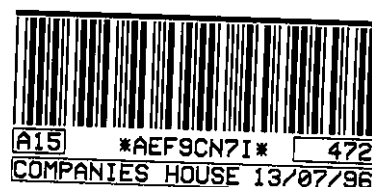


Bovis Limited

Directors' report and financial statements

31 December 1995

Registered number 231889



Bovis Limited

Directors' report and financial statements

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Bovis Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1995.

Principal activities

The company's principal activity continued to be that of a parent undertaking.

Business review

The results for the year are set out in the attached profit and loss account.

Proposed dividend

The directors do not recommend the payment of a final dividend (*1994: £nil*). Interim dividends of £4,975,000 (*1994: £4,326,000*) were paid during the year.

Changes in fixed assets

Changes in fixed assets are set out in notes 12 and 13 to the financial statements.

Bovis Limited

Directors' report

Directors and directors' interests

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

Sir Frank Lampl	(Chairman)
PL Warner	
BA Winham	
JN Sterling	
RCD Reames	
Dr PWG Morris	
MD Walker	(resigned 28 April 1995)
P Aluisi	(appointed 28 April 1995)

The interests in the stock of The Peninsular and Oriental Steam Navigation Company of Sir Frank Lampl and Mr PL Warner are shown in the financial statements of that company.

The beneficial interests of the other directors holding office at the end of the year in the stock of The Peninsular and Oriental Steam Navigation Company as at the beginning and end of the year and as recorded in the register of directors' share interests were as follows:

	Deferred stockholding at 31 December 1995	Deferred stockholding at 1 January 1995 (or date of appointment if later)	6.3% convertible loan stock at 31 December 1995	6.3% convertible loan stock at 1 January 1995 (or date of appointment if later)	Deferred stockholding under option at 31 December 1995	Deferred stockholding under option at 1 January 1995 (or date of appointment if later)
	No.	No.	No.	No.	No.	No.
BA Winham	88,049	88,049	21,611	21,611	-	-
JN Sterling	-	-	-	-	54,391	54,391
RCD Reames	-	-	-	-	54,907	54,907
Dr PWG Morris	-	-	-	-	18,159	22,030
MD Walker	-	-	-	-	-	6,729
P Aluisi	-	-	-	-	26,040	19,540

The movement in deferred stockholding under option arises from options granted/exercised during the year. None of the directors had any interest in the share capital of any other group undertaking.

Bovis Limited

Directors' report

Employees

Disabled persons

It is the company's policy to give full and fair consideration to applications for employment made by disabled persons having regard to their aptitudes and abilities. The company also uses its best endeavours to provide continuing employment for employees who are disabled whilst they are employed by the company and, where appropriate, provides facilities for training and retraining.

Political and charitable contributions

The company made no political contributions during the year (1994: *£nil*). Donations to UK charities amounted to £5,100 (1994: *£37,180*).

Liability insurance

During the year the company, through a Peninsular and Oriental Steam Navigation Group ("P&O Group") arrangement, maintained liability insurance for its officers.

By order of the board


RCD Reames

Liscartan House
127 Sloane Street
London SW1X 9BA

4 July 1996

Bovis Limited

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 maintaining 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Report of the auditors to the members of Bovis Limited

We have audited the financial statements on pages 6 to 21.

Respective responsibilities of directors and auditors

As described on page 4 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 December 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

4 July 1996

Bovis Limited

Profit and loss account

for the year ended 31 December 1995

	<i>Note</i>	1995 £000	1994 £000
Turnover	2	3,298	3,219
Cost of sales		(3,960)	(3,764)
Gross loss		(662)	(545)
Other operating income	7	-	5,795
Operating (loss)/profit		(662)	5,250
Income from shares in group undertakings	6	7,259	7,866
Other interest receivable and similar income	8	2,492	2,983
Amounts written off investments	13	(10,250)	(2,647)
Interest payable and similar charges	9	(94)	(1)
(Loss)/profit on ordinary activities before taxation	2-3	(1,255)	13,451
Tax on (loss)/profit on ordinary activities	10	(585)	(1,268)
(Loss)/profit on ordinary activities after taxation		(1,840)	12,183
Dividends paid on shares	11	(4,975)	(4,326)
Retained (loss)/profit for the financial year		(6,815)	7,857
Retained profit brought forward		41,548	33,691
Retained profit carried forward		34,733	41,548

There were no recognised gains or losses other than those shown above.

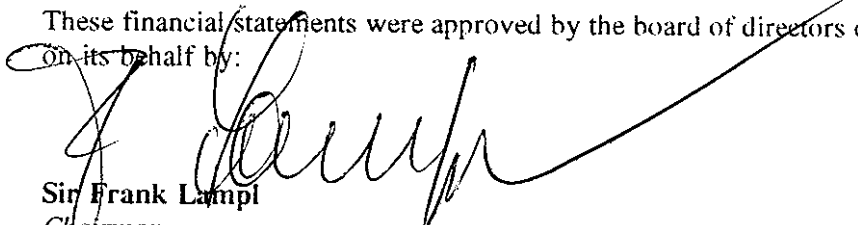
The notes on pages 8 to 21 form part of these financial statements.

Bovis Limited

Balance sheet at 31 December 1995

	Note	1995		1994	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	12		335		278
Investments	13		41,262		35,339
			<u>41,597</u>		<u>35,617</u>
Current assets					
Debtors	14	82,228		96,250	
Cash at bank and in hand		832		102	
		<u>83,060</u>		<u>96,352</u>	
Creditors: amounts falling due within one year	15	(52,688)		(52,809)	
Net current assets			<u>30,372</u>		<u>43,543</u>
Total assets less current liabilities			<u>71,969</u>		<u>79,160</u>
Provisions for liabilities and charges	16		-		(376)
Net assets			<u>71,969</u>		<u>78,784</u>
Capital and reserves					
Called up share capital	17		16,743		16,743
Share premium account	18		20,439		20,439
Revaluation reserve	18		54		54
Profit and loss account	18		34,733		41,548
Equity shareholders' funds	19		<u>71,969</u>		<u>78,784</u>

These financial statements were approved by the board of directors on 4th July 1996 and were signed on its behalf by:


Sir Frank Lampl
Chairman

The notes on pages 8 to 21 form part of these financial statements.

Bovis Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain fixed assets.

The company is a wholly owned subsidiary undertaking of another company incorporated in Great Britain and therefore consolidated financial statements have not been prepared as permitted by Section 228 of the Companies Act 1985.

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking and the ultimate parent undertaking, which is incorporated in Great Britain, prepares a consolidated cash flow statement.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Motor vehicles	-	33% on a reducing balance basis
Fixtures and fittings	-	between 10% and 25% on a straight line basis
Office machinery and equipment	-	between 20% and 25% on a straight line basis

Freehold properties are included in fixed assets at their latest valuations plus subsequent additions at cost, and surpluses and deficits on valuation are included in the revaluation reserve. Properties are valued triennially by the chief surveyor of The Peninsular and Oriental Steam Navigation Company. Profits and losses on sale of these properties are calculated by reference to their net carrying amount.

Depreciation or amortisation is not provided in respect of freehold properties. This treatment may be a departure from the Companies Act 1985 concerning the depreciation of fixed assets. However, such properties are not held for consumption but for investment and the directors consider systematic annual depreciation would be inappropriate and that this policy is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified. The book value of leasehold property with less than 21 years to the termination of the lease is written off over the remainder of the period on a straight line basis.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Bovis Limited

Notes *(continued)*

1 Accounting policies *(continued)*

Leased assets

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

Pension costs

The company operates a pension through a P&O Group scheme providing benefits based on final pensionable pay. Contributions to the scheme are charged to the profit and loss account on a systematic basis over the periods benefiting from the services of employees.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from sales to third parties and management charges receivable from subsidiary undertakings.

2 Segmental information

The company is a parent undertaking in the United Kingdom and accordingly all of its operations are in that one segment.

Bovis Limited

Notes (continued)

3 (Loss)/profit on ordinary activities before taxation

	1995 £000	1994 £000
<i>(Loss)/profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration and expenses for:		
Audit work	76	39
Non audit work	66	2
Depreciation of tangible fixed assets	84	67
Rentals payable under operating leases:		
Land and buildings	452	452
Management charge payable to ultimate parent undertaking in respect of the services of directors	294	408
	<hr/>	<hr/>

4 Remuneration of directors

	1995 £000	1994 £000
Directors' emoluments:		
As directors	413	278
	<hr/>	<hr/>

The emoluments, excluding pension contributions, of the chairman were £nil (1994: £nil) and those of the highest paid director were £125,185 (1994: £88,235).

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid director) were within the following ranges:

	Number of directors	
	1995	1994
£0 - £ 5,000	4	6
£85,001 - £90,000	2	3
£90,001 - £95,000	1	-
£125,001 - £130,000	1	-
	<hr/>	<hr/>

Bovis Limited

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1995	1994
Management	5	5
Operational	15	15
	<hr/>	<hr/>
	20	20
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	1995	1994
	£000	£000
Wages and salaries	690	583
Group profit share scheme	13	10
Social security costs	52	51
Other pension costs	48	31
	<hr/>	<hr/>
	803	675
	<hr/>	<hr/>

6 Income from shares in group undertakings

	1995	1994
	£000	£000
Dividends from subsidiary undertakings	7,259	7,866
	<hr/>	<hr/>

Bovis Limited

Notes (continued)

7 Other operating income

	1995 £000	1994 £000
Recovery of debtor previously provided against	-	5,790
Other income	-	5
	<u>-</u>	<u>5,795</u>

8 Other interest receivable and similar income

	1995 £000	1994 £000
Receivable from parent and fellow subsidiary undertakings	2,170	2,373
Receivable from associated undertaking	119	-
Receivable from subsidiary undertakings	16	111
Bank interest	187	343
Exchange gain	-	156
	<u>2,492</u>	<u>2,983</u>

9 Interest payable and similar charges

	1995 £000	1994 £000
Payable to related party	94	-
Payable on bank overdrafts wholly repayable within five years	-	1
	<u>94</u>	<u>1</u>

Bovis Limited

Notes *(continued)*

10 Taxation

	1995 £000	1994 £000
UK corporation tax at 33% (1994: 33%) on the profit/(loss) for the year on ordinary activities	973	1,564
Deferred taxation	(388)	(296)
	<u>585</u>	<u>1,268</u>

11 Dividends

	1995 £000	1994 £000
Dividends paid	<u>4,975</u>	<u>4,326</u>

Bovis Limited

Notes (continued)

12 Tangible fixed assets

	Land and buildings Freehold	Short leasehold	Motor vehicles	Fixtures fittings and equipment	Total
	£000	£000	£000	£000	£000
<i>Cost or valuation</i>					
At beginning of year	90	197	86	554	927
Additions	-	-	85	68	153
Disposals	-	-	(58)	-	(58)
At end of year	90	197	113	622	1,022
<i>Depreciation and diminution in value</i>					
At beginning of year	-	183	69	397	649
Charge for year	-	2	24	58	84
On disposals	-	-	(46)	-	(46)
At end of year	-	185	47	455	687
<i>Net book value</i>					
At 31 December 1995	90	12	66	167	335
At 31 December 1994	90	14	17	157	278

During the year ended 31 December 1993, the freehold property was revalued on an open market basis at £90,000. If the freehold property had not been revalued it would be included at cost of £36,000 (1994: £36,000).

The above valuation was carried out in accordance with the Statement of Asset Valuation Practice and Guidance Notes published by the Royal Institution of Chartered Surveyors.

Bovis Limited

Notes (continued)

13 Fixed asset investments										
<i>Shares</i>										
<i>Cost</i>										
At beginning of year										
Additions		48,594		1,814		63		-		53,971
Disposals		13,625		-		28		-		18,403
Transfers		(10)		-		(20)		-		(30)
		(406)		-		-		406		(2,500)
At end of year										
		61,803		1,814		71		406		69,844
<i>Provisions</i>										
At beginning of year										
Provided in the year		15,518		1,814		-		-		18,632
Disposals		8,250		-		-		-		10,250
Transfers		-		-		-		-		-
		-		-						(300)
At end of year										
		23,768		1,814		-		-		28,582
<i>Net book value</i>										
At 31 December 1995										
		38,035		-		71		406		41,262
At 31 December 1994										
		33,076		-		63		-		35,339

Bovis Limited

Notes (continued)

13 Fixed asset investments (continued)

The principal companies in which the company's interest is more than 10% are as follows:

	Country of registration or incorporation	Principal activity	Percentage of ordinary shares held
<i>Subsidiary and associated undertakings</i>			
Bovis Construction Limited	England and Wales	Building contractors	100%
Bovis International Limited	England and Wales	Overseas construction	100%
Yeomans and Partners Limited	England and Wales	Dormant	100%
Wyseplant Limited	England and Wales	Hire of plant	100%
Ashby and Horner London plc	England and Wales	Holding company	100%
Bovis Urban Renewal Limited	England and Wales	Urban redevelopment work	100%
Bovis Abroad Limited	England and Wales	Property development	100%
Tverskaya Investments Limited	England and Wales	Property development	100%
Technology Park Brno AS	Czech Republic	Property development	50%
Vector Investments Limited	England and Wales	Property development	50%

In the opinion of the directors the investments in and amounts due from the company's subsidiary and associated undertakings are worth at least the amounts at which they are stated in the balance sheet.

14 Debtors

	1995 £000	1994 £000
Trade debtors	794	118
Amounts owed by group undertakings:		
Subsidiary undertakings	20,924	16,719
Parent and fellow subsidiary undertakings	58,423	79,063
Amounts owed by associated undertakings	1,738	-
Other debtors	122	135
Prepayments and accrued income	215	215
Deferred tax asset (note 16)	12	-
	<hr/> 82,228	<hr/> 96,250

Bovis Limited

Notes (continued)

14 Debtors (continued)

Amounts owed by group undertakings are stated net of provisions as follows:

	Parent and fellow subsidiary undertakings £000
Provisions at 1 January 1995	513
Exchange adjustments	12
Released to the profit and loss account	(396)
Provided in year	300
	<hr/>
Provisions at 31 December 1995	429
	<hr/>

15 Creditors: amounts falling due within one year

	1995 £000	1995 £000	1994 £000	1994 £000
Amounts owed to group undertakings:				
Subsidiary undertakings		380		668
Parent and fellow subsidiary undertakings		50,586		50,685
Other creditors including taxation and social security:				
Corporation tax	846		1,357	
Other creditors	341		27	
	<hr/>		<hr/>	
		1,187		1,384
		535		72
Accruals and deferred income		<hr/>		<hr/>
		52,688		52,809
		<hr/>		<hr/>

Bovis Limited

Notes (continued)

16 Provisions for liabilities and charges

Taxation including deferred taxation

£000

At beginning of year

376

Credit for the year in the profit and loss account

(388)

At end of year

(12)

The deferred tax asset is included in debtors, see note 14.

Analysis of deferred taxation

	Potential liability		Amount provided	
	1995	1994	1995	1994
	£000	£000	£000	£000
Accelerated capital allowance	(11)	(18)	(11)	(18)
Short term timing differences	(1)	394	(1)	394
	<u>(12)</u>	<u>376</u>	<u>(12)</u>	<u>376</u>

17 Called up share capital

	1995		1994	
	£000	Number '000	£000	Number '000
<i>Authorised</i>				
Ordinary shares of 25p each	17,092	68,368	17,092	68,368
Unclassified shares of 25p each	283	1,132	283	1,132
	<u>17,375</u>	<u>69,500</u>	<u>17,375</u>	<u>69,500</u>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of 25p each	<u>16,743</u>	<u>66,972</u>	<u>16,743</u>	<u>66,972</u>

Bovis Limited

Notes (continued)

18 Reserves

	Share premium account £000	Revaluation reserve £000	Profit and loss account £000	Total £000
At 1 January 1995	20,439	54	41,548	62,041
Loss for the year	-	-	(6,815)	(6,815)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1995	20,439	54	34,733	55,226
	<hr/>	<hr/>	<hr/>	<hr/>

Nominal share capital at end of year £16,743,000 (1994: £16,743,000).

19 Reconciliation of movements in shareholders' funds

	1995 £000	1994 £000
(Loss)/profit for the financial year	(1,840)	12,183
Dividends paid	(4,975)	(4,326)
	<hr/>	<hr/>
Net movement in shareholders' funds	(6,815)	7,857
Opening shareholders' funds	78,784	70,927
	<hr/>	<hr/>
Closing shareholders' funds	71,969	78,784
	<hr/>	<hr/>

Bovis Limited

Notes (continued)

20 Contingent liabilities

The company had contingent liabilities in respect of guarantees granted in respect of the following:

	1995 £000	1994 £000
Bonds of subsidiary undertakings	1,739	2,139
Bonds of associated and fellow subsidiary undertakings	383	614
Other borrowings and facilities of subsidiary undertakings	2,610	2,799
Borrowings and facilities of associated undertakings	25,307	-
Borrowings and facilities of third parties	150	150
Purchase commitment of former partly owned subsidiary undertaking	1,900	1,900
	<u>32,089</u>	<u>7,602</u>

There are also contingent liabilities in respect of performance bonds and other undertakings entered into in the ordinary course of business. The company participated in a cross-guarantee arrangement with its principal bank in respect of the accounts of fellow group undertakings.

21 Commitments

Annual commitments under operating leases are as follows:

	1995 £000	1994 £000
Land and buildings		
Operating leases which expire:		
Over five years	<u>454</u>	<u>454</u>

Bovis Limited

Notes *(continued)*

22 Pension scheme

The company is a member of the main scheme ('the scheme') operated by The Peninsular and Oriental Steam Navigation Group ('the P&O Group') which is a defined benefit scheme. The total cost to the company during the year, all of which was charged to the profit and loss account, was £47,693 (1994: £30,910) representing the appropriate proportion of the costs of the scheme incurred across the P&O Group as a whole. Further details of main scheme including the basis on which actuarial valuations have been carried out and the level of funding are set out in the accounts of the ultimate parent undertaking.

23 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company's immediate and ultimate parent undertaking is The Peninsular and Oriental Steam Navigation Company which is incorporated in Great Britain and registered in England and Wales. The accounts of the parent undertaking consolidate the results of the company. Copies of the accounts of the parent undertaking may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff CF4 3HZ.