

Deutsche Post Global Mail (UK) Limited
(Formerly Herald International Mailings Limited)

(Registered Number: 2104109)

Directors' Report and Financial Statements

For The Year Ended 31 December 2000



Deutsche Post Global Mail (UK) Limited **(Formerly Herald International Mailings Limited)**

Directors' Report For The Year Ended 31 December 2000

The directors have pleasure in presenting their report and financial statements for the year ended 31 December 2000.

Principal activity and business review

The principal activity of the company throughout the year continued to be that of international mailing.

On 28 February 2000 the entire share capital of the company was purchased by Deutsche Post International BV, a wholly owned subsidiary of Deutsche Post AG.

The results for the year and the financial position at the year-end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Change in company name

On 31 January 2001 the name of the company was changed from Herald International Mailings Limited to Deutsche Post Global Mail (UK) Limited.

Results and dividends

The profit after taxation for the year was £838,188 (1999: £511,829). Interim dividends of £1,582,687 were declared during the year (1999: £nil). The directors do not recommend the payment of a final dividend (1999: £nil) and accordingly the retained loss for the year of £744,499 (1999: profit of £511,829) has been transferred from reserves.

Directors

The directors who served during the year and to the date of this report were as follows:

B Rees
I Dowie
D E Brooks (Appointed 28 February 2000)
J Schlusener (Appointed 28 February 2000, resigned 3 November 2000)
I Speckhahn (Appointed 28 February 2000, resigned 3 November 2000)
E G Wallaschek (Appointed 3 November 2000)

Directors' interests

The directors who held office at 31 December 2000 had the following interests in the ordinary shares of the company:

	Ordinary shares of £1 each	
	31 December	1 January
	2000	2000
B Rees	-	18,000
I Dowie	-	2,000

None of the other directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

Deutsche Post Global Mail (UK) Limited
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Directors' Report For The Year Ended 31 December 2000 (Continued)

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 period. In preparing those financial statements, the directors are required to:


- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

Auditors

Kingston Smith resigned as auditors on 28 February 2000 and the directors subsequently appointed PricewaterhouseCoopers. PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the board



E G Wallaschek
Director

11/6/01

2001

Auditors' Report to the Members of Deutsche Post Global Mail (UK) Limited

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 director's remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

 2001

PricewaterhouseCoopers is the successor partnership to the UK firms of Price Waterhouse and Coopers & Lybrand. The principal place of business of PricewaterhouseCoopers and its associate partnerships, and of Coopers & Lybrand, is 1 Embankment Place, London WC2N 6NN. The principal place of business of Price Waterhouse is Southwark Towers, 32 London Bridge Street, London SE1 9SY. Lists of the partners' names are available for inspection at those places.

All partners in the associate partnerships are authorised to conduct business as agents of, and all contracts for services to clients are with, PricewaterhouseCoopers. PricewaterhouseCoopers is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Deutsche Post Global Mail (UK) Limited
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Profit And Loss Account For The Year Ended 31 December 2000

	<i>Note</i>	2000 £	1999 £
Turnover	2	14,427,914	13,552,160
Cost of sales		(10,157,056)	(10,544,136)
Gross profit		4,270,858	3,008,024
Administrative expenses		(3,129,232)	(2,394,878)
Other operating income		-	78,000
Operating profit	3	1,141,626	691,146
Interest receivable and similar income	4	62,570	82,571
Interest payable and similar charges	5	(13,413)	(14,490)
Profit on ordinary activities before taxation		1,190,783	739,227
Taxation	7	(352,595)	(247,398)
Profit on ordinary activities after taxation		838,188	511,829
Equity dividends	8	(1,582,687)	-
Retained (loss)/profit for the year	16	(744,499)	511,829

There have been no discontinued activities or acquisitions in the current or preceding period.

There are no recognised gains or losses in the year or preceding year other than shown in the profit and loss account above.

The notes on pages 6 to 13 form part of financial statements.

Deutsche Post Global Mail (UK) Limited
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Balance Sheet As At 31 December 2000

	<i>Note</i>	2000 £	1999 £
Fixed assets			
Tangible assets	9	304,633	372,239
Current assets			
Debtors	10	2,933,647	2,527,302
Cash at bank and in hand		1,032,867	2,212,851
		3,966,514	4,740,153
Creditors - amounts falling due within one year	11	(2,780,434)	(2,841,831)
Net current assets		1,186,080	1,898,322
Total assets less current liabilities		1,470,713	2,270,561
Creditors - amounts falling due after more than one year	12	(19,525)	(56,854)
Net assets		1,471,188	2,213,707
Capital and reserves			
Called up share capital	15	21,980	20,000
Profit and loss account	16	1,449,208	2,193,707
Shareholders' funds	16	1,471,188	2,213,707

Approved by the Board on 1 | 6 | 2001



E G Wallaschek
 Director

The notes on pages 6 to 13 form part of financial statements.

Deutsche Post Global Mail (UK) Limited
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Notes To The Financial Statements For The Year Ended 31 December 2000

1 Principal Accounting Policies

Accounting basis and standards

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

Turnover

Turnover represents the invoiced value of goods sold and services provided net of value added tax.

Depreciation

Depreciation to fixed assets is provided at rates estimated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Leasehold improvements	- straight line over the period of the lease
Plant and machinery	- straight line over 4 years
Motor vehicles	- straight line over 6 years
Furniture, fixtures and fittings	- straight line over 5 years

Deferred Taxation

Deferred tax is accounted for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

Pension Scheme Arrangements

The company makes contributions to various defined contribution schemes on behalf of certain employees. The assets of the schemes are held separately from the assets of the company. The pension costs charge represents contributions payable to the schemes.

Leased Assets

Fixed assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at an amount equivalent to their cost and depreciated over the shorter of the lease period and their expected useful lives. The corresponding liability is included in creditors. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease at a rate which reflects the capital payments outstanding.

Rentals paid under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Deutsche Post Global Mail (UK) Limited
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Notes To The Financial Statements For The Year Ended 31 December 2000 (Continued)

1 Principal Accounting Policies (Continued)

Cash Flow Statement and Related Party Transactions

The company is a wholly owned subsidiary of Deutsche Post AG and is included in the consolidated financial statements of Deutsche Post AG, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions (but not balances) with entities that are part of the Deutsche Post group or investees of the Deutsche Post AG group.

Foreign Currency Transactions

Transactions denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rate of exchange ruling at the balance sheet date. Exchange gains or losses are included in profit on ordinary activities.

2 Turnover

Turnover is attributable to the one principal activity of the company. All of the sales during the year were made within the United Kingdom.

3 Operating profit

	2000 £	1999 £
The operating profit is stated after charging:		
Auditors' remuneration - audit fees	13,500	9,941
- non audit fees	5,240	-
Depreciation - owned assets	132,638	130,761
Depreciation - assets held under finance leases and hire purchase contracts	12,306	62,638
Other operating lease rentals - other assets	8,364	8,461
- land and buildings	205,388	175,275
Loss on sale of fixed assets	8,687	1,750

4 Interest receivable and similar income

	2000 £	1999 £
Bank interest received	62,463	82,571
Other interest received	107	-
	62,570	82,571

Deutsche Post Global Mail (UK) Limited
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Notes To The Financial Statements For The Year Ended 31 December 2000 (Continued)

5 Interest payable and similar charges

	2000 £	1999 £
Finance lease and hire purchase contracts	12,958	14,430
Other interest payable	455	60
	13,413	14,490

6 Directors and employees

	2000 £	1999 £
Staff costs during the year were as follows:		
Wages and salaries	2,148,848	2,206,441
Social security costs	178,075	197,226
Other pension costs	2,000	2,000
	2,328,923	2,405,667

The average weekly numbers of persons employed by the company, including directors, during the year was as follows:

	Number	Number
Administration	22	12
Selling and direct labour	142	138
	164	150

Directors' emoluments

	2000 £	1999 £
Emoluments	186,850	462,122
Highest paid director	103,175	354,661

7 Taxation

	2000 £	1999 £
UK corporation tax at the rate of 30 % (1999: 28.1%)	364,000	227,398
Adjustments in respect of prior years	(11,405)	20,000
	352,595	247,398

Deutsche Post Global Mail (UK) Limited
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Notes To The Financial Statements For The Year Ended 31 December 2000 (Continued)

8 Dividends

	2000 £	1999 £
Ordinary Shares		
Interim ordinary dividend 9.9p per share (1999: £Nil)	1,980	-
Interim ordinary dividend 79.03535p per share (1999: £Nil)	15,807	-
Ordinary A Shares		
Interim ordinary dividend 79.03535p per share (1999: £Nil)	1,564,900	-
	1,582,687	-

The interim dividend of 9.9p per Ordinary Share was met by way of the issue of 99 Ordinary A Shares with a nominal value of 0.1p per share for each Ordinary Share held, these Ordinary A Shares being issued at par.

9 Tangible assets

	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 January 2000	21,013	661,971	186,758	260,475	1,130,217
Additions	1,697	32,573	36,800	31,415	102,485
Disposals	-	-	(65,139)	-	(65,139)
At 31 December 2000	22,710	694,544	158,419	291,890	1,167,563
Accumulated depreciation					
At 1 January 2000	1,371	472,392	90,521	193,694	757,978
Charge for the year	5,758	94,400	21,510	23,276	144,944
Disposals	-	-	(39,992)	-	(39,992)
At 31 December 2000	7,129	566,792	72,039	216,970	862,930
Net book value					
At 31 December 2000	15,581	127,752	86,380	74,920	304,633
<i>At 31 December 1999</i>	<i>19,642</i>	<i>189,579</i>	<i>96,237</i>	<i>66,781</i>	<i>372,239</i>

The net book value of fixed assets of £304,633 (1999: £372,239) includes motor vehicles of £26,564 (1999: £76,130) and plant and machinery of £76,297 (1999: £143,876) in respect of assets held under finance leases and hire purchase contracts.

Deutsche Post Global Mail (UK) Limited
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Notes To The Financial Statements For The Year Ended 31 December 2000 (Continued)

10 Debtors

	2000 £	1999 £
Trade debtors	2,172,127	2,446,181
Amounts owed by group undertakings	664,320	-
Other debtors	420	420
Prepayments and accrued income	96,780	80,701
	<u>2,933,647</u>	<u>2,527,302</u>

11 Creditors: amounts falling due within one year

	2000 £	1999 £
Bank loans and overdrafts	67,623	104,166
Trade creditors	2,045,084	1,940,134
Corporation tax	364,000	247,398
Social security and other taxes	225,573	335,111
Other creditors	9,312	120,000
Obligations under hire purchase and finance lease contracts	48,342	84,727
Accruals and deferred income	20,500	10,295
	<u>2,780,434</u>	<u>2,841,831</u>

12 Creditors: amounts falling due after more than one year

	2000 £	1999 £
Obligations under finance leases and hire purchase contracts	19,525	56,854

Deutsche Post Global Mail (UK) Limited
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Notes To The Financial Statements For The Year Ended 31 December 2000 (Continued)

13 Provisions for liabilities and charges

Deferred taxation

Provision for deferred taxation has been made in these financial statements in accordance with the accounting policy described in Note 1. The amounts provided and the full potential liability are as follows:

	2000 Amount provided £	2000 Potential asset £	1999 Amount provided £	1999 Potential asset £
Accelerated capital allowances	-	(17,712)	-	(13,632)

14 Future financial commitments

(a) Operating leases

At 31 December 2000 the company had annual commitments under operating leases as set out below:

	2000 Land and buildings £	2000 Other £	1999 Land and Buildings £	1999 Other £
Operating leases which expire in the second to fifth year	198,000	8,326	196,658	8,326

(b) Finance leases

Finance lease and hire purchase contracts fall due as follows:

	2000 £	1999 £
Due within one year (Note 11)	48,342	84,727
Due between one and two years	18,260	43,664
Due between two and five years	1,265	13,190
	67,867	141,581

Deutsche Post Global Mail (UK) Limited
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Notes To The Financial Statements For The Year Ended 31 December 2000 (Continued)

15 Called up share capital

	2000 £	1999 £
Authorised:		
20,000 Ordinary shares of £1 each	20,000	20,000
1,980,000 Ordinary A shares of £0.001 each	1,980	-
	21,980	20,000
Called up, allotted and fully paid:		
20,000 Ordinary shares of £1 each	20,000	20,000
1,980,000 Ordinary A shares of £0.001 each	1,980	-
	21,980	20,000

During the year 1,980,000 Ordinary A Shares of £0.001 each, with an aggregate nominal value of £1,980, were allotted at par. These shares having the same rights as those of the Ordinary Shares.

16 Reconciliation of movements in equity shareholders' funds

	Share capital £	Profit & Loss account £	Total Equity Shareholders' Funds 2000 £	1999 £
As at 1 January 2000	20,000	2,193,707	2,213,707	1,701,878
New share capital issued	1,980	-	1,980	-
Profit for the financial year	-	838,188	838,188	511,829
Dividends	-	(1,582,687)	(1,582,687)	-
As at 31 December 2000	21,980	1,449,208	1,471,188	2,213,707

17 Related party transactions

Other debtors of £420 (1999: £420) represents amounts due from I. Dowie. This represents the maximum outstanding during the year.

During the financial year a motor vehicle with a net book value of £3,277 was transferred to I. Dowie, the consideration for which was the transfer of the outstanding hire purchase liability relating to the vehicle of £1,361 to I Dowie.

At 31 December 2000 £607,828 (1999: £Nil) was due from Deutsche Post AG, the companies immediate parent undertaking.

In addition £56,068 (1999: £Nil) was due from Selektvracht and £425 (1999: £Nil) was due from Deutsche Post Global Mail Limited (USA), fellow 100% subsidiaries of Deutsche Post AG.

Deutsche Post Global Mail (UK) Limited
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Notes To The Financial Statements For The Year Ended 31 December 2000 (Continued)

18 Parent undertaking

At 31 December 2000 the company's immediate parent undertaking was Deutsche Post International BV, a company incorporated in the Netherlands and the company's ultimate parent undertaking was Deutsche Post AG, a company incorporated in Germany.

At 31 December 2000 the smallest and largest group which consolidated the results of Deutsche Post Global Mail (UK) Limited was Deutsche Post AG. Copies of these group financial statements can be obtained from:

Rudiger Krenkel (643-9)
Deutsche Post AG
53105
Bonn