Company Registration No. 3369940

ESPRIT IN-NIGHT EXPRESS LIMITED

Report and Financial Statements

31 December 1999

Deloitte & Touche
PO Box 500
201 Deansgate
Manchester
M60 2AT

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G Cowan	(resigned 30 June 2000)
C D Cranmer	
W Latham	
M Mitchell	
C G Pywell	(resigned 14 July 2000)
J M Gittins	(appointed 24 October 2000)

SECRETARY

S P Durack

REGISTERED OFFICE

Parkhouse East Industrial Estate
Newcastle-under-Lyme
Staffordshire
ST5 7RB

BANKERS

Royal Bank of Scotland
79/83 Colmore Row
Birmingham
B3 2AP

AUDITORS

Deloitte & Touche
Chartered Accountants
201 Deansgate
Manchester
M60 2AT

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

ACTIVITIES

The company's principal activity is the provision of a parcel collection and delivery service.

REVIEW OF DEVELOPMENTS, DIVIDENDS AND TRANSFERS TO RESERVES

The results for the year are shown in the profit and loss account on page 5.

The directors do not propose a dividend be paid in the year (1998 – £Nil).

FUTURE PROSPECTS

The directors consider the prospects of the company to be satisfactory.

DIRECTORS AND THEIR INTERESTS

The directors serving during the year are set out on page 1.

None of the directors held any interest in the shares of the company. On 12 November 1999, the parent company, ANC Group Limited and its subsidiaries were acquired by ANC Business Services Group Limited. No financial statements have been prepared for this company since it has not been incorporated for longer than six months. The interests of C G Pywell, G Cowan, C D Cranmer and M Mitchell in the shares of both these companies are shown in the financial statements of ANC Group Limited. Other interests are shown below.

	1999 No	1998 No
W Latham – ordinary shares	-	7,053

W Latham was also granted and exercised options in respect of a further 865 shares on ANC Group Limited during the year.

All the shares in ANC Group Limited were acquired by ANC Business Services Group Limited on 12 November 1999.

DIRECTORS' AND OFFICERS' LIABILITY

Directors' and officers' liability insurance has been purchased by the company during the year.

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

Secretary

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 as at the end of the financial year 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;
- 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.

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ESPRIT IN-NIGHT EXPRESS LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 11 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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.

Going Concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the accounts concerning the uncertainty, as to the continuation of support by the company's bankers. In view of the significance of this uncertainty, we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and Registered Auditors

18 January 2001

PROFIT AND LOSS ACCOUNT
Year ended 31 December 1999

	Note	1999 £'000	1998 £'000
TURNOVER	2	1,494	888
Cost of sales		(1,180)	(742)
Gross profit		314	146
Administrative expenses		(448)	(340)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(134)	(194)
Tax on loss on ordinary activities	5	40	61
RETAINED LOSS FOR THE FINANCIAL YEAR	9	(94)	(133)

The result for the both years arises from continuing operations.

The company has no recognised gains or losses other than the loss for the financial year and prior year. Accordingly a Statement of Total Recognised Gains and Losses has not been prepared.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
Year ended 31 December 1999

	1999 £'000	1998 £'000
Loss for the financial year attributable to the members	(94)	(133)
Issue of shares	500	-
Net increase/(decrease) in shareholders' funds	406	(133)
Opening shareholders' deficit	(259)	(126)
Closing shareholders' funds/(deficit)	147	(259)

BALANCE SHEET
31 December 1999

	Note	£'000	1999 £'000	£'000	1998 £'000
CURRENT ASSETS					
Debtors	6	531		344	
CREDITORS: amounts falling due within one year	7	(384)		(603)	
NET CURRENT ASSETS/(LIABILITIES)			147		(259)
TOTAL ASSETS LESS CURRENT LIABILITIES			147		(259)
CAPITAL AND RESERVES					
Called up share capital	8		500		-
Profit and loss account	9		(353)		(259)
Equity shareholders' funds/(deficit)			147		(259)

These financial statements were approved by the Board of Directors on 18 January 2001

Signed on behalf of the Board of Directors

Director

NOTES TO THE ACCOUNTS
Year ended 31 December 1999

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Basis of preparation of the financial statements

The company meets its day-to-day working capital requirements through an overdraft and loan facility which are repayable on demand. The loan facility is subject to a number of covenants which are calculated on a quarterly basis.

The nature of the company's business is such that there can be considerable unpredictable variations in the timing of cash inflows and outflows. The directors have prepared projected cashflow information for the current financial year and the following financial year, a period of approximately 12 months from the date of approval of these financial statements.

On the basis of this cashflow information and discussions with the company's bankers and venture capitalist backers, the directors have formed a judgement at the time of approving the financial statements that there may be periods when the company's overdraft exceeds the facility currently agreed and the additional facility which the directors agreed in October. The financing requirements of the company and group are currently being reviewed with a re-financing package expected to be finalised in March 2001. In addition the cashflow fluctuations may result in the covenants attached to the loan facilities being breached at a quarter end date. However, the directors believe that the company's bankers will continue to support it, as they have done in the past. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis and accordingly they do not include any adjustments that would arise should this basis cease to be appropriate.

Accounting convention

The financial statements are prepared under the historical cost convention.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Cash flow statement

The company is exempt from the requirement to include a cash flow statement as it is a wholly owned subsidiary of ANC Group Limited, which publishes a consolidated cash flow statement for the group.

Pension costs

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

2. TURNOVER

Turnover comprises the invoiced value of services supplied by the company exclusive of value added tax and arises wholly within the UK.

NOTES TO THE ACCOUNTS
Year ended 31 December 1999

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

All directors who served during the year were remunerated by ANC Group Limited, with the exception of W Latham, who was remunerated by ANC Limited.

	1999 £'000	1998 £'000
Directors' emoluments	65	46
Compensation for loss of office	-	13
	No	**No**
Number of directors who are members of the company's defined benefit pension scheme	1	-
Average number of persons employed		
Operations	63	24
Administration	6	5
	69	29
	£'000	**£'000**
Staff costs during the year (including directors)		
Wages and salaries	829	467
Social security costs	77	45
Pension costs	-	-
	906	512

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Auditors remuneration is charged in the financial statements of ANC Limited.

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	1999 £'000	1998 £'000
United Kingdom corporation tax at 30.25% (1998 - 31%) based on the loss for the year	-	-
Group relief	40	61
	40	61

NOTES TO THE ACCOUNTS
Year ended 31 December 1999

6. DEBTORS

	1999 £'000	1998 £'000
Trade debtors	325	178
Group relief	155	115
Prepayments and accrued income	51	51
	531	344

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £'000	1998 £'000
Trade creditors	118	100
Amounts owed to group companies	214	478
Amounts owed to parent company	50	-
Accruals and deferred income	2	25
	384	603

8. CALLED UP SHARE CAPITAL

	1999 £'000	1998 £'000
Authorised share capital 500,000 (1998 – 100) ordinary shares of £1 each	500	-
Authorised, allotted, called up and fully paid 500,000 (1998 – 2) ordinary shares of £1 each	500	-

On 12 November 1999 the company increased its authorised share capital by 499,900 shares. On the same date ANC Limited were allotted an additional 499,998 shares in the company at par. The increase in capital was to provide additional working capital to the company.

9. PROFIT AND LOSS ACCOUNT

	1999 £'000	1998 £'000
At 1 January 1998	(259)	(126)
Loss for the year	(94)	(133)
At 31 December 1999	(353)	(259)

NOTES TO THE ACCOUNTS
Year ended 31 December 1999

10. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation	Provided 1999 £'000	Provided 1998 £'000	Not provided 1999 £'000	Not provided 1998 £'000
Accelerated capital allowances	-	-	-	-
Other timing differences	-	-	-	-
	-	-	-	-

11. ULTIMATE PARENT COMPANY

In the opinion of the directors the ultimate parent company, which controls the company, is ANC Group Limited. Copies of the financial statements of the ultimate parent company can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

On 12 November 1999, ANC Group Limited was acquired by ANC Business Services Group Limited. No statutory accounts for the year ended 31 December 1999 have been prepared for this company.

The company is incorporated in England and Wales.

12. RELATED PARTY TRANSACTIONS

The directors have taken advantage of the provisions of FRS8 'Related Party Disclosures' not to disclose transactions between subsidiaries of ANC Group Limited, nor the subsidiaries of ANC Business Services Group Limited.