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P&O PENSION FUNDS INVESTMENTS LIMITED

DIRECTORS' REPORT

AND

BALANCE SHEET

31 DECEMBER 1994



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26-4-95

REPORT OF THE DIRECTORS TO THE MEMBERS OF

P&O PENSION FUNDS INVESTMENTS LIMITED

The directors have pleasure in submitting their report and accounts for the year ended 31 December 1994.

The Company acts as a nominee company and there have been no transactions in the year. No change in the Company's activities is intended in the foreseeable future.

The following directors served throughout the year ended 31 December 1994:

I G H Barnett	R L Martin
Sir Peter Cazalet	K W Moore
J M Clay	J T Newton
J M Crossman	J D Stirling Gallacher
M D Denchfield	R N Walford
Miss J A Fraser	G B Whitehead
D P Harrison	
Sir Bruce MacPhail	

The changes in directors during 1994 were:

W F Hunt	resigned	5 April 1994
J M M Kane	appointed	6 July 1994
J T Newton	resigned	31 December 1994

The directors who are not also directors of the holding company had interest in the deferred stock of The Peninsular and Oriental Steam Navigation Company as shown overleaf.

	Deferred Stock		Deferred Stock Under Option
	<u>31.12.93*</u>	<u>31.12.94</u>	<u>Granted During The Year</u>
I G H Barnett	3,243	3,778	10,800
J M Clay	961	961	Nil
M D Denchfield	2,763	3,110	Nil
Miss J A Fraser	572	644	Nil
D P Harrison	10,528	25,252	Nil
J M M Kane	2,781	2,781	10,100
R L Martin	1,165	1,376	18,300
J D Stirling Gallacher	21,033	24,260	Nil
R N Walford	3,286	3,541	14,300
G B Whitehead	2,042	7,952	Nil

*Or later date of appointment.

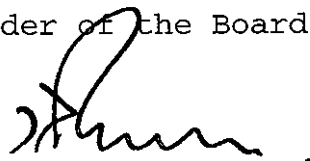
All the above interests are beneficial.

No other director held a beneficial interest in the shares of the Company or any subsidiary of the holding company during the year.

The interest of those directors who are also directors of the holding company are detailed in the P&O Report and Accounts for the year ended 31 December 1994.

In accordance with Section 252 of the Companies Act 1985, a resolution was passed on 30 September 1986 that, as the company is dormant, auditors shall not be appointed.

By order of the Board




J E T Morris
Secretary

London Television Centre
58-72 Upper Ground
London
SE1 9PA

BALANCE SHEET AT 31 DECEMBER 1994

	<u>Note</u>	<u>1994</u>	<u>1993</u>
CURRENT ASSETS			
Debtors - Amount owed by ultimate holding company	2	£100	£100
CAPITAL AND RESERVE			
Called-up Share Capital Authorised, allotted called-up and fully paid 100 Ordinary shares of £1 each		£100	£100

3. 17. 1994


) Directors

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1994

1. Accounting Policy

The accounts have been prepared on the historical cost basis of accounting.

2. Ultimate Holding Company

The ultimate holding company is The Peninsular and Oriental Steam Navigation Company, a company incorporated in Great Britain.

3. Activities and Profit and Loss Account

The Company has not traded during either the current or previous year. Accordingly, no profit and loss account has been prepared. No directors remuneration is payable.

Certain securities are registered in the name of the Company on behalf of the P&O Pension Scheme. These have not been included in the balance sheet.