people who would not normally be able to afford to attend an Outward Bound course. As a result, approximately 100 young people will be able to attend a course.

Transaid is an independent UK-based charity that seeks to ensure transport contributes fully to a better quality of life in developing countries by building local transport skills and knowledge. A donation to Transaid of £24,000 was made in the year, to support a programme training driving instructors in the road transport sector in Zambia. The overarching objective of this programme is to reduce road accidents the percentage of children under 15 years of age killed by road crashes in developing countries is currently almost three times higher than that for highly motorised countries. In November 2006, two DHL UK employees visited Zambia to take part as volunteer driver trainers, in this project.

**THE EXEL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

REPORT OF THE TRUSTEES

Achievements and performance (continued)

The CATOM scholarship project in Turkey supports girls in continuing their schooling despite social and economic obstacles. In many parts of Turkey children continue to be kept from school, and this is especially true for girls. Since 2003 Exel Foundation support has enabled thirty three girls and one boy to receive a scholarship to attend full time education. The amount donated to CATOM amounted to £9,640 in the year.

Trucks and Child Safety

During the year, more than 11,100 children received road safety demonstrations through the Trucks and Child Safety initiative.

Exel Retired Staff Association

The Exel Retired Staff Association continues to support and maintain contact with retired employees, with 58 branches meeting regularly. There are over 150 pensioner visitors, operating on a voluntary basis, who provide support to vulnerable pensioners during the year.

Tsunami

In recognition of the huge loss of life and destruction caused by the earthquake and tsunami on 26 December 2004, employees of the former Exel across the world pulled together to raise funds to help the survivors recover their lives and their dignity. Together with funding from The Exel Foundation and the company, a total of £350,000 was raised.

During the year, the Foundation allocated funds to three educational projects, aligned with the Foundation's mission 'To help children and young people achieve their full potential'. Before allocation former Exel employees in countries affected by the Tsunami were consulted to understand local needs, and also the best approach to spend funds effectively.

The major project in Tamil Nadu province, **India** involves the reconstruction of school buildings and improvement of educational standards. The two other projects are a computer lab installation in a school on the South Coast of **Sri Lanka** and four school libraries on the remote island of Nias, **Indonesia**.

India

In partnership with a reputable Indian organisation Srinivasan Services Trust (SST), school buildings and infrastructure will be reconstructed, vital school equipment and teaching materials provided and teaching skills lost in the disaster will be developed. As a result, more than 2,200 children will benefit from a full education, developing their skills, and increasing the likelihood of them obtaining employment and financial independence in adult life. During this year a Memorandum of Understanding was agreed between The Exel Foundation and SST and planning of the construction work began.

Indonesia

Nias is a volcanic island off the coast of Sumatra, which has a 50% unemployment rate. In addition to the Tsunami on 26 December, an earthquake struck in March 2005, killing 687 people. This 'double disaster' caused many children to be orphaned and 80% of text books to be destroyed. Planning of the project has taken place and materials for the libraries were ordered and delivered. The libraries have been installed.

Sri Lanka

In Sri Lanka nearly 200 educational establishments were damaged, with another 59 schools destroyed in the Tsunami. The pupils of one of these 59 schools were taken in by the Unawatuna Maha Vidyalaya mixed school in southern Sri Lanka, where the computer lab is to be installed. The project team in Sri Lanka visited the school, and permission was received from the Education authority to install the Computer Lab. The lab was opened on 11 September 2006, and the computers are now in use.

**THE EXEL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

REPORT OF THE TRUSTEES

Financial Review

Accounts

The end of the year saw a good financial result. Net incoming resources were £56,080 (2005: outgoing £242,206). During the year the company made donations of £560,461 (2005: £634,231) to charities and also committed charitable expenditure of £449,702 (2005: £567,822).

During this year the Trustees of the PHH Benevolent Fund gifted the assets of the Fund to the Exel Foundation. The transfer took place on 6 December 2005, and was valued at £8,192,537.

Principle Funding Sources

The Foundation's two main sources of funding during this year were the donation from Exel plc/DHL of £600,000 and investment income of £368,530.

Reserves policy

The Trustees have reviewed the Foundation's reserves. The investments held by the Foundation are its endowments and their value of £21,721,134 (2005: £10,432,027) is represented by the Endowment fund. This fund is not part of the Foundation's reserves.

With the changes to organisational funding brought about with the acquisition of Exel plc by DPWN the Trustees kept the issue of reserves under review during the year with a view to updating the reserves policy. At a meeting on 8 December the Trustees decided that an appropriate level of unrestricted reserves is £300,000. At the end of the financial year the level of unrestricted reserves was £352,729 (2005: £460,446).

Investment policy

The Foundation's investments are managed by an investment manager, which has been given no instructions with regard to social, ethical or environmental concerns. The investment manager's performance is measured against the W M Unconstrained Median (excluding property) return and the manager is expected to out-perform that benchmark by 1% per annum over rolling three year periods. As at 30 September 2006, the fund managers have met the benchmark.

The capital value of the Foundation's investments increased over the year by £11,289,107 including the transfer in of the endowed assets of the PHH Benevolent Fund of £8,103,832 on 6 December 2005. At the year end, the composition of the investment portfolio was:

UK equities 59.8%
Overseas equities 24.8%
Fixed interest 7.5%
Cash 7.9%

Plans for future periods

During this financial year a review of the Exel Foundation programme took place. The decision was taken by the Trustees that the future programme should focus largely in the UK, although key activity outside the UK will be retained, including educational programmes in South Africa and Turkey, and allocation of Tsunami funds in India, Indonesia and Sri Lanka.

The Exel Retired Staff Association (RSA) will not be run by the Exel Foundation but be transferred to be run by the company from 1 April 2006.

The Helping Hands programme will continue to be open to employees and retired employees of DHL with welfare needs, and EDSS (Educational Development Support Scheme) will continue to be run in South Africa for employees on lower incomes to support their children's schooling.

**THE EXEL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

REPORT OF THE TRUSTEES

Plans for future periods (continued)

The UK programme will seek to fulfil the mission statement 'To help children and young people achieve their full potential' and also to encourage employees of DHL to take part in volunteering and fundraising activities. Key activities planned include:

Match It!

The Matched Giving, Exel Partnering Education and Community Partnership programmes will be combined into one programme, 'Match It!' following employee feedback that the naming of these programmes was not easy to understand, and to decrease administration through overheads for only one rather than three programmes.

Supporting Future Generations

Supporting Future Generations is a grant making programme, providing support to a small number of partner charities in the UK. The key objectives of this programme are to make a significant positive impact on the education of children and young people in the UK and to enable employees to volunteer in their local communities, using personal or work specific skills.

Volunteering opportunities could include for example, mentoring young people, attending reading sessions in schools, lending management skills to educational establishments, or running CV workshops for young people about to leave school.

Trucks and Child Safety (TACS)

This is an existing programme, through which school children receive a demonstration about road safety and the dangers of large vehicles. TACS demonstrations involve practical exercises in the playground with a truck to show that drivers' ability to see and hear children from the cab is limited. Feedback from teachers and pupils show this is a programme with positive outcomes.

This programme is well established, however learning materials, merchandise and some procedures require reviewing and refreshing as appropriate.

Recognition programme for employee community activity

Through this programme, employees who have made an outstanding contribution to a community cause will receive a DHL UK Community Award, with a donation being made to the charity / community organisation of the recipient's choice.

Trustees' Responsibilities in relation to financial statements

Company law requires the Trustees to prepare financial statements that give a true and fair view of the state of affairs of the charity at the end the financial year and of its surplus or deficit for the financial year. In doing so the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make sound judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 1985. The Trustees are also responsible for safeguarding the assets of the charity and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**THE EXEL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

REPORT OF THE TRUSTEES

Trustees Responsibilities in relation to financial statements (continued)

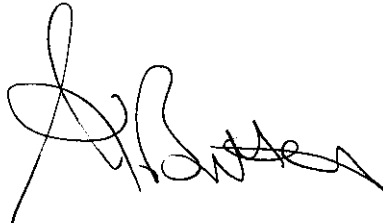
In accordance with company law, as the company's directors, the Trustees certify that:

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the Trustees of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of the information.

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



Authorised signatory
Exel Secretarial Services Limited
Secretary

29 January 2007

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF

**THE EXEL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

We have audited the financial statements of The Exel Foundation for the year ended 31 March 2006 which comprise the principal accounting policies, the summary income and expenditure account, the statement of financial activities, the balance sheet and notes 1 to 16. These financial statements have been prepared under the accounting policies set out on page 12.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The responsibilities of the Trustees (who are also the directors of The Exel Foundation), for preparing the Trustees' Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Trustees' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 Trustees' remuneration and other transactions is not disclosed.

We read the Trustees' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable 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.

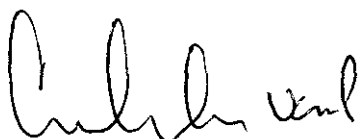
REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF

**THE EXEL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2006 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the financial statements for the year ended 31 March 2006.



**GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
KETTERING**

30 January 2007

**THE EXEL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice-Accounting and Reporting by Charities (SORP 2005) issued in March 2005 and applicable UK Accounting Standards and the Companies Act 1985. The comparative figures have been restated as necessary.

The accounting policies of the company have remained unchanged from the previous year and are set out below.

INCOMING RESOURCES

Voluntary income such as donations, gifts and legacies and grants that provide core funding or are of general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when the donor specifies that the grant or donation must only be used in future accounting periods or the donor has imposed conditions which must be met before the charity has unconditional entitlement.

INVESTMENT INCOME

Dividends are included in the Statement of Financial Activities from the date on which the investment is first listed "ex-dividend". Bank interest is included in the Statement of Financial Activities on the accruals basis.

RESOURCES EXPENDED

Expenditure is recognised when a liability is incurred. Contractual arrangements and other grant payments are recognised when a constructive obligation arises that results in the payment being unavoidable.

Support costs are allocated between activities on the basis of time spent or funds involved or charged directly to an activity.

INVESTMENTS AND INVESTMENT GAINS AND LOSSES

Investments are included in the balance sheet at their market value at the year end. Any difference between the market value and the original cost is taken to the endowment fund. Gains and losses on the disposal of investments are included in the Statement of Financial Activities and are calculated on an average basis.

FUND ACCOUNTING

Restricted funds are to be used for specified purposes laid down by the donor. Expenditure for those purposes is charged to those funds.

Unrestricted funds are donations and other incoming resources received or generated for expenditure on the general objectives of the charity.

CASH FLOW STATEMENT

The Foundation has taken advantage of the exemption from preparing a cashflow statement as it qualifies as a small entity.

THE EXEL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES AND INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2006

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	2006 Total funds £	2005 Total funds (restated) £
Income and expenditure						
Incoming resources						
<i>Incoming resources from generated funds</i>						
Voluntary income	1	612,870	184,321	-	797,191	706,499
Investment income	2	342,895	23,190	2,445	368,530	357,859
Total incoming resources		955,765	207,511	2,445	1,165,721	1,064,358
Resources expended						
<i>Direct charitable expenditure:</i>						
Grants and donations given	3	348,230	212,231	-	560,461	634,231
Other charitable activities	4	418,442	31,260	-	449,702	567,822
Costs of generating funds	5	8,893	-	52,668	61,561	69,793
Governance costs	5	37,917	-	-	37,917	34,718
Total resources expended		813,482	243,491	52,668	1,109,641	1,306,564
Net incoming/(outgoing) resources for the year		142,283	(35,980)	(50,223)	56,080	(242,206)
Gains and losses on investment assets	7	-	-	2,985,498	2,985,498	822,255
Net movement in funds		142,283	(35,980)	2,935,275	3,041,578	580,049
Transfer from P H Holt Benevolent Fund	13	-	88,705	8,103,832	8,192,537	-
Transfer between funds		(250,000)	-	250,000	-	-
Funds brought forward		460,446	-	10,432,027	10,892,473	10,312,424
Funds carried forward		352,729	52,725	21,721,134	22,126,588	10,892,473

An analysis of the endowment funds is shown in note 11.

The restricted funds represent movements on the P H Holt Benevolent Fund and the Tsunami appeal.

The accompanying accounting policies and notes form an integral part of these financial statements.

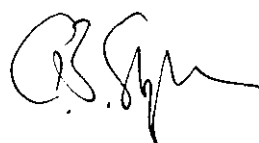
THE EXEL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

BALANCE SHEET AT 31 MARCH 2006

	Note	2006 £	2005 £
Fixed assets			
Investments	7	<u>21,721,134</u>	<u>10,432,027</u>
Current assets			
Debtors	8	<u>191,657</u>	<u>94,026</u>
Cash at bank and in hand		<u>654,919</u>	<u>684,319</u>
		846,576	778,345
Creditors: amounts falling due within one year	9	<u>(441,122)</u>	<u>(317,899)</u>
Net current assets		<u>405,454</u>	<u>460,446</u>
Total assets less current liabilities		<u>22,126,588</u>	<u>10,892,473</u>
Capital and reserves	10		
Capital funds			
Endowment	11	<u>21,721,134</u>	<u>10,432,027</u>
Income funds			
Unrestricted funds	12	<u>352,729</u>	<u>460,446</u>
Restricted funds	12	<u>52,725</u>	<u>-</u>
		<u>22,126,588</u>	<u>10,892,473</u>

The financial statements were approved by the Board on 29/1/07 and are signed on its behalf.

C B Stephens
Trustee



S Nancollas
Trustee



The accompanying accounting policies and notes form an integral part of these financial statements.

THE EXEL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006

1 VOLUNTARY INCOME

	Unrestricted funds £	Restricted funds £	Endowment funds £	2006 Total funds £	2005 Total funds £
Donation from Exel	600,000	-	-	600,000	600,000
GYE and Sharesave	7,307	-	-	7,307	176
General donations	5,563	-	-	5,563	93,039
Tsunami donations	-	184,321	-	184,321	13,284
	<u>612,870</u>	<u>184,321</u>	<u>-</u>	<u>797,191</u>	<u>706,499</u>

2 INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	Endowment funds £	2006 Total funds £	2005 Total funds £
Dividends	312,195	23,190	-	335,385	327,863
Interest receivable	30,700	-	2,445	33,145	29,996
	<u>342,895</u>	<u>23,190</u>	<u>2,445</u>	<u>368,530</u>	<u>357,859</u>

3 GRANTS AND DONATIONS GIVEN

	Unrestricted funds £	Restricted funds £	Endowment funds £	2006 Total funds £	2005 Total funds (restated) £
Matched Giving Programme - General	160,590	-	-	160,590	66,495
Other donations:					
NCH	10,000	-	-	10,000	-
Outward Bound	24,000	-	-	24,000	-
Transaid	24,000	-	-	24,000	-
Scout Association	10,000	-	-	10,000	-
Exel Partnering Education	6,732	-	-	6,732	-
Other	19,717	27,910	-	47,627	209,217
Support costs	93,191	-	-	93,191	87,951
NCH	-	-	-	-	82,705
Tsunami	-	184,321	-	184,321	13,284
Matched Giving Programme - NCH	-	-	-	-	84,072
Matched Giving Programme - Tsunami	-	-	-	-	90,507
	<u>348,230</u>	<u>212,231</u>	<u>-</u>	<u>560,461</u>	<u>634,231</u>

THE EXEL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006

GRANTS AND DONATIONS GIVEN (CONTINUED)

The matching amount for NCH in 2005 includes £1,367 matching funds paid direct to NCH.

The donation for the Indian Ocean Tsunami disaster in 2005 includes interest of £613. The matching amount for the Tsunami in 2005 includes £77,836 matching funds paid direct to charities involved in appeals in respect of this disaster.

4 OTHER CHARITABLE ACTIVITIES

	Unrestricted funds £	Restricted funds £	Endowment funds £	2006 Total funds £	2005 Total funds (restated) £
Non-UK appeals	129,099	-	-	129,099	263,000
Exel Retired Staff Association	164,102	-	-	164,102	182,686
Helping Hands Scheme	14,181	-	-	14,181	7,758
Community Partnership Programme	32,650	-	-	32,650	36,565
Pensioner Associations	-	30,168	-	30,168	-
Support costs	78,410	1,092	-	79,502	77,813
	418,442	31,260	-	449,702	567,822

Non-UK appeals in 2005 include £84,912 in respect of the Indian Ocean Tsunami disaster on 26 December 2004.

THE EXEL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006

5 SUPPORT COSTS

	Total £	Grants and donations £	Other charitable activities £	Costs of generating funds £	Governance £	
Salaries	109,390					
Car expenses	3,627					
Accommodation	27,806					
Postage and telephone	2,884					
Printing and stationery	1,921					
Computer expenses	5,329					
Travel and subsistence	4,362					
Sundry expenses	2,732					
Irrecoverable VAT	7,434					
	165,485	66,194	66,194	8,275	24,822	1
Trustee expenses	1,580	-	-	-	1,580	5
Consultancy and outsourcing	20,864	17,526	3,338	-	-	2
Professional fees	3,940	-	3,940	-	-	3
Promotion to employees of DHL	4,533	4,533	-	-	-	4
Legal fees	4,355	-	-	-	4,355	5
Administration costs	12,345	4,938	4,938	618	1,851	1
Audit fee	4,113	-	-	-	4,113	5
Bank charges	1,196	-	-	-	1,196	5
	218,411	93,191	78,410	8,893	37,917	

- 1 Proportion of staff time involved
2 Proportion of funds involved
3 Relates to other charitable activities
4 Relates to grants and donations
5 Relates to governance

6 STAFF COSTS

	Total funds 2006 £	Total funds 2005 £
Salaries and wages	90,498	114,369
Social security costs	9,099	8,861
Pension	3,330	10,119
Redundancy and recruitment costs	6,463	24,187
	109,390	157,536

None of the trustees received any remuneration from the company in either year.

THE EXEL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006

STAFF COSTS (CONTINUED)

During the year four, from 6 January 2006 three, (2005 : 4) employees were seconded to the company and their costs were recharged from Exel Management Services Limited. The employees were all engaged in activities associated with management and administration in the following estimated proportions: 80% on direct charitable activities, 15% on governance and 5% on generating funds.

7 FIXED ASSET INVESTMENTS

	Value as at 1 April 2005 £	P H Holt transfer in £	Purchases £	Disposals £	Change in market value £	Value as at 31 March 2006 £
Ordinary shares in Exel plc/Deutsche Poste AG	3,528	-	-	(3,754)	1,742	1,516
Exel endowment portfolio	10,307,018	-	3,466,195	(4,084,411)	2,411,366	12,100,168
P H Holt portfolio	-	6,895,019	1,525,029	(1,094,534)	572,390	7,897,904
Exel endowment cash for investment	121,481	-	4,340,610	(3,518,672)	-	943,419
P H Holt endowment cash for investment	-	1,208,813	1,094,534	(1,525,220)	-	778,127
At 31 March 2006	<u>10,432,027</u>	<u>8,103,832</u>	<u>10,426,368</u>	<u>(10,226,591)</u>	<u>2,985,498</u>	<u>21,721,134</u>

Investments at market value comprised:

Equities-UK	12,981,901
Equities-Overseas	5,384,559
Fixed interest securities-UK	1,633,128
Cash held within the investment portfolio	1,721,546
	<u>21,721,134</u>

8 DEBTORS

	2006 £	2005 £
Amounts falling due within one year:		
Interest receivable	30,266	32,749
Dividends	46,756	44,062
Sundry debtors	114,635	17,215
	<u>191,657</u>	<u>94,026</u>

THE EXEL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Amount due to Exel plc	27,894	21,091
Commitments for donations to other charities	338,076	235,568
Accruals and deferred income	75,152	61,240
	<u>441,122</u>	<u>317,899</u>

10 GUARANTEE

In the event of a winding up, the maximum amount guaranteed to be contributed by each existing member and from each person who was a member within the preceding twelve months is £1. At the date of this report the number of such people is five (2005: seven).

11 ENDOWMENT FUNDS

	2006 £	2005 £
Exel endowment	13,045,103	10,432,027
P H Holt Benevolent Fund endowment	8,676,031	-
	<u>21,721,134</u>	<u>10,432,027</u>

The endowment funds are represented in full by the investments of the Foundation.

12 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted £	Restricted £	Endowment £	Total £
Investments	-	-	21,721,134	21,721,134
Debtors	107,993	83,664	-	191,657
Cash at bank and in hand	328,282	326,637	-	654,919
Creditors	(83,546)	(357,576)	-	(441,122)
	<u>352,729</u>	<u>52,725</u>	<u>21,721,134</u>	<u>22,126,588</u>

13 P H HOLT BENEVOLENT FUND

The P H Holt Benevolent Fund merged with the Foundation on 6 December 2005. On that date all the assets of the Benevolent Fund were transferred to the Foundation (investments £8,103,832 and current assets £88,705). All transactions on the P H Holt Benevolent Fund have been treated as restricted or endowment as required.

THE EXEL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006

14 CAPITAL COMMITMENTS

The company had no capital commitments at 31 March 2006 or 31 March 2005.

15 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2006 or 31 March 2005.

16 TRUSTEES' EXPENSES

During the year, four trustees (2005: three trustees) were reimbursed for travelling expenses. The gross amount of these expenses was £1,580 (2005: £714).