

**Pandoro Limited**

**Directors' report and financial statements**

**31 December 1991**

**Registered number 444786 (England)**



# Pandoro Limited

## Directors' report and financial statements

### *Contents*

Directors' report

Auditors' report

Profit and loss account

Balance sheet

Notes

*Page*

1

5

6

7

8

# Pandoro Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1991.

### Principal activities

The principal activity of the company is the operation of a roll-on, roll-off shipping service between Great Britain and Ireland and related transport.

### Business review

The Company continued to make progress in a competitive market place from the base of measures taken in earlier years. Continued customer support for the overall spread of Company services enabled increased volumes and improved results.

Additional competitive services were introduced on the Irish Sea in 1991 and the increase in shipping capacity was particularly significant as a result of the new services started in the last quarter of the year on the Northern Ireland routes.

The results of the last half of the year were reduced by measures taken by Pandoro in an attempt to combat the increased level of competition.

# Pandoro Limited

## Directors' report

### Proposed dividend

The directors do not propose to recommend the payment of a dividend.

### Proposed transfer to reserves

	1991 £000	1990 £000
Turnover	<u>61,680</u>	<u>58,405</u>
Profit on ordinary activities before taxation	4,234	697
Taxation	<u>(1,152)</u>	<u>(5,125)</u>
Profit/(loss) on ordinary activities after taxation	3,082	(4,428)
Retained loss brought forward	(4,685)	(388)
Movement on reserves	<u>1,538</u>	<u>131</u>
<i>Retained (loss) carried forward</i>	<u>(65)</u>	<u>(4,685)</u>

### Significant changes in fixed assets

The movement in tangible fixed assets is set out in note 8 to the accounts.

# Pandoro Limited

## Directors' report

### Directors and directors' interests

The directors of the company who served during the year and their interests (all of which are beneficial) in the share capital of the company's ultimate parent company are set out below. None of the directors had any interests in the share capital of the company.

#### The Peninsular and Oriental Steam Navigation Company

	Deferred Ordinary Shares of £1 each		Subscription Warrants	
	1991	1990	1991	1990
J H Paton (Chairman)	10,980	8,248	216	234
A J B Crean (Managing Director)	9,908	8,825	367	377
J H Kearsley	3,692	2,773	25	1
M N Taylor	1,983	1,826	20	
P Donnelly	1,060	865	17	1
M P Forrest	875	752	-	
M Charles	8,600	9,441	359	359
A D Barrett	4,544	4,324	224	224

### Employees

Contacts are maintained with Disablement Resettlement Officers with a view to ensuring full and fair consideration for any disabled applicant for employment. The company endeavours to retain any existing employee who may become disabled, providing specialised training where appropriate. If modified or additional facilities are needed for a disabled employee, all reasonable steps are taken to provide them.

The company recognises the need to keep employees informed and encourage identification with their employer. The company publishes a newsletter to maintain regular contact with employees at all locations. Induction training courses allow new employees to become familiar with the structure of the company and its procedures very shortly after taking up employment. Regular meetings are held with employees or their representatives and appropriate information on company targets and performance is made available.

Teach-ins with display material covering company history and performance are held annually.

# Pandoro Limited

## Directors' report

### Political and charitable contributions

The company made no political contributions during the year. Donations to UK charities amounted to £2,553.

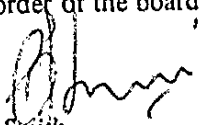
### Liability insurance

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

  
CG Smith  
Secretary

Station House  
Altrincham  
Cheshire  
WA14 1ER

23 March 1992

Edward VII Quay  
Navigation Way  
Ashton-on-Ribble  
PRESTON  
PR2 2YF

Report of the auditors to the members of Pandoro Limited

We have audited the financial statements on pages 6 to 21 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 1991 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Peat Marwick.*

23 March ,1992

*Chartered Accountants  
Registered Auditor*

# Pandoro Limited

Profit and loss account  
for the year ended 31 December 1991

	Note	1991 £000	1990 £000
Turnover	2	61,680	58,405
Cost of sales		(49,671)	(49,178)
Gross profit		12,009	9,227
Administrative expenses		(6,979)	(6,400)
Trading profit		5,030	2,827
Interest payable and similar charges	6	(796)	(2,130)
Profit on ordinary activities before taxation		4,234	697
Tax on profit on ordinary activities	7	(1,152)	(5,125)
Profit/(loss) on ordinary activities after taxation		3,082	(4,428)
Retained loss brought forward		(4,685)	(388)
Transfer from revaluation reserve		1,538	131
Retained loss carried forward		(65)	(4,685)

A statement of movements on reserves is given in note 16



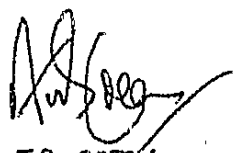
# Pandoro Limited

Balance sheet  
at 31 December 1991

	Note	1991 £000	1990 £000
Fixed assets			
Tangible assets	8	23,181	25,326
Investments	9	87	87
		<u>23,268</u>	<u>25,473</u>
Current assets			
Stocks	10	1,261	1,201
Debtors	11	12,411	12,511
Cash at bank and in hand		1,083	270
		<u>14,755</u>	<u>13,982</u>
Creditors: amounts falling due within one year	12	(12,674)	(12,875)
Net current assets		<u>2,081</u>	<u>1,107</u>
Total assets less current liabilities		<u>25,349</u>	<u>26,580</u>
Creditors: amounts falling due after more than one year	13	(7,044)	(10,350)
Provisions for liabilities and charges	14	(5,310)	(6,317)
Net assets		<u>12,995</u>	<u>9,913</u>
Capital and reserves			
Called up share capital	15	-	-
Revaluation reserve	16	13,060	14,598
Profit and loss account		(65)	(4,685)
		<u>12,995</u>	<u>9,913</u>

These financial statements were approved by the board of directors on 23 March, 1992 and were signed on its behalf by:

Director



A. J. B. GREEN

KPMG Peat Marwick

# Pandoro 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 land and buildings.

#### *Exemption from preparation of group accounts*

The company is exempt under section 228 of the Companies Act 1985 from the obligation to prepare group accounts and deliver them to the Registrar of Companies.

#### *Fixed assets and depreciation*

Depreciation is provided by the company to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives up to 20 years, of each asset concerned.

No depreciation is provided on freehold property, or on leasehold property with an unexpired lease of greater than 21 years. 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*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. 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.

#### *Leases*

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

# Pandoro Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### *Pension costs*

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. 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.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value.

#### *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.

#### *Cash flow statement*

In accordance with Financial Reporting Standard No 1 a cash flow statement for the company has not been prepared since Pandoro Limited is a wholly owned subsidiary undertaking of the Peninsular and Oriental Steam Navigation Company, a company incorporated in England and Wales. Consolidated financial statements, including a consolidated cash flow statement, are prepared by the Peninsular and Oriental Steam Navigation Company, and include the results of Pandoro Limited.

#### *Turnover*

Turnover represents the amounts (excluding value added tax) derived from the provision of services to customers during the year.

# Pandoro Limited

## Notes (continued)

### 2 Analysis of turnover on ordinary activities before taxation

	1991 £000	1990 £000
<i>By destination</i>		
Turnover to third parties:		
United Kingdom	41,739	40,200
Continental Europe	17,338	17,164
	<hr/>	<hr/>
	59,077	57,364
Inter-segmental turnover	2,603	1,041
	<hr/>	<hr/>
	61,680	58,405
	<hr/>	<hr/>

### 3 Profit on ordinary activities before taxation

	1991 £000	1990 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration and expenses	16	14
Depreciation and other amounts written off tangible fixed assets:		
Owned	3,430	1,855
Leased	299	500
Hire of plant and machinery - rentals payable under operating leases	-	639
	<hr/>	<hr/>

The total amount charged to revenue for the hire of plant and machinery amounted to £111,000 (1990: £117,000). This comprises rentals payable under operating leases as well as depreciation on plant and machinery held under finance leases together with the related finance charges.

# Pandoro Limited

Notes (Continued)

## 4 Remuneration of directors

	1991 £000	1990 £000
Directors' emoluments:		
As directors	184	196

The emoluments, excluding pension contributions, of the chairman were £Nil (1990: £Nil) and those of the highest paid director were £53,084 (1990: £58,047).

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

		Number of directors	
		1991	1990
£0	- £ 5,000	4	5
£35,001	- £40,000	2	-
£40,001	- £45,000	-	2
£45,001	- £50,000	1	-
£50,001	- £55,000	1	1
£55,001	- £60,000	-	1

# Pandoro 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	
	1991	1990
Administrative	297	285
Other	483	336
	<hr/> 780	<hr/> 621

The aggregate payroll costs of these persons were as follows:

	1991	1990
	£000	£000
Wages and salaries	13,828	9,626
Social security costs	1,073	740
Other pension costs (see note 19)	416	158
	<hr/> 15,317	<hr/> 10,524

## 6 Interest payable and similar charges

	1991	1990
	£000	£000
On bank loans, overdrafts and other loans wholly repayable within five years	794	2,102
Finance charges payable in respect of finance leases and hire purchase contracts	2	28
	<hr/> 796	<hr/> 2,130

Of the above amount £388,000 (1990: £1,492,000) was payable to group undertakings.

# Pandoro Limited

Notes (continued)

## 7 Taxation

	1991 £000	1990 £000
UK corporation tax at 33.25% (1990: 35%) on the profit for the year on ordinary activities	2,159	435
Deferred taxation (see note 14)	(1,007)	4,687
Adjustment relating to an earlier year	-	3
	<hr/> 1,152	<hr/> 5,125



# Pandoro Limited

Notes (continued)

## 8 Tangible fixed assets

	Freehold properties £000	Leasehold properties £000	Ships £000	Fixtures, fittings, tools & equipment £000	Owned plant & machinery £000	Leased plant & machinery £000	Total £000
<i>Cost</i>							
At 1 January 1991	1,817	1,151	27,933	1,374	11,740	7,270	51,285
Additions	-	-	147	275	1,314	-	1,736
Reclassifications	-	-	-	(3)	1,251	(1,248)	-
Disposals	-	-	-	(204)	(1,029)	(1,181)	(2,414)
Intra group transfers	-	-	-	-	(13)	-	(13)
At 31 December 1991	<u>1,817</u>	<u>1,151</u>	<u>28,080</u>	<u>1,442</u>	<u>13,263</u>	<u>4,841</u>	<u>50,594</u>
<i>Depreciation and amortisation</i>							
At 1 January 1991	-	376	13,205	665	5,839	5,814	25,899
Reclassification	-	-	-	(3)	1,202	(1,199)	-
Charge in year	-	34	1,605	203	1,584	299	3,725
Disposals	-	-	-	(201)	(914)	(1,091)	(2,206)
Intra group transfer	-	-	-	-	(5)	-	(5)
At 31 December 1991	<u>-</u>	<u>410</u>	<u>14,810</u>	<u>664</u>	<u>7,706</u>	<u>3,823</u>	<u>27,413</u>
<i>Net book values</i>							
At 31 December 1991	<u>1,817</u>	<u>741</u>	<u>13,270</u>	<u>778</u>	<u>5,557</u>	<u>1,018</u>	<u>23,181</u>
At 1 January 1991	<u>1,817</u>	<u>775</u>	<u>14,728</u>	<u>709</u>	<u>5,901</u>	<u>1,456</u>	<u>25,386</u>

Included in leasehold properties are long leasehold properties at a cost of £54,000 (1991: £54,000).



# Pandoro Limited

Notes (continued)

## 9 Fixed assets investments

	1991 £000	1990 £000
<i>Shares in subsidiary undertaking at cost</i>	8	87

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

<i>Subsidiary undertaking</i>	Country of registration or incorporation	Principal activity	Class and percentage of shares held
Transcontinental (Rosslare) Limited	England and Wales	Transport Services	100% Ordinary

In the opinion of the directors the investments in and amounts due from the company's subsidiary undertaking is worth at least the amount at which it is stated in the balance sheet.

10 Stocks	1991 £000	1990 £000
Raw materials and consumables	1,261	1,201

# Pandoro Limited

Notes (continued)

## 11 Debtors

	1991 £000	1990 £000
Trade debtors	9,352	10,455
Amounts owed by group undertakings	1,358	1,238
Prepayments and accrued income	1,701	818
	<u>12,411</u>	<u>12,511</u>

*The amounts owed by group undertakings comprise*

Parent and fellow subsidiary undertakings	1,276	-
Subsidiary undertakings	82	1,238
	<u>1,358</u>	<u>1,238</u>

## 12 Creditors: amounts falling due within one year

	1991 £000	1990 £000
Bank loans and overdrafts (see note 13)	469	2,448
Obligations under finance leases and hire purchase contracts (see note 13)	-	121
Trade creditors	4,767	3,556
Amounts owed to group undertakings:		
Parent and fellow subsidiary undertakings	164	1,104
Other creditors including taxation and social security:		
Corporation tax	2,159	435
Other taxes and social security	1,229	754
	<u>3,388</u>	<u>1,189</u>
Taxation and social security	3,388	1,189
Accruals and deferred income	3,886	4,457
	<u>12,674</u>	<u>12,875</u>

# Pandoro Limited

## Notes (continued)

### 13 Creditors: amounts falling due after more than one year

	1991 £000	1990 £000
Bank loans and overdrafts	1,733	2,166
Amounts owed to group undertakings: Parent and fellow subsidiary undertakings	5,311	8,184
	<u>7,044</u>	<u>10,350</u>

### Creditors payable by instalments

	Instalments payable within five years		Instalments payable after five years		Total	
	1991 £000	1990 £000	1991 £000	1990 £000	1991 £000	1990 £000
Bank loans	1,733	1,733	-	433	1,733	2,166

Included within bank loans and overdrafts is a loan in respect of one of the company's ships, secured on the ship to which it relates. The amount outstanding at 31 December 1991 was £2,165,840 of which £433,168 falls due within one year and £1,732,672 falls due between two and five years. Interest accrues at the rate of 7.5%.

# Pandoro Limited

Notes (continued)

## 13 Creditors: amounts falling due after more than one year (continued)

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	1991 £000	1990 £000
Within one year	-	121

## 14 Provisions for liabilities and charges

	Taxation including deferred taxation £000
At beginning of year	6,317
Utilised during year	-
Credit for the year in the profit and loss account	(1,007)
At end of year	5,310

The amounts provided for deferred taxation and the amounts not provided are set out below:

	1991		1990	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Difference between accumulated depreciation and amortisation and capital allowances	4,986	-	5,850	-
Other timing differences	324	-	467	-
	5,310	Nil	6,317	Nil

# Pandoro Limited

Notes (continued)

## 15 Called up share capital

	1991 £	1990 £
<i>Authorised</i>		
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>

## 16 Reserves

	Revaluation reserve
	£000
At beginning of year	14,598
Transfer to profit and loss account	(1,538)
	<hr/>
At end of year	13,060
	<hr/>

## 17 Contingent liabilities

The company has guaranteed the overdrafts of its group undertakings; the amount outstanding at the year end was £396,000 (1990 :£275,000).

# Pandoro Limited

Notes (continued)

## 18 Commitments

- (i) Capital commitments at the end of the financial year for which no provision has been made.

	1991 £000	1990 £000
Contracted	2,332	231

- (ii) Annual commitments under non-cancellable operating leases are as follows:

	1991		1990	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	-	-	-
In the second to fifth year, inclusive	44	394	22	250
Over five years	149	-	134	-
	<u>193</u>	<u>394</u>	<u>156</u>	<u>250</u>

## 19 Pension scheme

As explained in the accounting policies set out on page 9, the company participates in the main P&O pension scheme which provides benefits based on final pensionable pay, contributions being charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined triennially by R Watson & Sons consultant actuaries. Particulars of the latest actuarial valuation are contained within the accounts of the Peninsular and Oriental Steam Navigation Company.

# Pandoro Limited

## Notes (continued)

- 20 Ultimate holding company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of the Peninsular and Oriental European Transport Limited incorporated in England and Wales,

The largest group in which the results of the company are consolidated is that headed by The Peninsular and Oriental Steam Navigation Company incorporated in England and Wales. The consolidated accounts of these groups are available to the public and may be obtained from:

The Registrar of Companies  
Companies House  
Crown Way  
Maindy  
Cardiff  
CF4 3HZ