

UK MAIL LTD

**DIRECTORS' REPORT AND FINANCIAL
STATEMENTS**

for the year ended 31 March 1997

Company number 2072003



DIRECTORS

P Kane
M Kane
T J Montague-Johnstone

SECRETARY

T J Montague-Johnstone

REGISTERED OFFICE

Express House
464 Berkshire Avenue
Slough
SL1 4PL

AUDITORS

Binder Hamlyn
20 Old Bailey
London
EC4M 7BH

BANKERS

The Royal Bank of Scotland plc
London City Office
62/63 Threadneedle Street
LONDON
EC2R 8LA

DIRECTORS' REPORT
for the year ended 31 March 1997

FINANCIAL STATEMENTS

The Board of directors present their report and financial statements for the year ended 31 March 1997.

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; and
- 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 maintaining 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Throughout the year under review the Company remained dormant and there are no immediate plans for this situation to change.

RESULTS AND DIVIDEND

The directors do not recommend the payment of a dividend (1996: £Nil).

DIRECTORS

The directors who have held office during the year were as follows:

P Kane
M Kane
T Montague-Johnstone

None of the directors had any interest in the Company's share capital during the year. The interests of the directors in the share capital of the ultimate parent company are disclosed in the financial statements of Business Post Group plc.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Binder Hamlyn be re-appointed as auditors of the Company will be put to the Annual General Meeting.

This report was approved by the Board on 16 June 1997.


T. Montague-Johnstone
Director

BINDER HAMLYN

Andersen Worldwide

20 Old Bailey
London EC4M 7BH

Auditors' report

To the members of UK Mail Ltd

We have audited the financial statements on pages 3 to 4 which have been prepared under the historical cost convention and the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 1, 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1997 and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants and Registered Auditors

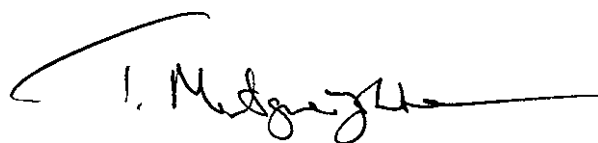
16 June 1997

UK MAIL LTD

BALANCE SHEET
as at 31 March 1997

| | Notes | 1997 £ | 1996 £ |
|-----------------------------------|-------|------------|------------|
| CURRENT ASSETS | | | |
| Amount owed by parent undertaking | | 100 | 100 |
| | | <u>100</u> | <u>100</u> |
| Net assets | | <u>100</u> | <u>100</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 3 | 100 | 100 |
| Profit and loss account | | - | - |
| | | <u>-</u> | <u>-</u> |
| Equity shareholders' funds | | <u>100</u> | <u>100</u> |

The financial statements on pages 3 and 4 were approved by the Board on 16 June 1997.



T. Montague-Johnstone
Director

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES**Accounting convention**

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

Cash flow statement

A cash flow statement has not been prepared as the Company is a wholly owned subsidiary of a company which published consolidated financial statements including a consolidated cash flow statement.

2. DIRECTORS' REMUNERATION

The services of the directors are provided by the ultimate parent company and no part of their remuneration is specifically attributable to the Company.

3. CALLED UP SHARE CAPITAL

| | 1997 | 1996 |
|---|-------------------|-------------------|
| Authorised, allotted and called up | | |
| 100 ordinary shares of £1 each | £100 | £100 |
| | <u> </u> | <u> </u> |

4. COMMITMENTS

- (a) The Company had no capital commitments at 31 March 1997 (1996 : £Nil).
- (b) The Company and its fellow subsidiary companies within the group have given unlimited cross guarantees to secure group bank borrowings. At the balance sheet date these amounted to £Nil (1996 : £Nil).

5. ULTIMATE PARENT COMPANY

At 31 March 1997 the directors regarded Business Post Group plc, a company registered in England and Wales, as the ultimate parent company. It is the only company in the group to have drawn up group accounts.

Copies of the financial statements can be obtained from the registered office of Express House, 464 Berkshire Avenue, Slough, Berkshire, SL1 4PL.