

P&O DEVELOPMENTS LIMITED

REGISTERED NUMBER 688388

DIRECTORS' REPORT AND ACCOUNTS  
31 DECEMBER 1995  
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P&O DEVELOPMENTS LIMITEDREPORT OF THE DIRECTORS

The directors present their annual report and accounts of the company for the year ended 31 December 1995.

**Principal activity and review of business:**

The company's principal activity is property development and it provides project management and other development services. The company's accounts for the year summarise the property and other income, and property movements.

Where appropriate, movements on share capital, reserves and fixed assets are set out in the accounts. Dividends paid during the year were £Nil (1994: £3,000,000).

**Directors and directors' interests:**

The directors during the year were:-

T J R Harding - Chairman  
W T Edgerley - Managing Director  
B A Winham  
R A Knight  
G R Torode  
R B Corser  
N M McDougall

According to notifications received by the company, relating to interests in shares and debentures of group companies, the following directors held beneficial interests in The Peninsular and Oriental Steam Navigation Company as set out below.


	31 December 1995 Deferred stock	31 December 1994 Deferred stock
G R Torode	999	662
R B Corser	51,676	52,845
N M McDougall	483	164

T J R Harding is a director of the ultimate parent undertaking, The Peninsular and Oriental Steam Navigation Company and his interests in shares and debentures of group companies are disclosed in the directors' report of that company. B A Winham, W T Edgerley and R A Knight are directors of the immediate parent undertaking, P&O Property Holdings Limited, and their interests in shares and debentures of group companies are disclosed in the directors' report of that company.

4 Carlton Gardens  
Pall Mall  
LONDON, SW1Y 5AB

1 July 1996

By order of the Board

  
J E COX  
Secretary

P&O DEVELOPMENTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year. In preparing those accounts, the directors are required to select appropriate accounting policies, make judgements and estimates that are reasonable and prudent and state whether all accounting standards which they consider to be applicable have been followed. The directors are also required to use a going concern basis in preparing the accounts unless this is inappropriate.

The directors have responsibility for ensuring that the company keeps proper accounting records which disclose with reasonable accuracy the financial position of the company and enable them to ensure that the accounts 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.

REPORT OF THE AUDITORS TO THE MEMBERS OF

P&O DEVELOPMENTS LIMITED

We have audited the accounts on pages 4 to 11.

**Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 an examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts 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*

KPMG  
Chartered Accountants  
Registered Auditors

London

1 July 1996

P&O DEVELOPMENTS LIMITED  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 1995

<u>NOTES</u>	<u>Year ended</u> <u>31 December 1995</u> £	<u>Year ended</u> <u>31 December 1994</u> £
2 Turnover	1,329,040	644,480
Cost of sales	(68,633)	(69,048)
	<hr/>	<hr/>
Gross profit	1,260,407	575,432
Administration expenses	(1,932,392)	(2,266,507)
Other operating costs	(939,963)	(1,073,347)
	<hr/>	<hr/>
Operating loss	(1,611,948)	(2,764,422)
Dividends from group undertakings	-	1,600,000
Dividends from associated undertakings	-	906,250
Interest receivable		
Parent & fellow subsidiary undertakings	-	1,317,224
Third party	65,607	24,145
Interest payable		
Third party	-	(89,033)
	<hr/>	<hr/>
3 Operating (loss)/profit on ordinary activities before taxation	(1,546,341)	994,164
4 Taxation on (loss)/profit on ordinary activities	(485,139)	1,480,691
	<hr/>	<hr/>
(Loss)/profit on ordinary activities after taxation	(2,031,480)	2,474,855
BALANCE BROUGHT FORWARD	5,476,266	6,001,411
Dividend paid	-	(3,000,000)
	<hr/>	<hr/>
BALANCE CARRIED FORWARD	3,444,786	5,476,266
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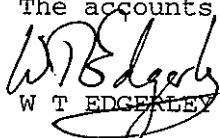
All turnover and operating losses are attributable to continuing operations.

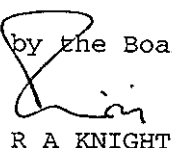
There is no difference between the (losses)/profit on ordinary activities before taxation and the retained (losses)/profit for the year stated above, and their historical cost equivalents.

P&O DEVELOPMENTS LIMITEDBALANCE SHEET AT 31 DECEMBER 1995

<u>NOTES</u>	<u>31 December 1995</u>		<u>31 December 1994</u>	
	£	£	£	£
<b>FIXED ASSETS</b>				
5 Tangible assets		115,148		194,116
6 Investments		815,868		724,373
		<u>931,016</u>		<u>918,489</u>
<b>CURRENT ASSETS</b>				
Stocks				
Properties		9,651,033		9,676,898
Debtors				
Trade debtors	468,916		489,387	
Amounts owed by group undertakings	69,256,492		69,583,152	
Amounts owed by undertakings with a participating interest	5,130,000		2,450,000	
Other debtors	311,728		594,565	
Corporation tax	-		637,000	
Prepayments and accrued income	106,204		107,691	
		<u>75,273,340</u>		<u>73,861,795</u>
Cash at bank and in hand		120,484		116,005
		<u>85,975,873</u>		<u>84,573,187</u>
<b>CAPITAL AND RESERVES</b>				
7 Called up share capital		2,997,663		2,997,663
Other reserves		61,909		61,909
Profit and loss account		3,444,786		5,476,266
Equity shareholders' funds		<u>6,504,358</u>		<u>8,535,838</u>
<b>CREDITORS - amounts falling due within one year</b>				
Trade creditors	22,679		-	
Amounts owed to group undertakings	78,313,483		74,919,402	
Other creditors	319,147		670,271	
Taxation	425,000		-	
Accruals and deferred income	391,206		447,676	
		<u>79,471,515</u>		<u>76,037,349</u>
		<u>85,975,873</u>		<u>84,573,187</u>

The accounts were approved by the Board of directors and signed on its behalf by:

  
W T EDGELEY

  
R A KNIGHT

Directors  
1 July 1996

P&O DEVELOPMENTS LIMITEDSTATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Year ended 31 December 1995 £	Year ended 31 December 1994 £
(Loss)/profit for the financial year	(2,031,480)	2,474,855
Total recognised gains and losses relating to the financial year	<u>(2,031,480)</u>	<u>2,474,855</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year ended 31 December 1995 £	Year ended 31 December 1994 £
Total recognised gains and losses for the financial year	(2,031,480)	2,474,855
Dividend paid	-	(3,000,000)
Net movement in shareholders' funds	<u>(2,031,480)</u>	<u>(525,145)</u>
Opening shareholders' funds	8,535,838	9,060,983
Closing shareholders' funds	<u>6,504,358</u>	<u>8,535,838</u>

**P&O DEVELOPMENTS LIMITED**

**NOTES TO THE ACCOUNTS AT 31 DECEMBER 1995**

**1. ACCOUNTING POLICIES**

The principal accounting policies that have been adopted in the preparation of these accounts are given below.

**Basis of preparation of accounts**

The accounts are prepared in accordance with applicable United Kingdom accounting standards, and under historical cost accounting rules.

**Cash Flow Statement**

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.

**Development and dealing properties**

Development properties are stated at the lower of cost and net realisable value. Interest and other outgoings, less income receivable are charged to the profit and loss account during development.

**Fixed assets**

The costs of tangible fixed assets are written off over their expected useful lives on a straight line basis at the following rates:

Motor vehicles	25% per annum
Plant and machinery, fixtures and fittings	20% per annum

**Pension schemes**

Contributions in respect of defined benefit pension schemes are calculated as a percentage, agreed on actuarial advice, of the pensionable salaries of employees. The cost of providing defined benefit pensions is charged to the profit and loss account on a systematic basis over the periods benefiting from the services of employees.



P&O DEVELOPMENTS LIMITEDNOTES TO THE ACCOUNTS AT 31 DECEMBER 1995

(Continued)

## 2. ANALYSIS OF TURNOVER

	<u>31 December 1995</u>	<u>31 December 1994</u>
	£	£
Management fees	768,160	644,480
Sale of properties	560,880	-
	<hr/>	<hr/>
	1,329,040	644,480
	<hr/>	<hr/>

There is only one class of business, being property development and all turnover was generated in the United Kingdom.

## 3. Loss on ordinary activities before taxation

	<u>31 December 1995</u>	<u>31 December 1994</u>
	£'000	£'000
(i) Loss on ordinary activities before taxation is stated after charging:-		
Wages and salaries	973	1,002
Social security costs	87	88
Pension contributions	38	43
	<hr/>	<hr/>
	1,098	1,133
	<hr/>	<hr/>
Directors' emoluments (see (v) below)		
Depreciation	90	128
	<hr/>	<hr/>

(ii) Auditors' remuneration is dealt with on a group basis and no amount has been specifically recharged to this company.

(iii) The basis of charging intra-group interest is agreed between the parties from time to time.

(iv) The average numbers of persons employed by the company (including directors) during the year was 21 (1994:24).

Certain of the group's employees are members of The P&O Pension Scheme which is a funded defined benefit scheme.

The latest actuarial valuation was carried out by R Watson & Sons, Consulting Actuaries, as at 1 April 1994. Particulars of the actuarial valuation are included in the accounts of The Peninsular and Oriental Steam Navigation Company.

P&O DEVELOPMENTS LIMITEDNOTES TO THE ACCOUNTS AT 31 DECEMBER 1995

(Continued)

	<u>31 December 1995</u>	<u>31 December 1994</u>
	£'000	£'000
(v) The aggregate emoluments of the directors of the Company were:		
Salaries	266	272
Pension Contributions	8	8
	—	—
	274	280
Payments on leaving service	-	171
	—	—
	274	451
	===	===

(vi) The Chairman does not receive any emoluments for his services to the Company. The Chairman is employed by the ultimate holding company and his emoluments are dealt with by that Company. Management fees of £50,000 (1994 £50,000) were paid to the ultimate holding company for services provided including those of the Chairman. The emoluments of the highest paid director were £103,000 (1994 £101,000).

(vii) The emoluments of the Directors excluding pension contributions, were within the following ranges:-

	Number of Directors	
	1995	1994
£0-£5,000	4	6
£75,001 - £80,000	1	-
£80,001 - £85,000	-	1
£85,001 - £90,000	1	1
£100,001 - £105,000	1	1

4. **TAXATION**

The taxation charge on profit on ordinary activities is as follows:

	<u>31 December 1995</u>	<u>31 December 1994</u>
	£	£
Current year:		
UK Corporation tax at 33%		
(1994 : 33%) on the (loss)/profit		
for the year	(425,000)	637,000
Prior year adjustments	(60,139)	1,062,441
Tax on franked investment income	-	(218,750)
	—	—
	(485,139)	1,480,691
	=====	=====

Intragroup interest previously accrued was received during the year which generated a profit for corporation tax purposes.

P&O DEVELOPMENTS LIMITEDNOTES TO THE ACCOUNTS AT 31 DECEMBER 1995

(Continued)

5. **Tangible fixed assets**

	Plant and machinery, fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>			
At 1 January 1995	590,592	248,280	838,872
Additions	2,768	34,419	37,187
Disposals	-	(53,979)	(53,979)
	<hr/>	<hr/>	<hr/>
At 31 December 1995	593,360	228,720	822,080
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 January 1995	556,433	88,323	644,756
Charge for year	30,432	59,767	90,199
On disposals	-	(28,023)	(28,023)
	<hr/>	<hr/>	<hr/>
At 31 December 1995	586,865	120,067	706,932
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 1995	6,495	108,653	115,148
	<hr/>	<hr/>	<hr/>
At 31 December 1994	34,159	159,957	194,116
	<hr/>	<hr/>	<hr/>

6. **Investments**

	Net book value at 1 January 1995 £	Additions at cost £	Net book value at 31 December 1995 £
Shares in subsidiaries	95	-	95
Shares in associates	5,050	-	5,050
Loans to associates	719,228	91,495	810,723
	<hr/>	<hr/>	<hr/>
	724,373	91,495	815,868
	<hr/>	<hr/>	<hr/>

At 31 December 1995, P&O Developments Limited owned 100% of the ordinary share capital of P&O Developments (Killingbeck) Limited which is registered in England. In the opinion of the Directors, the value of the company's investments in its subsidiary undertaking is not less than the amount at which it is stated in the balance sheet.

P&O DEVELOPMENTS LIMITEDNOTES TO THE ACCOUNTS AT 31 DECEMBER 1995

(Continued)

The associate companies together with the percentage of equity owned are as follows:

Prince's Dock Development Company Limited (50%)

York Science Park Limited (50%)

The shares in Prince's Dock Development Company Limited were sold in February 1996.

The principal activity of all the above companies is property development. All the above companies are registered in England.

7. **CALLED UP SHARE CAPITAL**

	<u>Authorised</u>	<u>Allotted, called up and fully paid</u>
	£	£
At 31 December 1995 and 1 January 1995		
Ordinary shares at £1 each	2,950,000	2,947,663
Preference shares at £1 each	50,000	50,000
	<hr/>	<hr/>
	3,000,000	2,997,663
	<hr/>	<hr/>

8. **PARENT UNDERTAKINGS**

The results of the company are included in the consolidated accounts of The Peninsular and Oriental Steam Navigation Company, its ultimate parent undertaking, and P&O Property Holdings Limited, its intermediate parent undertaking, companies registered in England, copies of the accounts of which can be obtained from : The Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3UZ.