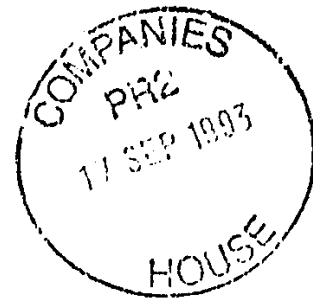


Bovis Limited

Directors' report and financial statements

31 December 1992

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 1992.

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. Interim dividends of £50,754,000 were paid during the year.

Changes in fixed assets

Changes in fixed assets are set out in note 12 to the accounts.

Directors and directors' interests

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

Lord Joseph
Sir Frank Lampl
PL Warner
BA Winham
RG Jennings
J Sterling (appointed 1 September 1992)

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 accounts of that company.

Mr RCD Reames and Dr PWG Morris were appointed as directors of the company on 15 February 1993.

Bovis Limited

Directors' report

Directors and directors' interests - (continued)

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

	Deferred stockholding at 31 December 1992	Deferred stockholding at 1 January 1992 (or date of appointment if later)	6.3% convertible stockholding at 31 December 1992	6.3% convertible stockholding at 1 January 1992 (or date of appointment if later)	Deferred stockholding under option at 31 December 1992	Deferred stockholding under option at 1 January 1992 (or date of appointment if later)
	No.	No.	No.	No.	No.	No.
Lord Joseph	14,999	14,999	-	-	999	999
BA Winham	88,049	88,049	21,611	21,611	79	79
RG Jennings	88,055	79,548	-	-	-	35
J Sterling	25,000	-	-	-	-	-

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. Donations to UK charities amounted to £16,043 (1991:£26,691).

Bovis Limited

Directors' report

Liability insurance

During the year the company maintained liability insurance for its officers.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick as auditors of the company, is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Secretary

Liscartan House
127 Sloane Street
London SW1X 9BA

22 March 1993

PO Box 486
1 Puddle Dock
Blackfriars
London EC4V 3PD

Report of the auditors to the members of Bovis Limited

We have audited the financial statements on pages 5 to 20 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1992 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick

Chartered Accountants
Registered Auditors

22 March 1993

Bovis Limited

Profit and loss account for the year ended 31 December 1992

	Note	1992 £000	1991 £000
Turnover	2	5,165	3,728
Cost of sales		(1,668)	(1,378)
Gross profit		3,497	2,350
Administrative expenses		(2,855)	(2,062)
Trading profit		642	288
Other operating income	7	127	830
(Loss)/profit on disposal of fixed asset undertakings		(2,250)	33,298
Income from shares in group undertakings	6	57,301	11,633
Other interest receivable and similar income	8	1,924	2,494
Amounts written off investments		(7,934)	-
Interest payable and similar charges	9	(833)	(645)
Profit on ordinary activities before taxation	2-3	48,977	47,898
Tax on profit on ordinary activities	10	(3,204)	(776)
Profit on ordinary activities after taxation		45,773	47,122
Dividends paid and proposed		(50,754)	(11,999)
Retained (loss)/profit for the financial year		(4,981)	35,123
Retained profit brought forward		36,359	1,236
Retained profit carried forward		31,378	36,359

There were no other gains or losses recognised in the year (1991: £nil) other than those reported in the profit and loss account set out above.

No operations were acquired or discontinued during the year.

The attached notes form part of these accounts.

Bovis Limited

Balance sheet at 31 December 1992

	Note	1992 £000	1991 £000
Fixed assets			
Tangible assets	12	394	441
Investments	13	15,664	26,775
		<u>16,058</u>	<u>27,216</u>
Current assets			
Debtors	14	97,747	46,338
Cash at bank and in hand		1,580	2,690
		<u>99,327</u>	<u>49,028</u>
Creditors: amounts falling due within one year	15	(56,079)	(11,928)
Net current assets		<u>43,248</u>	<u>57,100</u>
Total assets less current liabilities		<u>59,306</u>	<u>64,316</u>
Provisions for liabilities and charges	16	(682)	(711)
Net assets		<u>58,624</u>	<u>63,605</u>
Capital and reserves			
Called up share capital	17	6,743	6,743
Share premium account		20,439	20,439
Revaluation reserve		64	64
Profit and loss account		31,378	36,359
	22	<u>58,624</u>	<u>63,605</u>

These financial statements were approved by the board of directors on 22 March 1993 and were signed on its behalf by:

Director

The attached notes form part of these accounts.

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.

The company is a wholly owned subsidiary undertaking of another company incorporated in Great Britain and therefore group accounts 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 flows statement on the grounds that it is a wholly-owned subsidiary undertaking.

Adoption of Financial Reporting Standard 3 has led to changes in the presentation of the financial statements this year. Comparative figures have been reclassified accordingly.

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	-	20% on a straight line basis

No charge for amortisation is made in respect of freehold property. This policy has been adopted in order to give a true and fair view. 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.

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.

Bovis Limited

Notes (continued)

1 Accounting policies (continued)

Pension costs

The company operates a pension scheme providing benefits based on final pensionable pay. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

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 Profit on ordinary activities before taxation

	1992 £000	1991 £000
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration and expenses for audit work	19	20
Depreciation of tangible fixed assets	76	85
Rentals payable under operating leases:		
Land and buildings	437	430
Provisions against investments in subsidiary undertakings	7,934	-
Management charge payable to ultimate parent undertaking in respect of the services of Directors	234	171
Call on guarantee extended to a third party	-	1,298
	<hr/>	<hr/>
<i>after crediting</i>		
Profit on sale of investment	-	34,596
	<hr/>	<hr/>

The profit on sale of investment and the call on guarantee extended to a third party were classified as extraordinary items in the financial statements for the year ended 31 December 1991. The items have been reclassified as ordinary items under the provisions of Financial Reporting Standard 3: Reporting Financial Performance.

Bovis Limited

Notes (continued)

4 Remuneration of directors

	1992 £000	1991 £000
Directors' emoluments:		
As directors	<u>54</u>	<u>27</u>

The emoluments, excluding pension contributions, of the chairman were £nil (1991:£nil) and those of the highest paid director were £30,360 (1991:£26,687).

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

	Number of directors	
	1992	1991
£0 - £ 5,000	4	4
£20,001 - £25,000	1	-
£25,001 - £30,000	<u>1</u>	<u>1</u>

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	
	1992	1991
Management	4	5
Operational	17	18
	<u>21</u>	<u>23</u>

The aggregate payroll costs of these persons were as follows:

	1992	1991
	£000	£000
Wages and salaries	479	536
Group profit share scheme	3	2
Social security costs	41	35
Other pension costs	15	9
	<u>538</u>	<u>582</u>

6 Income from shares in group undertakings

	1992	1991
	£000	£000
Dividends from subsidiary undertakings	<u>57,301</u>	<u>11,633</u>

Bovis Limited

Notes (continued)

7 Other operating income

	1992 £000	1991 £000
Surplus arising on disposal of investment	-	750
Other income	127	80
	<u>127</u>	<u>830</u>

8 Other interest receivable and similar income

	1992 £000	1991 £000
Receivable from parent and fellow subsidiary undertakings	158	229
Receivable from subsidiary undertakings	745	2,097
Bank interest	393	168
Exchange gain	628	-
	<u>1,924</u>	<u>2,494</u>

9 Interest payable and similar charges

	1992 £000	1991 £000
Payable to parent undertaking	681	237
On bank overdrafts wholly repayable within five years	152	293
Payable to subsidiary undertakings	-	106
Exchange losses	-	9
	<u>833</u>	<u>645</u>

Bovis Limited

Notes (continued)

10 Taxation

	1992 £000	1991 £000
UK corporation tax at 33% (1991: 33.25%) on the profit for the year on ordinary activities	556	215
Deferred taxation	(29)	570
Overprovision in prior years	-	(9)
Tax credit on franked investment income	2,677	-
	<u>3,204</u>	<u>776</u>

The taxation charge for the year has been reduced in respect of dividend income from group undertakings which is not taxable. Franked investment income arises on a dividend from a subsidiary paid outside the group income election.

11 Dividends

	1992 £000	1991 £000
Dividends paid	<u>50,754</u>	<u>11,999</u>

Bovis Limited

Notes (continued)

12 Tangible fixed assets

	Land and buildings		Motor	Fixtures	Total
	Freehold	Short leasehold	vehicles	fittings and equipment	
	£000	£000	£000	£000	£000
<i>Cost</i>					
At beginning of year	100	197	132	493	922
Additions	-	-	-	61	61
Disposals	-	-	(58)	(11)	(69)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	100	197	74	543	914
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation and diminution in value</i>					
At beginning of year	-	176	64	241	481
Charge for year	-	2	18	56	76
On disposals	-	-	(35)	(2)	(37)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	178	47	295	520
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 December 1992	100	19	27	248	394
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1991	100	21	68	252	441
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Bovis Limited

Notes (continued)

13 Fixed asset investments

	Shares in subsidiary undertakings £000	Loan stock in subsidiary undertakings £000	Loan stock in fellow subsidiary undertakings £000	Other investments £000	Total £000
<i>Shares</i>					
<i>Cost</i>					
At beginning of year	25,198	2,815	2,500	4,314	34,827
Additions	-	-	-	1,093	1,093
Disposals	-	-	-	(4,259)	(4,259)
Written off	-	-	-	(11)	(11)
At end of year	25,198	2,815	2,500	1,137	31,650
<i>Provisions</i>					
At beginning of year	4,937	2,815	300	-	8,052
Provided in year	7,934	-	-	-	7,934
At end of year	12,871	2,815	300	-	15,986
<i>Net book value</i>					
At 31 December 1992	12,327	-	2,200	1,137	15,664
At 31 December 1991	20,261	-	2,200	4,314	26,775

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	Class and percentage of shares held
<i>Subsidiary 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	Building and joinery	100%
Wyseplant Limited	England and Wales	Hire of plant	100%
Ashby and Horner London Plc	England and Wales	Refurbishment and decoration	100%
Bovis Urban Renewal Limited	England and Wales	Urban redevelopment work	100%
Bovis Abroad Limited	England and Wales	Property development	100%
<i>Associated undertaking</i>			
Brno Technology Park AS	Czech Republic	Property development	50%

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

14 Debtors

	1992 £000	1991 £000
Trade debtors	32	-
Amounts owed by group undertakings		
Subsidiary undertakings	60,411	28,570
Parent and fellow subsidiary undertakings	36,943	17,098
Other debtors	141	73
Prepayments and accrued income	220	597
	<hr/>	<hr/>
	97,747	46,338

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 1992	5,118
Exchange adjustments	844
	<hr/>
Provisions at 31 December 1992	5,962
	<hr/>

15 Creditors: amounts falling due within one year

	1992 £000	1992 £000	1991 £000	1991 £000
Amounts owed to group undertakings:				
Subsidiary undertakings		1,782		1,321
Holding and fellow subsidiary undertakings		51,891		8,702
Other creditors including taxation and social security:				
Corporation tax	556		180	
Other creditors	34		19	
	<hr/>		<hr/>	
		590		199
Accruals and deferred income		1,816		1,706
		<hr/>		<hr/>
		56,079		11,928
		<hr/>		<hr/>

Bovis Limited

Notes (continued)

16 Provisions for liabilities and charges

	Taxation including deferred taxation £000
At beginning of year	711
Credit for the year in the profit and loss account	(29)
At end of year	682

	Potential liability		Amount provided	
	1992	1991	1992	1991
	£000	£000	£000	£000
Accelerated capital allowance	12	22	12	22
Short term timing differences	670	689	670	689
	682	711	682	711

17 Called up share capital

	1992	1991
	£000	£000
<i>Authorised</i>		
Ordinary shares of 25p each	7,092	7,092
Unclassified shares of 25p each	283	283
	7,375	7,375
<i>Allotted, called up and fully paid</i>		
Ordinary shares of 25p each	6,743	6,743

Bovis Limited

Notes (continued)

18 Contingent liabilities

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

	1992 £000	1991 £000
Bonds of subsidiary undertakings	1,793	696
Bonds of associated and fellow subsidiary undertakings	1,892	2,585
Other borrowings and facilities of subsidiary undertakings	5,312	2,939
Borrowings and facilities of third parties	150	552
Borrowings and facilities of associated undertakings	-	2,500
Purchase commitment of former partly owned subsidiary undertaking	1,900	1,900
	<u>11,047</u>	<u>11,172</u>

There are also contingent liabilities in respect of performance bonds and other undertakings entered into in the ordinary course of business.

19 Commitments

Annual contingent under operating leases are as follows:

Land and buildings	1992 £000	1991 £000
Operating leases which expire:		
In the first to fifth years inclusive	-	22
Over five years	437	573
	<u>437</u>	<u>595</u>

Bovis Limited

Notes (continued)

20 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 £14,464 (1991: £9,186) 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.

21 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.

22 Reconciliation of movement in shareholders' funds

	1992 £000	1991 £000
Shareholders funds at 1 January	63,605	28,482
Retained (loss)/profit for the financial year	(4,981)	35,123
Shareholders funds at 31 December	<u>58,624</u>	<u>63,605</u>