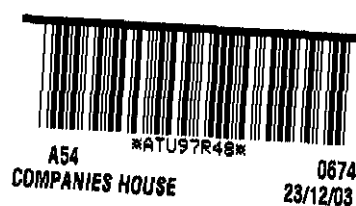


**EXEL (AFRICA) LIMITED**  
**(formerly MSAS Global Logistics (Africa) Limited and previously The Waste Consultancy Limited)**

**Report and Financial Statements**

**For the year ended**

**31 December 2002**



## **EXEL (AFRICA) LIMITED**

### **Directors**

S Harley  
A Martindale  
S van Loon  
I A Degnan

### **Secretary**

Exel Secretarial Services Limited

### **Auditors**

Ernst & Young LLP

### **Registered Office**

Ocean House  
The Ring  
Bracknell  
Berkshire  
RG12 1AN

### **Company Number**

3018815

## **EXEL (AFRICA) LIMITED**

### **Directors' Report**

The Directors present their report and the financial statements for the year ended 31 December 2002.

#### **Results and dividends**

	2002 £000	2001 £000
Loss for the year	(822)	(39)

No dividends have been proposed or paid during the year.

#### **Principal activity and business review**

The principal activity of the Company is the international (export and import) forwarding and clearing of freight, and third party logistics. Trading commenced on 12 April 2000.

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. A comprehensive review of the state of affairs of the Group is contained in the report and financial statements of Exel plc, the ultimate parent undertaking.

#### **Going concern**

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### **Creditor payment policy**

The Company's policy is to establish terms of payment with its suppliers when trading relationships are established, to ensure that the terms of payment are clear, and to abide by the agreed terms provided the supplier meets its obligations. Creditor days for the Company at 31 December 2002 have been calculated at 36 days (2001: 23 days).

## EXEL (AFRICA) LIMITED

### Directors' Report

#### 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.

#### Directors

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

S Sharratt	(resigned 7 April 2003)
S van Loon	
M Logie	(resigned 17 April 2003)
I Degnan	
N Kendall	(appointed 2 April 2002; resigned 7 July 2003)
SN Harley	(appointed 7 April 2003)
A Martindale	(appointed 7 July 2003)

#### Directors' interests

##### Ordinary Shares

The interests of the Directors in office at the end of the year, and their families, in the ordinary shares of Exel plc, the Company's ultimate holding company, were as shown below.

##### Ordinary Shares 27 7/9 p

	At 01.01.02	Acquired	Disposed	At 31.12.02
S. Sharratt	10 841	-	-	10 841

# EXEL (AFRICA) LIMITED

## Directors' Report

### Options

The following Directors held options under Exel plc's Share Option Schemes:

		Date of	Price	At				At
		Grant	£	01.01.02	Granted	Exercised	Cancelled	31.12.02
<i>I Degnan</i>	Executive	11/03/1998	7.015	538	-	-	-	538
	Executive	04/08/1998	7.835	562	-	-	-	562
	Executive	15/03/1998	8.71	1 769	-	-	-	1 769
	Executive	03/09/1999	10.525	1 797	-	-	-	1 797
	Executive	31/07/2001	7.49	8 678	-	-	-	8 678
	Executive	12/03/2002	8.50	-	9 558	-	-	9 558
	Savings	28/09/2001	5.86	1 653	-	-	-	1 653
<i>N D B Kendall</i>	Executive	11/03/1998	7.015	1 426	-	-	-	1 426
	Executive	01/08/2000	11.205	2 124	-	-	-	2 124
	Executive	23/03/2001	7.22	1 472	-	-	-	1 472
<i>M I Logie</i>	Executive	18/04/1995	3.05	3 688	-	-	-	3 688
	Executive	16/10/1995	3.75	3 000	-	-	-	3 000
	Executive	15/04/1996	4.23	2 659	-	-	-	2 659
	Executive	24/09/1996	4.525	2 487	-	-	-	2 487
	Executive	05/08/1997	5.365	932	-	-	-	932
<i>S Sharratt</i>	Executive	24/09/1996	4.525	2 437	-	-	-	2 437
	Executive	10/03/1997	4.855	2 272	-	-	-	2 272
	Executive	05/08/1997	5.365	1 765	-	-	-	1 765
	Executive	03/09/1999	10.525	1 437	-	-	-	1 437
	Executive	20/03/2000	12.30	488	-	-	-	488
	Executive	30/08/2001	7.49	3 651	-	-	-	3 651
	Executive	11/03/2002	8.50	-	2 470	-	-	2 470
	Savings	30/08/1999	8.185	1 183	-	-	-	1 183
	Savings	26/09/2002	5.95	-	2 983	-	-	2 983
<i>S Van Loon</i>	Executive	01/06/2001	7.55	43 708	-	-	-	43 708
	Executive	31/07/2001	7.49	21 556	-	-	-	21,556
	Executive	12/03/2002	8.50	-	39,517	-	-	39,517

No options lapsed during the year. The mid-market close price of Exel plc shares on 31<sup>st</sup> December 2002 was 688p and the range during 2002 was 591.5p to 950p per share.

Options granted during the year under the Exel plc Executive Share Options Scheme 2001 at prices of 850p and 762p will, at the date of vesting, require measurement against the growth in the underlying basis earnings per share of Exel plc over the qualifying period.

## **Directors' Report**

### **Auditors**

Ernst & Young LLP will be re-appointed as the Company's auditor in accordance with the elective resolution passed by the Company under section 386 of the Companies Act 1985.

By order of the Board



S H Coffey  
For and on behalf of  
Exel Secretarial Services Limited

*22 December* 2003

## **EXEL (AFRICA) LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXEL (AFRICA) LIMITED**

We have audited the Company's financial statements for the year ended 31 December 2002, which comprise the Profit and Loss Account, Balance Sheet, accounting policies and the related notes 1 to 13. These financial statements have been prepared on the basis of the accounting policies set out herein.

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 auditor's 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 the applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the Company 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 United Kingdom 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 misstatements, 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.

**EXEL (AFRICA) LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXEL (AFRICA) LIMITED**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditors  
London

17 / 12 / 2003



## **EXEL (AFRICA) LIMITED**

### **Accounting Policies**

The accounting policies adopted by the Company are set out below and are consistent with the previous year.

The adoption of FRS 18 'Accounting policies' has had no impact on these financial statements. The Company has not yet adopted FRS 17 'Retirement benefits'. The relevant transitional disclosure requirements of FRS 17 have been included in these financial statements.

#### **(1) Accounting convention**

The financial statements are prepared under the historical cost convention and are in accordance with applicable UK accounting standards. FRS 1 does not require the company to prepare a cash flow statement and FRS 8 exempts the company from disclosures of transactions with fellow subsidiary companies.

The Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis because the parent undertaking MSAS Global Logistics Limited has given a written undertaking that it will continue to support the Company to allow it to meet its liabilities as they fall due.

#### **(2) Turnover**

Turnover comprises the value of charges for the sale of services and goods to third parties. Turnover is recognised when services have been completed. Turnover excludes value added tax and equivalent taxes, duty and other disbursements made on behalf of customers.

#### **(3) Taxation**

The ultimate parent undertaking has undertaken to discharge the Company's liability to UK corporation tax and, therefore, no provision for UK corporation tax or deferred tax has been made in these accounts.

#### **(4) Pensions**

The Exel Group maintains UK pension schemes for the funding of retirement benefits for scheme members during their working lives in order to pay benefits to them after retirement and to their dependants after their death. The cost of providing these benefits is assessed by external professional actuaries and is charged to the Group profit and loss account so as to spread the cost of retirement benefits over the period during which the employer derives benefit from the employee's services. For defined contribution schemes, costs are charged to profit as incurred. The Company does not maintain any other post-retirement benefits.

#### **(5) Foreign currency translation**

All transactions denominated in foreign currencies are translated at the rate of exchange on the day the transaction occurs or at the contracted rate if the transaction is covered by forward foreign currency contracts. Assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling on the balance sheet date or if appropriate at a forward foreign currency contract rate. Exchange differences arising on foreign currency transactions are included in the profit and loss account.

**EXEL (AFRICA) LIMITED****Profit and Loss Account****For the year ended 31 December 2002**

		2002	2001
	Note	£000	£000
<b>Turnover</b>	1	2 413	2 177
Operating charges		(3 212)	(2 216)
<b>Operating loss</b>	1	(799)	(39)
Net interest	4	(23)	-
<b>Loss on ordinary activities before tax</b>		(822)	(39)
Tax on loss on ordinary activities	5	-	-
<b>Loss for the financial year</b>		(822)	(39)

There are no recognised gains or losses or movements in shareholders' funds other than the loss for the year.

The notes on pages 11 to 16 form part of these financial statements.

**EXEL (AFRICA) LIMITED****Balance Sheet****At 31 December 2002**

	Note	2002 £000	2001 £000
<b>Fixed assets</b>			
Tangible Assets	6	522	153
<b>Current assets</b>			
Debtors	7	3 976	2 315
Cash at bank and in hand		-	-
		3 976	2 315
Creditors: amounts falling due within one year	8	(5 749)	(2 897)
<b>Net current liabilities</b>		(1 773)	(582)
<b>Total assets less current liabilities</b>		(1 251)	(429)
<b>Capital and reserves</b>			
Called up share capital	10	-	-
Profit and loss account		(1 251)	(429)
<b>Shareholders' deficit</b>		(1 251)	(429)

Approved by the Board on  
behalf

2003 and signed on its

Director



The notes on pages 11 to 16 form part of these financial statements.

## EXEL (AFRICA) LIMITED

### Notes to the Financial Statements

#### For the year ended 31 December 2002

##### 1 Turnover and operating profit

Turnover relates to the Company's principal activity, which the Directors consider constitutes a single class of business. The geographical origin of turnover was the United Kingdom. All turnover arises from continuing operations.

The following amounts have been charged (credited) in arriving at the operating loss:

	2002	2001
	£000	£000
<b>Staff Costs</b>		
Wages and salaries	600	376
Social security costs	-	-
Other pension costs	93	7
<b>Depreciation</b>		
Owned assets	5	-
<b>Operating lease rentals</b>		
land and buildings	-	-
vehicles, plant and equipment	13	16
short term rentals of vehicles, plant and equipment	-	-
Auditors' remuneration	2	4
Exchange losses / (gains)	28	(1)
Other operating charges	2 471	1 814
	<u>3 212</u>	<u>2 216</u>

##### 2 Directors' emoluments

None of the Directors have emoluments relating to services rendered for Exel (Africa) Limited.

##### 3 Employees

The average number of persons employed during the year was as follows:-

	2002	2001
	Number	Number
Administrative	<u>17</u>	<u>13</u>

# EXEL (AFRICA) LIMITED

## Notes to the Financial Statements

For the year ended 31 December 2002

### 4 Net Interest

	2002 £000	2001 £000
Interest payable to group undertakings	14	-
Interest on bank loans and overdraft	9	-
Interest payable and similar charges	<u>23</u>	<u>-</u>

### 5 Tax on profit on ordinary activities

The ultimate parent undertaking 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.

	2002 £000	2001 £000
Foreign tax	-	-
Current tax	-	-
Deferred tax	-	-
Adjustment in respect of prior years	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

### Factors affecting tax charge for the period

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

	2002 £000	2001 £000
Loss on ordinary activities before taxation	<u>(822)</u>	<u>(39)</u>
Loss on ordinary activities multiplied by standard rate of corporation		
Tax in the UK of 30% (2001: 30%)	(247)	(12)
Effects of:		
Expenses not deductible for tax purposes	2	-
Group relief surrendered	245	12
Current tax charge	<u>-</u>	<u>-</u>

**EXEL (AFRICA) LIMITED****Notes to the Financial Statements****For the year ended 31 December 2002****6. Fixed Assets**

	Land & Building Long Leasehold £000s
<b>Cost</b>	
At 1 <sup>st</sup> January 2002	153
Additions	374
At 31 <sup>st</sup> December 2002	<u>527</u>
<b>Depreciation</b>	
At 1 <sup>st</sup> January 2002	-
Charge for the year	5
At 31 <sup>st</sup> December 2002	<u>5</u>
<b>Net Book Value</b>	
At 31 <sup>st</sup> December 2002	<u>522</u>
At 1 <sup>st</sup> December 2002	<u>153</u>

**7. Debtors**

	2002 £000	2001 £000
Amounts falling due within one year		
Amounts owed by group undertakings	2 849	1 098
Trade debtors	588	910
Taxation recoverable	2	-
Other debtors	533	307
Prepayments and accrued income	4	-
	<u>3 976</u>	<u>2 315</u>

**8. Creditors: amounts falling due within one year**

	2002 £000	2001 £000
Bank overdraft	274	225
Amounts owed to group undertakings	4 662	2 109
Other creditors	813	563
	<u>5 749</u>	<u>2897</u>

## EXEL (AFRICA) LIMITED

### Notes to the Financial Statements

#### For the year ended 31 December 2002

#### 9 Pensions

The Company participates in the contributory funded pension schemes operated by the Group.

The major UK schemes are of the defined benefit type (except for the part of the Exel Retirement Plan for members under the age of 40 which is of the defined contribution type) and are administered by external trustees independently of the Group's finances. Details of the schemes are disclosed in the financial statements of Exel plc (note 20).

Employer and employee contributions to the schemes are determined across participating companies in the Exel Group in consultation with external professional actuaries whose latest valuation was made as at 31 March 2000. The charge in respect of the schemes is the regular cost of benefits accruing during the year.

For FRS 17 disclosure purposes, the latest actuarial valuation of the schemes were updated by Watson Wyatt Limited to assess the liabilities of the schemes at 31 December 2002 and the schemes assets were stated at their market value at 31 December 2002. On this basis, the aggregate surplus in the schemes was £74m. It is not possible to identify the Company's share of the underlying assets and liabilities of the group schemes.

#### 10. Movement in shareholders funds

	2001 Share Capital £000	2001 Profit And Loss Account £000	2001 Total £000	2000 Total £000
Loss for the financial year	-	(822)	(822)	(39)
Dividends	-	-	-	-
Movement in the year	-	(822)	(822)	(39)
At 1 January	-	(429)	(429)	(390)
<b>At 31 December</b>	-	<b>(1 251)</b>	<b>(1 251)</b>	<b>(429)</b>

The authorised share capital was 100 shares of £ 1 each at 31 December 2002 and 31 December 2001, of which 2 were allotted, called up and fully paid at par at 31 December 2002 and 31 December 2002.

## EXEL (AFRICA) LIMITED

### Notes to the Financial Statements

For the year ended 31 December 2002

#### 9 Operating leases

The Company had commitments during the next financial year in respect of non-cancellable operating leases expiring as follows:

	2002 Vehicles, plant and equipment £000	2001 Vehicles, plant and equipment £000
Operating leases which expire		
within one year	13	-
between one and five years	-	16
after five years	-	-
	<u>13</u>	<u>16</u>

#### 10 Contingent liabilities

- a) The nature of the Company's business and the extent of its operations are such that it is from time to time involved in legal proceedings, as plaintiff or defendant. No such current proceedings are expected to have a material effect on the Company.
- b) For VAT purposes the Company is grouped with other undertakings in the Exel VAT Group; under these arrangements the Company has a joint and several liability for amounts owed by those undertakings to H.M. Customs and Excise.

#### 11 Ultimate parent company

The Company's immediate parent undertaking is MSAS Global Logistics Limited. The Company's ultimate parent undertaking is Exel plc which is registered in England. 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 Exel plc can be obtained from Ocean House, The Ring, Bracknell, Berkshire, RG12 1 AN.