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

ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 2003

THE EXEL FOUNDATION
(A Company Limited By Guarantee)

ACCOUNTS

For the year ended 31 March 2003

Charities registration number: 327880

Company registration number: 2223373

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

Directors: G F Pygall (Chairman)
J M Allan
P Dennis
N M S Rich CBE
C B Stephens
A P Wale

Secretary: Exel Secretarial Services Limited

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

Fund managers: Chiswell Associates Limited

Auditors: Grant Thornton
Registered Auditors
Chartered Accountants
49 Mill Street
BEDFORD
MK40 3LB

THE EXEL FOUNDATION
(A Company Limited By Guarantee)

ACCOUNTS

For the year ended 31 March 2003

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THE EXEL FOUNDATION
(A Company Limited By Guarantee)

REPORT OF THE DIRECTORS

The directors, who act as Trustees for the charitable activities of the Foundation, present their report together with the accounts for the year ended 31 March 2003.

Principal Objectives

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.

Its Mission Statement is 'Helping disadvantaged children and young people achieve their full potential'.

Developments during the year

During the year the Foundation supported Exel employees and retired staff in the UK as they raised funds for the Variety Club Children's Charity and by the year end a total of £120,000 (including matched funding) had been paid to the charity. The target is to raise at least £200,000 (including matched funding) before the campaign ends in September 2003.

A new programme "Exel Partnering Education" has been launched and 25 sites in the UK have established links with schools in their locality.

In support of its current strategy the Foundation is working in partnership with charities such as Outward Bound, The Prince's Trust, Motability, Crime Concern and many others to help disadvantaged young people achieve their full potential.

The Foundation continues to support Exel employees around the world through the four regional global committees in The Americas, UK and Ireland, Europe, Middle East and Africa (EMEA) and Asia Pacific.

Matched Giving Programme

The Foundation supports Exel employees, retired staff and shareholders by matching the funds they raise for their chosen charities. This amounted to £134,203 in the year (excluding the matching for the Variety Club appeal).

Community Partnership Programme

The Foundation supports the voluntary work that Exel employees do for their personally selected charities or community organisations and acknowledges their efforts by providing grants to the organisations they support. This amounted to £30,376 in the year.

THE EXEL FOUNDATION
(A Company Limited By Guarantee)

REPORT OF THE DIRECTORS

Trucks and Child Safety

Over 100 demonstrators have been trained to deliver this very successful road safety initiative. During the year in excess of 15,000 children received demonstrations and carried out follow-up exercises using the National Curriculum Teacher's Pack provided.

Exel Retired Staff Association

The Exel Retired Staff Association continues to maintain contact with retired employees. The 65 branches, involving nearly 8,000 pensioners, meet regularly. There are 182 pensioner visitors, operating on a voluntary basis, who provided support under the Helping Hands Scheme. Four editions of the pensioners' magazine "Changing Gear" were issued during the year.

Accounts

The directors continue to monitor closely the management of the Foundation's investments.

The reduction in value of the investments during year was a reflection of the Stock Market in general, with the FTSE 100 index at the year end being 3,613, close to its recent low and a fall of 31% from its level at the previous year end.

Net incoming resources were £1,487,524 (2002: £204,818) of which £1,500,000 was a donation from the P H Holt Charitable Trust. This donation has been added to the Foundation's Endowment Fund. Otherwise, the directors expect to continue to disburse income broadly in line with receipts.

Going Concern

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

Charitable expenditure

During the year the company made donations of £497,124 (2002: £429,886) to charities.

Directors

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

G F Pygall	(Chairman)
J M Allan	
P Dennis	
N M S Rich CBE	
C B Stephens	
A P Wale	

THE EXEL FOUNDATION
(A Company Limited By Guarantee)

REPORT OF THE DIRECTORS

Directors responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and the incoming resources and application of resources, including the net income or expenditure of the company for the year. In preparing these accounts, the directors are required to:

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

The directors 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 accounts comply with the Companies Act 1985. They 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 directors are also responsible for ensuring that the Report of the Directors and other information included in the Annual Report are prepared in accordance with company law in the United Kingdom.

Reserves Policy

The directors, who are the Trustees, have reviewed the Foundation's reserves. The investments held by the Foundation are its endowment and their value is represented by the Endowment fund. This fund is not part of the Foundation's reserves.

The Foundation needs to maintain reserves to allow for unplanned changes in its income or expenditure. In particular, given that a significant proportion of its annual income consists of a donation from Exel plc, the Foundation needs reserves to cover any change in timing or amount of such donations. Therefore, the directors intend to maintain the Foundation's reserves (the unrestricted income fund) at a level of around one year's donation from Exel plc.

In line with this policy, it is the directors' intention that, taking one year with another, the Foundation's expenditure should be broadly in line with its income.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with Section 385(2) of the Companies Act 1985.


THE EXEL FOUNDATION
(A Company Limited By Guarantee)

REPORT OF THE DIRECTORS

Small company exemption

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

BY ORDER OF THE BOARD



V E Corrigan
Authorised signatory
Exel Secretarial Services Limited
Secretary

16 July 2003

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

**THE EXEL FOUNDATION
(A Company Limited By Guarantee)**

We have audited the accounts of The Exel Foundation (a Company Limited by Guarantee) for the year ended 31 March 2003 which comprise the principal accounting policies, the statement of financial activities, the balance sheet and notes 1 to 13. These accounts have been prepared under the accounting policies set out therein.

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 the directors and auditors

The directors' responsibilities for preparing the directors' report and the accounts in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

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 accounts, 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 with the charitable company is not disclosed.

We read other information contained in the directors' report, and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

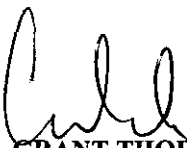
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

**THE EXEL FOUNDATION
(A Company Limited By Guarantee)**

Opinion

In our opinion the accounts give a true and fair view of the state of the charitable company's affairs as at 31 March 2003 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
BEDFORD**

18 July 2003

THE EXEL FOUNDATION
(A Company Limited By Guarantee)

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The accounts have been prepared under the historical cost convention, as modified to reflect the value of investments at market price, and in accordance with the Statement of Recommended Practice (SORP) for charities.

Investment management fees are charged to the Endowment Fund, compared with being charged to management and administration expenses in the previous year. The effect of the change is to increase net incoming resources for the year by £52,329 (2002: £30,686) Other than that change, the accounting policies of the company have remained unchanged from the previous year and are set out below.

DONATIONS

Donations are included in the Statement of Financial Activities on receipt.

INVESTMENT INCOME

Dividends are included in the Statement of Financial Activities from the date on which the investment is first listed "ex-dividend" at an amount which includes any tax credit recoverable from the Inland Revenue. Bank interest is included in the Statement of Financial Activities on the accruals basis.

EXPENDITURE

Expenditure is accounted for on the accruals basis.

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.

THE EXEL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 March 2003

	Note	Unrestricted funds £	Restricted funds £	Total funds 2003 £	Total funds 2002 £ (as restated)
Income and expenditure					
Incoming resources					
Donations and gifts		612,158	83,483	695,641	770,093
Donation: P H Holt Charitable Trust		1,500,000	-	1,500,000	-
Investment income		230,532	-	230,532	254,893
Interest receivable		53,746	-	53,746	73,154
Total incoming resources		2,396,436	83,483	2,479,919	1,098,140
Resources used					
Direct charitable expenditure					
Donations to charities	1	413,641	83,483	497,124	429,886
Charitable expenditure	2	334,867	-	334,867	304,567
		748,508	83,483	831,991	734,453
Other expenditure					
Management and administration	3	178,151	-	178,151	158,869
		178,151	-	178,151	158,869
Total resources used	4	926,659	83,483	1,010,142	893,322
Net incoming resources for the year	9	1,469,777	-	1,469,777	204,818
Movements in Endowment Fund					
Unrealised gains and losses on revaluation of investments	9	(2,447,148)	-	(2,447,148)	399,071
Realised loss on sale of investments	9	(66,581)	-	(66,581)	(1,163,748)
Investment management fees		(52,329)	-	(52,329)	(30,686)
Net movement in funds		(1,096,281)	-	(1,096,281)	(590,545)
Funds brought forward		9,787,383	-	9,787,383	10,377,928
Funds carried forward		8,691,102	-	8,691,102	9,787,383

The analysis of funds between endowment and income is shown in note 9.

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

THE EXEL FOUNDATION
(A Company Limited By Guarantee)

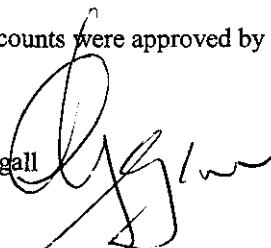
BALANCE SHEET AT 31 MARCH 2003

	Note	2003 £	2002 £ (as restated)
Fixed assets			
Investments	5	<u>8,096,617</u>	<u>9,161,730</u>
Current assets			
Stock		4,603	-
Debtors	6	<u>47,723</u>	<u>38,694</u>
Cash at bank and in hand		<u>866,581</u>	<u>796,332</u>
		<u>918,907</u>	<u>835,026</u>
Creditors: amounts falling due within one year	7	<u>(324,422)</u>	<u>(209,373)</u>
Net current assets		<u>594,485</u>	<u>625,653</u>
Total assets less current liabilities		<u>8,691,102</u>	<u>9,787,383</u>
Capital and reserves	8		
Capital funds			
Endowment	9	<u>8,096,617</u>	<u>9,161,730</u>
Income funds			
Unrestricted funds	9	<u>594,485</u>	<u>625,653</u>
		<u>8,691,102</u>	<u>9,787,383</u>

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The accounts were approved by the Board on 16 July 2003 and are signed on its behalf:

G F Pygall



Directors

C B Stephens



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

THE EXEL FOUNDATION
(A Company Limited By Guarantee)

NOTES TO THE ACCOUNTS

For the year ended 31 March 2003

1 DONATIONS TO CHARITIES

	Unrestricted funds £	Restricted funds £	Total funds 2003 £	Total funds 2002 £
Young Drivers Training	-	-	-	8,644
Variety Club	-	83,483	83,483	-
Matched Giving Programme - Variety Club	94,908	-	94,908	-
Matched Giving Programme - General	134,203	-	134,203	106,735
Matched Giving Programme - CRC	-	-	-	110,044
Education	-	-	-	20,300
Young Disabled Drivers	50,000	-	50,000	50,000
Other donations	134,530	-	134,530	118,830
Cancer Research (CRC)	-	-	-	15,333
	<u>413,641</u>	<u>83,483</u>	<u>497,124</u>	<u>429,886</u>

The matching amount for the Variety Club includes £11,425 matching funds paid direct to the Variety Club.

2 CHARITABLE EXPENDITURE

	Unrestricted funds £	Restricted funds £	Total funds 2003 £	Total funds 2002 £
Non-UK appeals	109,623	-	109,623	58,872
Exel Retired Staff Association	175,965	-	175,965	193,230
Helping Hands Scheme	18,903	-	18,903	19,417
Community Partnership Programme	30,376	-	30,376	33,048
	<u>334,867</u>	<u>-</u>	<u>334,867</u>	<u>304,567</u>

THE EXEL FOUNDATION
(A Company Limited By Guarantee)

NOTES TO THE ACCOUNTS

For the year ended 31 March 2003

3 MANAGEMENT AND ADMINISTRATION

	Unrestricted funds £	Restricted funds £	Total funds 2003 £	Total funds 2002 £ (as restated)
Salaries	114,900	-	114,900	97,940
Car expenses	6,598	-	6,598	9,650
Accommodation	22,011	-	22,011	22,011
Postage and telephone	1,270	-	1,270	1,106
Printing and stationery	2,069	-	2,069	2,280
Computer expenses	14,532	-	14,532	9,852
Audit fee	4,909	-	4,909	4,674
Bank charges	1,197	-	1,197	1,306
Consultancy fee	4,301	-	4,301	4,756
Professional fees	-	-	-	1,028
Travel and subsistence	2,389	-	2,389	2,055
Meetings and conferences	292	-	292	896
Sundry expenses	3,683	-	3,683	1,315
	<u>178,151</u>	<u>-</u>	<u>178,151</u>	<u>158,869</u>

4 TOTAL RESOURCES USED - OTHER DISCLOSURES

Costs recharged from Exel plc during the year included £114,900 (2002: £97,940) relating to wages and salaries costs for the four employees seconded to The Exel Foundation. The employees were all engaged in activities associated with management and administration.

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

THE EXEL FOUNDATION
(A Company Limited By Guarantee)

NOTES TO THE ACCOUNTS

For the year ended 31 March 2003

5 FIXED ASSET INVESTMENTS

	2003		2002	
	Number	£	Number	£
				(as restated)
Listed investments				
Ordinary shares in Exel plc				
Market value at 1 April 2002	-	-	280,251	2,354,108
Donations	168	945	-	-
Disposals	-	-	(280,251)	(2,354,108)
At 31 March 2003	168	945	-	-
Legal & General UK Unit Trust				
Market value at 1 April 2002	-	-	1,200,000	1,320,000
Disposals	-	-	(1,200,000)	(1,320,000)
At 31 March 2003	-	-	-	-
Cazenove portfolio				
Market value at 1 April 2002	-	-	5,440,000	5,179,320
Disposals	-	-	(5,440,000)	(5,179,320)
At 31 March 2003	-	-	-	-
Chiswell portfolio				
Market value at 1 April 2002		8,721,747		-
Additions		1,217,163		8,322,676
Disposals		(324,965)		-
Loss on disposal		(66,581)		-
Revaluation		(2,447,148)		399,071
Market value at 31 March 2003		7,100,216		8,721,747
Amount due from general fund		25,940		25,070
Cash for reinvestment		972,201		457,825
Amount due for investments purchased		(2,685)		(42,912)
At 31 March 2003		8,095,672		9,161,730
Total investments at 31 March 2003		8,096,617		9,161,730

THE EXEL FOUNDATION
(A Company Limited By Guarantee)

NOTES TO THE ACCOUNTS

For the year ended 31 March 2003

6 DEBTORS

	2003 £	2002 £
Amounts falling due within one year:		
Interest receivable	40,598	32,542
Dividends	5,728	6,152
Sundry debtors	1,397	-
	<u>47,723</u>	<u>38,694</u>

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £ (as restated)
Amount due to endowment fund	25,940	25,070
Amount due to Exel plc	51,239	1,125
Commitments for donations to other charities	210,379	77,009
Accruals and deferred income	36,864	106,169
	<u>324,422</u>	<u>209,373</u>

8 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 six (2002: eight).

9 ENDOWMENT AND INCOME FUNDS

	Endowment fund £	Unrestricted Income fund £	Total funds £
At 1 April 2001	9,957,093	420,835	10,377,928
Net incoming resources for the year	-	204,818	204,818
Gains and losses on investments	399,071	-	399,071
Loss on sale of investments	(1,163,748)	-	(1,163,748)
Investment management fees	(30,686)	-	(30,686)
At 1 April 2002	9,161,730	625,653	9,787,383
Net incoming resources for the year	1,500,945	(31,168)	1,469,777
Gains and losses on investments	(2,447,148)	-	(2,447,148)
Loss on sale of investments	(66,581)	-	(66,581)
Investment management fees	(52,329)	-	(52,329)
At 31 March 2003	<u>8,096,617</u>	<u>594,485</u>	<u>8,691,102</u>

THE EXEL FOUNDATION
(A Company Limited By Guarantee)

NOTES TO THE ACCOUNTS

For the year ended 31 March 2003

ENDOWMENT AND INCOME FUNDS (CONTINUED)

Restricted income is income received for donation to specific charities.

There is no balance on restricted funds because all the restricted income has been expended.

During the year, a donation of £1,500,000 was received from the P H Holt Charitable Trust, a trust set up by Exel plc.

10 PRIOR YEAR RESTATEMENT

The figures for the prior year have been restated to charge the investment manager's fees to the endowment fund rather than to the income fund. The balance of total funds has not changed, only the allocation between endowment and income.

11 CAPITAL COMMITMENTS

The company had no capital commitments at 31 March 2003 or 31 March 2002.

12 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2003 or 31 March 2002.

13 DIRECTORS EXPENSES

During the year, one director (2002: two directors) was reimbursed for travelling expenses. The gross amount of these expenses was £576 (2002: £935).