

CitySprint Shared Services Limited

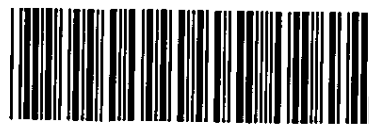
Report and Financial Statements

For the year ended 31 December 2007

Company registration number 5857552

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CitySprint Shared Services Limited

Registered No 5857552

Directors

A R Bernard
G A M Keenan

Secretary

G A M Keenan

Auditor

Baker Tilly UK Audit LLP
Lancaster House
7 Elmfield Road
Bromley
Kent BR1 1LT

Bankers

Barclays Bank PLC
1 Churchill Place
Canary Wharf
London
E14 5HP

Bank Of Ireland PLC
36 Queens Street
London
EC4R 1HJ

Registered office

Ground Floor
RedCentral
60 High Street
Redhill
RH1 1SH

Directors' report

The directors present their report and financial statements for the year ended 31 December 2007

Results and dividends

The profit for the year amounted to £21,271 (6 months 2006 - £2,103) The directors do not recommend the payment of any dividends

Principal activities, review of the business and future developments

The principal activity is the provision of courier services

The Company's key financial and other performance indicators during the year were as follows

	<i>Year</i> <i>2007</i> £	<i>6 Months</i> <i>2006</i> £	<i>Change</i> %
Turnover	3,048,936	1,190,746	+156 1%
EBITDA	227,967	6,303	3517 1%
Profit after tax	21,271	2,103	911 5%
Shareholders funds	23,474	2,203	366 4%

The company has performed in line with the management's key performance indicators for the period, with Turnover and EBITDA increasing as a result of the impact of a full year's results The directors expect the general level of activity to continue and that additional business will be won in the year

Principal risks and uncertainties

The principal risk and uncertainties facing the Company are broadly grouped as follows – competitive and financial instrument risk and all these areas are reviewed on a regular basis

○ **Competitive risks**

The Company operates in a very competitive market and some of the contracts it has are subject to periodic competitive tender

○ **Financial instrument risk**

The Company has established a risk and financial management framework whose primary objectives are to protect the Company from events that hinder the achievement of the Company's performance objectives The objectives aim to ensure sufficient working capital exists and monitor the management of risk at a business unit level

Exposure to credit and liquidity risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation The Company's policies are aimed at minimising such losses and the Company runs an effective credit control operation and limits individual trade debtors to appropriate credit levels based on their financial strength

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities The Company aims to mitigate liquidity risk by managing cash generation through its operations, applying cash collection targets throughout the Company The Company also manages liquidity risk via the invoice discounting loan and fixed term loan arrangements in place

Directors' report

Directors

The directors who served the company during the year were as follows

A R Bernard
G A M Keenan

Auditors

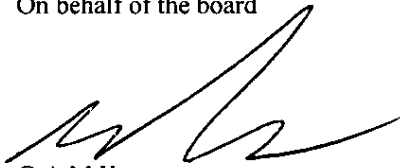
During the year Ernst & Young resigned as auditors creating a casual vacancy which the directors have filled by appointing Baker Tilly UK Audit LLP. A resolution formally to appoint Baker Tilly UK Audit LLP will be proposed at the annual general meeting.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors, each of these directors confirms that

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the group's auditors are unaware, and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



G A M Keenan
Director

28 April 2008

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 that 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

to the members of CitySprint Shared Services Limited

We have audited the company's financial statements for the period ended 31 December 2007 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 17. These financial statements have been prepared on the basis of 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 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 (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we 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 directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 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.

Independent auditors' report

to the members of CitySprint Shared Services Limited

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 company's affairs as at 31 December 2007 and of the profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

BAKER TILLY UK AUDIT LLP

Registered Auditor
Chartered accountants
Lancaster House
7 Elmfield Road
Bromley
Kent BR1 1LT

Baker Tilly UK Audit LLP
28 April 2008

Profit and loss account

for the year to 31 December 2007

		Year to 31 December 2007	6 months to 31 December 2006
	Notes	£	£
Turnover	2	3,048,936	1,190,746
Cost of sales		(2,528,475)	(1,001,291)
Gross profit		520,461	189,455
Administrative expenses		(479,694)	(183,152)
Operating profit	3	40,767	6,303
Interest payable and similar charges	4	(14,984)	(3,299)
Profit on ordinary activities before taxation		25,783	3,004
Taxation	6	(4,512)	(901)
Profit for the period	13	21,271	2,103

The operating profit for the year arises from the company's continuing operations

Statement of total recognised gains and losses

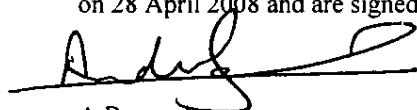
There are no recognised gains or losses other than those shown in the profit and loss account

Balance sheet

at 31 December 2007

	Notes	2007 £	2006 £
Fixed assets			
Intangible assets	7	93,600	280,800
Current assets			
Debtors	8	345,839	138,505
Cash at bank and in hand		5,031	4,527
		<u>350,870</u>	<u>143,032</u>
Creditors amounts falling due within one year	9	<u>(277,718)</u>	<u>(176,646)</u>
Net current assets/(liabilities)		73,152	(33,614)
Total assets less current liabilities		166,752	247,186
Creditors , amounts falling due after one year	10	(143,278)	(244,983)
Net current assets		<u>23,474</u>	<u>2,203</u>
Capital and reserves			
Called up share capital	12	100	100
Profit and loss account	13	23,374	2,103
Shareholders' funds	14	<u>23,474</u>	<u>2,203</u>

The financial statements on pages 7 to 13 were approved by the board of directors and authorised for issue on 28 April 2008 and are signed on its behalf by



A Bernard
Director

28th April 2008

Notes to the financial statements

For the year ended 31 December 2007

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements

Goodwill

Goodwill is the difference between the fair value of consideration paid for an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities. Positive goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a maximum of 20 years. It is reviewed for impairment at the end of its full financial year following the acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax in the future.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Invoice discounting facility

Trade debtors are subject to a factoring arrangement whereby an advance is received based upon and secured upon trade receivables.

Where the company has retained significant benefits and risks relating to the factored debts, separate presentation is adopted whereby the gross debts and a corresponding liability in respect of the advance received are shown separately on the balance sheet. The interest element of the factor's charges is recognised as it accrues and is included in the profit and loss account with other interest charges.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties in respect of the company's continuing activities. Turnover is recognised once the courier service is completed.

All turnover is derived from the United Kingdom.

Notes to the financial statements

For the year ended 31 December 2007

3. Operating profit

This is stated after charging

	<i>Year Ended 31 December 2007 £</i>	<i>6 months ended 31 December 2006 £</i>
Auditors' remuneration - audit services	-	-
Amortisation of goodwill	187,200	93,600
Directors' emoluments	-	-

The audit fee is borne by a fellow subsidiary undertaking of the Group

4. Interest payable and similar charges

	<i>Year Ended 31 December 2007 £</i>	<i>6 months ended 31 December 2006 £</i>
Interest on bank loans wholly repayable within five years	14,984	3,299
	14,984	3,299

5. Employees

No salaries or wages have been paid to employees, including the directors, during the year

6. Taxation

(a) Analysis of tax charge in the year

	<i>Year ended 31 December 2007 £</i>	<i>6 months ended 31 December 2006 £</i>
<i>Current tax</i>		
UK corporation tax on profits of year	4,512	901
Total tax charge for the year	4,512	901

Notes to the financial statements

For the year ended 31 December 2007

6. Taxation (continued)

(b) Factors affecting tax charge for the year

	Year ended 31 December 2007 £	6 months ended 31 December 2006 £
Profit on ordinary activities before tax	25,783	3,004
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	7,735	901
Effects of Group Relief	(3,223)	—
Current tax for the year (note 5(a))	4,512	901

7. Intangible fixed assets

	Goodwill £
Cost	
1 January 2007	374,400
Additions	—
At 31 December 2007	374,400
Amortisation	
1 January 2007	93,600
Charge for the year	187,200
At 31 December 2007	280,800
Net Book Value	
At 31 December 2007	93,600
At 31 December 2006	280,800

8. Debtors

	2007 £	2006 £
Due within one year		
Trade debtors	329,743	135,975
Prepayments	16,096	2,530
	345,839	138,505

Notes to the financial statements

For the year ended 31 December 2007

9. Creditors: amounts falling due within one year

	2007 £	2006 £
Bank loans (note 11)	167,837	59,367
Trade creditors	33,948	–
Corporation tax	4,512	901
Other taxation and social security	–	82,564
Other creditors	71,421	24,384
Accruals	–	9,430
	<u>277,718</u>	<u>176,646</u>

10. Creditors: amounts falling due after one year

	2007 £	2006 £
Amounts due to fellow subsidiary undertakings	<u>143,278</u>	<u>244,983</u>

11. Bank loans

	2007 £	2006 £
Wholly repayable within one year		
Invoice discounting loan	<u>167,837</u>	<u>59,367</u>

The company has an invoice discounting facility with its bankers that provides for an advancement on the company's trade debtors. Drawdown up to a maximum of 85% of the value of the outstanding debtors is permitted subject to a group cap of £8,500,000. The drawdown against the outstanding debtors at 31 December 2007 is included within loans in creditors due within one year.

Interest on the invoice discounting loan is charged at 1.75% over the base rate of the lender.

The invoice discounting facility is secured by a fixed and floating charge over the assets of the company and fellow group undertakings.

12. Share capital

	No	2007 £	No	Authorised 2006 £
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Notes to the financial statements

For the year ended 31 December 2007

13. Statement of Movement on Reserves

	<i>Profit and loss account £</i>
At 1 January 2007	2,103
Profit for the year	21,271
At 31 December 2007	<u>23,374</u>

14. Reconciliation of movements in shareholders' funds

	<i>2007 £</i>	<i>2006 £</i>
Profit for the period	21,271	2,103
Shares issued	–	100
Net increase in shareholders' funds	<u>21,271</u>	<u>2,203</u>
Opening shareholders' funds	2,203	–
Closing shareholders' funds	<u>23,474</u>	<u>2,203</u>

15. Related party transactions

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other members of the Courier and Passenger Transport Holdings Limited group on the grounds that the company is wholly owned and its parent publishes publically available consolidated financial statements

16. Contingent liabilities

The company has guaranteed the secured bank loans of the group. The maximum amount available under the facility is £21,000,000 (2006 - £8,993,000) and the amount outstanding at the balance sheet date was £16,629,931 (2006 - £5,206,410). The guarantee is secured by a fixed and floating charge over the assets of the company. The Company is part of a VAT group and therefore has a Group contingent liability for the VAT creditor at the end of the year in a fellow subsidiary of £2,757,150.

17. Ultimate parent undertaking and controlling party

The immediate parent undertaking is CitySprint (UK) Limited.

The directors consider the ultimate parent undertaking and controlling party to be Courier and Passenger Transport Holdings Limited.

Copies of the financial statements for Courier and Passenger Transport Holdings Limited, which is the parent undertaking of the smallest and largest group for which financial statements are prepared and of which the company is a member, can be obtained from Ground floor, RedCentral, 60 High Street, Redhill, Surrey, RH1 1SH.