

**EXEL SCOTLAND LIMITED**

**Company number: SC4109**

**Annual Report and Financial Statements**

**For the Year Ended**

**31 December 2006**

**Directors**  
**Exel Nominee No 2 Limited**  
**Exel Secretarial Services Limited**  
**J Bumstead**

**Secretary**  
**Exel Secretarial Services Limited**

**Registered Office**  
**109 Douglas Street**  
**Glasgow**  
**G2 4HB**

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## EXEL SCOTLAND LIMITED

### Directors' Report

The Directors present their report and the financial statements for the year ended 31 December 2006

### Results and dividends

	<b>2006</b> <b>£000</b>	2005 £000
Profit for the year	<u>390</u>	<u>384</u>

The Directors do not recommend the payment of a dividend on the ordinary shares (2005 £nil)

### Principal activity and business review

The principal activity of the Company is the receipt of interest from group undertakings. There was no business activity or developments during the period. It is unlikely that the company will recommence trading in the foreseeable future.

In the opinion of the Directors the annexed financial statements give a fair review of the development of the business during the year and of its position at the end of the year.

### Financial risk management

The Company's operations are totally related to the activities of the Deutsche Post World Net group of companies. As such its management of financial risk is dependent on the policies and risk management strategies of the ultimate parent company, Deutsche Post AG. Risk management policies where appropriate are approved by the board of Directors, are consistent with Deutsche Post AG financial risk policies, and are implemented by the Company's finance department.

The Company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

### Directors' indemnities

The Company maintains liability insurance for its directors and officers. The Company also provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purpose of the Companies Act 1985.

### Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors are responsible for ensuring that the Directors' Report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom.

## **EXEL SCOTLAND LIMITED**

### **Directors' Report**

#### **Directors**

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

Exel Nominee No 2 Limited  
Exel Secretarial Services Limited  
J Bumstead

was appointed a Director on 26 July 2007

#### **Directors' interests**

According to the registers kept by the Company under section 325 of the Companies Act 1985, the Directors at the end of the financial year had no notifiable interest in the shares of the Company

#### **Auditors**

On 31 July 2007, Ernst & Young LLP resigned as auditor of the Company and confirmed, in accordance with section 394 of the Companies Act 1985, that there were no circumstances connected with their resignation that should be brought to the notice of the shareholders and creditors.

PricewaterhouseCoopers LLP were appointed as auditor of the Company in their place and have indicated their willingness to continue in office

A resolution to reappoint PricewaterhouseCoopers LLP as the Company's auditor will be put to the Annual General Meeting

#### **Statement of disclosures of information to auditors**

As far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware and each of the Directors have taken all the steps that one ought to have taken as a director in order to make oneself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

By order of the Board



L Chilcott  
For and on behalf of  
Exel Secretarial Services Limited

24 October 2007

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXEL SCOTLAND LIMITED**

We have audited the Company's financial statements Exel Scotland Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Accounting Policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

**Respective Responsibilities of Directors and Auditors**

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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). 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 opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into 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 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.

**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 2006 and of its profit for the year 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.

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
West London  
2007

  
24 October 2007

## EXEL SCOTLAND LIMITED

### Profit and Loss Account

For the year ended 31 December 2006

	Note	2006 £000	2005 £000
Net interest	2	390	384
<b>Profit on ordinary activities before taxation</b>		<b>390</b>	<b>384</b>
Tax on profit on ordinary activities	3		
<b>Profit for the financial year</b>	8	<b>390</b>	<b>384</b>

Movements in shareholders' funds are set out in note 8

The results for the year derive from continuing operations

There are no recognised gains or losses other than the profit for the year of £390,000 (2005: £384,000)

# EXEL SCOTLAND LIMITED

## Balance Sheet

At 31 December 2006

	Note	2006 £000	2005 £000
<b>Fixed assets</b>			
Investments	4	<u>347</u>	<u>347</u>
		<u>347</u>	<u>347</u>
<b>Current assets</b>			
Debtors	5	<u>10,020</u>	<u>9,443</u>
		<u>10,020</u>	<u>9,443</u>
<b>Creditors:</b> amounts falling due within one year	6	<u>(3,574)</u>	<u>(3,387)</u>
<b>Net current assets</b>		<u>6,446</u>	<u>6,056</u>
<b>Total assets less current liabilities</b>		<u>6,793</u>	<u>6,403</u>
<b>Creditors:</b> amounts falling due after more than one year	7	<u>(500)</u>	<u>(500)</u>
		<u>6,293</u>	<u>5,903</u>
<b>Capital and reserves</b>			
Called up share capital	8	<u>1,553</u>	<u>1,553</u>
Share premium account	8	<u>79</u>	<u>79</u>
Profit and loss account	8	<u>4,661</u>	<u>4,271</u>
<b>Equity shareholders' funds</b>		<u>6,293</u>	<u>5,903</u>

Approved by the Board on 24 Oct 2007 and signed on its behalf



J Casey  
Director  
For and on behalf of  
Exel Nominee No 2 Limited

The accounting policies and notes on pages 7 to 10 form part of these financial statements

## **Accounting Policies**

The accounting policies adopted by the Company are set out below and are consistent with those of the previous year, except for the adoption of FRS 20 'Share based.

No restatements have resulted from this change in accounting policy

### **(a) Basis of accounting**

These financial statements have been prepared on the going concern basis and under the historical cost convention and in accordance with the Companies Act 1985 and applicable UK accounting standards

### **(b) Basis of preparation**

Group financial statements have not been prepared because the Company is a wholly owned subsidiary of Deutsche Post AG, a company incorporated in Germany. These financial statements present information about the Company as an individual undertaking and not about its group.

The group financial statements of Deutsche Post AG contain a consolidated cash flow statement. The Company has taken advantage of the exemption granted by FRS 1 whereby it is not required to publish its own cash flow statement.

The Company has taken advantage of the exemption granted by FRS 8 from disclosure of related party transactions with members of the Group or associates of other Group members.

### **(c) Investments**

Investments are valued at historical cost, less provision for diminution in value. The carrying value of investments is reviewed for impairment at the end of the first full year after an acquisition and at other times if circumstances indicate that it may not be recoverable.

### **(d) Taxation**

The Company does not provide for UK corporation tax or deferred tax because the a fellow group undertaking, Exel Limited (formerly Exel plc), has undertaken to discharge the Company's liability to UK corporation tax.

# EXEL SCOTLAND LIMITED

## Notes to the Financial Statements

### For the year ended 31 December 2006

#### 1 Directors' emoluments

The Directors received no remuneration (2005 None) for services provided to the Company and there are no employees

The auditors remuneration is borne by a fellow group undertaking

#### 2 Net interest

	2006 £000	2005 £000
Interest receivable from group undertakings	581	388
<b>Interest receivable</b>	<b>581</b>	<b>388</b>
Interest payable to group undertakings	(187)	
Preference share dividend paid 7p (2005 7p) per £1 share	(4)	(4)
<b>Interest payable and similar charges</b>	<b>(191)</b>	<b>(4)</b>
<b>Net Interest</b>	<b>390</b>	<b>384</b>

Exel Holdings Limited has elected to waive its right to a dividend which has impacted on the net dividend per share

#### 3 Tax on profit on ordinary activities

A fellow group undertaking, Exel Limited (formerly Exel plc), has undertaken to discharge the Company's liability to UK corporation tax and therefore no provision has been made for UK corporation tax or deferred tax

A number of changes to the UK Corporation tax system were announced in the March 2007 Budget Statements and are expected to be enacted in the 2007 and 2008 Finance Acts. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

#### Factors affecting tax charge for period

The tax assessed for the year differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2006 £000	2005 £000
Profit on ordinary activities before taxation	390	384
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005: 30%)	117	115
Effects of		
Expenses not deductible for tax purposes	1	1
Group relief surrendered	(118)	(116)
<b>Current tax charge</b>	<b>-</b>	<b>-</b>



# EXEL SCOTLAND LIMITED

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2006

### 4 Investments

	Total £000
Net book amount	
At 31 December 2006	<u>347</u>
At 31 December 2005	<u>347</u>

The following companies are subsidiary undertakings and, unless otherwise stated, 100% of the ordinary share capital is owned either directly or indirectly by the Company, they are incorporated in Great Britain, operate in their country of incorporation, and have a 31 December year end

Company	Nature of business
Citispeed Limited	A dormant company

In the opinion of the Directors, the value of the Company's investments in subsidiary undertakings is not less than the amounts included in the balance sheet

### 5 Debtors

	2006 £000	2005 £000
Amounts falling due within one year		
Amounts owed by group undertakings	<u>10,020</u>	<u>9,443</u>
	<u>10,020</u>	<u>9,443</u>

### 6 Creditors: Amounts falling due within one year

	2006 £000	2005 £000
Amounts owed to group undertakings	<u>3,575</u>	<u>3,387</u>
	<u>3,575</u>	<u>3,387</u>

### 7 Creditors: Amounts falling due after more than one year

	2006 £000	2006 £000
7% cumulative preference shares of £1 each	<u>500</u>	<u>500</u>

The preference shares carry no voting rights at meetings. On winding up of the Company, the preference shareholders have a right to receive, in preference to any payments to the ordinary shareholders, £1 per share plus accrued dividend.

# EXEL SCOTLAND LIMITED

## Notes to the Financial Statements (Continued)

### For the year ended 31 December 2006

#### 8 Movements in shareholders' funds

	Ordinary share capital £000	Share premium £000	Profit and loss account £000	<b>2006 Total £000</b>	2005 Total £000
At 1 January	1,553	79	4,271	<b>5,903</b>	6,019
Profit/(Loss) for the financial year			390	<b>390</b>	384
Transfer to creditors					(500)
Dividends				-	
<b>At 31 December</b>	<b>1,553</b>	<b>79</b>	<b>4,661</b>	<b>6,293</b>	5,903

The authorised share capital is 7,000,000 shares of 25p each, of which 6,210,420 have been allotted, called up and fully paid and 500,000 7% cumulative preference shares of £1 each all of which have been allotted (note 7)

#### 9 Contingent liabilities

- For VAT purposes, the Company is grouped with other undertakings in a VAT group, under these arrangements the Company has a joint and several liability for amounts owed by those undertakings to HM Revenue & Customs
- For UK corporate tax purposes the Company has made collective payment arrangements with other undertakings in the Group, under these arrangements the Company has a joint and several liability for amounts owed by those undertakings to HM Revenue & Customs

#### 10 Immediate and Ultimate parent undertakings

The Company's immediate parent undertaking is Exel Holdings Limited. The Company's ultimate parent undertaking is Deutsche Post AG, a company incorporated in Germany. This is the only group of which the Company is a member for which group financial statements are prepared. Copies of the financial statements of Deutsche Post AG, can be obtained from Deutsche Post AG, Headquarters, Investor Relations, 53250 Bonn, Germany.