

**P&O Trans European (Holdings) Limited  
(formerly P&O European Transport  
Services Limited)**

**Directors' report and financial statements**

**31 December 1996**

Registered number 968911



P&O Trans European (Holdings) Limited  
(formerly P&O European Transport Services Limited)

Directors' report and financial statements

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# P&O Trans European (Holdings) Limited

(formerly P&O European Transport Services Limited)

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1996.

### Principal activities and business review

The company handles the co-ordination of all general management activities of the companies within the European Transport Services Division of The Peninsular and Oriental Steam Navigation Company. The company holds investments in a number of other companies within the Division.

### Dividends

The directors recommended the payment of a dividend in the year of £12,358,000 (1995: £8,084,000).

After deducting the total ordinary dividends, the loss for the year retained in the company is £2,268,000 (1995 profit: £341,000).

### Subsequent event

On 1 July 1997 the company changed its name from P&O European Transport Services Limited to P&O Trans European (Holdings) Limited.

### Directors and directors' interests

The directors who held office during the year were:

GDS Dunlop	-	(appointed 9 September 1996; Chairman)
CJ Rice	-	(Managing Director)
AD Barrett		
JH Paton	-	(resigned 3 July 1996)
BMV Williams		
JR Steele	-	
BP Stedman	-	(resigned 31 August 1996)
SE Bradburn		
MN Taylor		
J Bradshaw		
JH Kearsley		
D McMillan		
DJ Crowther	-	(appointed 1 August 1996)
TC Harris	-	(appointed 25 April 1996, resigned 9 September 1996)

# P&O Trans European (Holdings) Limited

(formerly P&O European Transport Services Limited)

## Directors' report

### Directors and directors' interests (continued)

The directors who held office at the end of the financial year had the following interests in the ordinary shares of group companies, as recorded in the register of directors' share and debenture interests:

#### The Peninsular and Oriental Steam Navigation Company

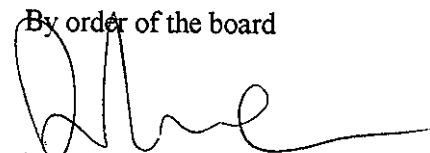
	£1 Deferred Ordinary Shares		Deferred stock under options granted/(lapsed) during the year	Deferred stock under options exercised during the year
	At 31/12/96	At 31/12/95		
AD Barrett	8,867	7,902	247	247
BMV Williams	1,342	1,342	-	-
CJ Rice	1,349	1,292	-	23,230
SE Bradburn	565	307	553	-
MN Taylor	3,242	2,515	-	15,209
J Bradshaw	1,979	1,522	-	3,772
JH Kearsley	5,237	4,305	1,141	406
DJ Crowther	1,341	1,076	265	-

Mr JR Steele, Mr GDS Dunlop and Mr TC Harris' interest in the ordinary shares of group companies are disclosed in the accounts of Peninsular and Oriental Steam Navigation Company.

The options are generally exercisable not later than May 2005 at prices between 305p and 717p.

No director had any material interest in any contract with the company except as disclosed in this report and financial statements.

By order of the board



**P T Thomson**  
Secretary

Peninsular House  
Lower Brook Street  
Ipswich  
Suffolk

# P&O Trans European (Holdings) Limited

(formerly P&O European Transport Services 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 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 keeping 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.



KPMG Audit Plc  
6 Lower Brook Street  
Ipswich IP4 1AP

## Report of the auditors to the members of P&O Trans European (Holdings) Limited

We have audited the financial statements on pages 5 to 17.

### *Respective responsibilities of directors and auditors*

As described on page 3 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, of 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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants  
Registered Auditor

31 July 1997

**P&O Trans European (Holdings) Limited**  
(formerly P&O European Transport Services Limited)

**Profit and loss account**  
*for the year ended 31 December 1996*

	<i>Note</i>	<b>1996</b> <b>£000</b>	<b>1995</b> <b>£000</b>
<b>Turnover</b>	2	1,738	1,715
Administrative expenses		(2,542)	(2,097)
<b>Operating loss</b>	3-5	<u>(804)</u>	<u>(382)</u>
Income from shares in group companies		10,000	8,100
Other interest receivable and similar income	6	2,971	2,384
Interest payable and similar charges	7	(2,026)	(1,152)
<b>Profit on ordinary activities before taxation</b>		<u>10,141</u>	<u>8,950</u>
Tax on profit on ordinary activities	8	(51)	(525)
<b>Profit on ordinary activities after taxation</b>		<u>10,090</u>	<u>8,425</u>
Dividends	9	(12,358)	(8,084)
<b>Retained (loss)/profit for the financial year</b>		<u>(2,268)</u>	<u>341</u>

Statements of movements on reserves are given in note 17.

Turnover and operating profit entirely relate to continuing activities as defined by FRS3. No statement of total recognised gains and losses has been presented as all recognised gains and losses are accounted for by the above profit and loss account.


The notes on pages 7 to 17 form part of these financial statements.

**P&O Trans European (Holdings) Limited**  
(formerly P&O European Transport Services Limited)

Balance sheet  
at 31 December 1996

	Note	1996		1995	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	10		1,131		335
Investments	11		20,174		20,174
			<hr/>		<hr/>
			21,305		20,509
<b>Current assets</b>					
Debtors	12	74,087		65,437	
Short term investments		4		4	
Cash at bank and in hand		1		4,689	
		<hr/>		<hr/>	
		74,092		70,130	
<b>Creditors: amounts falling due within one year</b>	13	(36,749)		(29,534)	
		<hr/>		<hr/>	
<b>Net current assets</b>			37,343		40,596
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			58,648		61,105
<b>Creditors: amounts falling due after more than one year</b>	14		(28,622)		(28,811)
			<hr/>		<hr/>
<b>Net assets</b>			30,026		32,294
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	16		29,200		29,200
Profit and loss account	17		826		3,094
			<hr/>		<hr/>
<b>Shareholders' funds</b>	18		30,026		32,294
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 31<sup>st</sup> July 1997 and were signed on its behalf by:

  
**DJ Crowther**  
Director



# P&O Trans European (Holdings) Limited

(formerly P&O European Transport Services 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 exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts.

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Peninsular and Oriental Steam Navigation Company and its cash flows are included within the consolidated cash flow statement of that company.

The company is exempt from the disclosure requirements of Financial Reporting Standard No 8 insofar as they relate to transactions with entities that are part of the same group or investees of the group qualifying as related parties, as it is a wholly owned subsidiary of Peninsular and Oriental Steam Navigation Company and its results are included in the consolidated financial statements of that company which are publicly available.

#### *Fixed assets and depreciation*

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

Second-hand motor vehicles	-	3 years
New motor vehicles	-	4 years
Fixtures, fittings and office equipment	-	4-10 years
Computer equipment	-	4 years
Leasehold property	-	Over the period of the lease

#### *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. Exchange differences arising on revaluation of group loans are taken to reserves.

# P&O Trans European (Holdings) Limited

(formerly P&O European Transport Services Limited)

## 1 Accounting policies (continued)

### *Pension costs*

The company participates in the main P&O group pension scheme which is a defined benefit scheme with assets held in a separate trustee administered fund.

Pension scheme contributions are calculated as a percentage, agreed on actuarial advice, of the pensionable salaries of employees. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives.

Formal actuarial valuations of the main P&O scheme are carried out triennially by R Watson & Sons, consulting actuaries, the latest completed valuation being as at 1 April 1994. Particulars of this actuarial valuation are contained in the accounts of The Peninsular and Oriental Steam Navigation Company. The next formal valuation is due to take place with an effective date of 1 April 1997. In the meanwhile, the charge for the year has been assessed in consultation with the scheme's actuaries, having regard to changes since the last valuation relating principally to investment conditions, UK taxation legislation and the sale of subsidiaries.

### *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 invoiced (excluding value added tax) during the year.

## 2 Analysis of turnover

The turnover and profit before tax of the company is derived primarily from co-ordinating general management activities of the companies within the Trans European Division of P&O (formerly the European Transport Services Division of P&O) and from holding investments in a number of companies within this Division.

Turnover can be analysed, by geographical market, as follows:

	1996 £000	1995 £000
Turnover to third parties - UK	-	1
Sales to group companies	1,738	1,714
	<hr/> 1,738 <hr/>	<hr/> 1,715 <hr/>

# P&O Trans European (Holdings) Limited

(formerly P&O European Transport Services Limited)

## Notes (continued)

### 3 Profit on ordinary activities before taxation

	1996 £000	1995 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditors' remuneration:		
Audit fees	26	26
Non audit fees	-	1
Depreciation and other amounts written off tangible fixed assets	194	121
Profit on sale of other fixed assets	(2)	(4)
Rent receivable	-	(70)
Provision against investments (including loans)	-	2

### 4 Remuneration of directors

	1996 £000	1995 £000
Directors' emoluments:		
As directors of the company and its subsidiaries	610	619

The Chairman, Mr GDS Dunlop, Mr AD Barrett, Mr JR Steele and Mr TC Harris were paid by The Peninsular and Oriental Steam Navigation Company and Mr BMV Williams was paid by P&O Containers Ltd, without specific recharge. Accordingly, their emoluments are disclosed in the financial statements of these companies. Mr D McMillan was an official of the Department of Transport and as such was not paid by any company within the P & O Group for his services to the company.

In addition to the emoluments included above, Mr DJ Crowther and Mr CJ Rice also received emoluments from P&O Ferrymasters and Rhenenia (a wholly owned subsidiary of the P&O Group) respectively for their services to these companies.

The emoluments, excluding pension contributions, of the highest paid director were £97,186 (1995:£122,087).

**P&O Trans European (Holdings) Limited**  
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**Notes (continued)**

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

		1996	1995
£0	- £5,000	6	5
£15,001	- £20,000	-	1
£30,001	- £35,000	1	-
£40,001	- £45,000	-	1
£45,001	- £50,000	-	1
£50,001	- £55,000	1	1
£55,001	- £60,000	1	2
£65,001	- £70,000	-	2
£70,001	- £75,000	-	1
£75,001	- £80,000	2	-
£90,001	- £95,000	2	-
£95,001	- £100,000	1	-
£114,001	- £120,000	-	1

Information in respect of directors' options is given under directors' share interests in the directors' report.

**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:

	1996	1995
Administration	10	15
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	1996 £000	1995 £000
Wages and salaries	478	785
Social security costs	50	95
Other pension costs	24	51
	<hr/>	<hr/>
	552	931
	<hr/>	<hr/>

**P&O Trans European (Holdings) Limited**  
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Notes *(continued)*

**6 Other interest receivable and similar income**

	1996 £000	1995 £000
Group undertakings	2,929	2,383
Bank interest	42	1
	<u>2,971</u>	<u>2,384</u>

**7 Interest payable and similar charges**

	1996 £000	1995 £000
Group undertakings	2,006	1,152
Bank interest	20	-
	<u>2,026</u>	<u>1,152</u>

**8 Taxation**

	1996 £000	1995 £000
UK corporation tax at 33% (1995: 33%)		
- Current year	(74)	485
- Prior year	5	75
	<u>(69)</u>	<u>560</u>
Deferred taxation		
- Current year	120	(35)
	<u>51</u>	<u>525</u>

**9 Dividends**

	1996 £000	1995 £000
Interim dividend paid on ordinary shares	12,358	8,084

**P&O Trans European (Holdings) Limited**  
(formerly P&O European Transport Services Limited)

Notes (continued)

**10 Tangible fixed assets**

	Computers Software/ Licences £000	Motor Vehicles £000	Fixtures, fittings, tools and equipment £000	Short Leasehold Property £000	Leasehold Property Improvements £000	Total £000
<i>Cost</i>						
At beginning of year	314	129	79	-	29	551
Additions	141	120	69	672	-	1,002
Intra-group transfers	-	25	-	-	-	25
Disposals	-	(82)	(2)	-	-	(84)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	455	192	146	672	29	1,494
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>						
At beginning of year	113	53	50	-	-	216
Charge for year	89	51	19	35	-	194
Intra-group transfers	-	7	-	-	-	7
On disposals	-	(52)	(2)	-	-	(54)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	202	59	67	35	-	363
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>						
At 31 December 1996	253	133	79	637	29	1,131
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1995	201	76	29	-	29	335
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**11 Fixed asset investments**

	Shares in subsidiary undertakings £'000
<i>Cost</i>	
At beginning and end of year	20,429
	<hr/>
<i>Provisions</i>	
At beginning and end of year	255
	<hr/>
<i>Net book value</i>	
At 31 December 1996 and 1995	20,174
	<hr/>

# P&O Trans European (Holdings) Limited

(formerly P&O European Transport Services Limited)

## Notes (continued)

### 11 Fixed asset investments (continued)

Subsidiary undertakings	Country of registration	Principal activity
F J Benford Limited	England & Wales	Dormant
Butlers (Grinders and Operators) Limited	England, & Wales	Dormant
Northern Ireland Trailers (Scotland) Limited	Scotland	Dormant
Pandoro Limited	England & Wales	International road haulage and shipping services
P&O Ferrymasters Limited	Northern Ireland	International road haulage
P&O Tank Transport Limited	England & Wales	International road haulage
Peninsular Computer and Information Systems Limited	England & Wales	Dormant
POETS Fleet Management Limited	England & Wales	Dormant
Red Carnation Gums Limited	England & Wales	Merchanting gums
Rickards Gums Limited	England & Wales	Dormant
P&O Distribution Limited	England & Wales	Domestic haulage, warehousing, distribution & contract hire
POETS Ship Management Limited	England & Wales	Dormant

All of the subsidiaries are wholly owned. All of the interests represent holdings in the ordinary shares of the companies.

### 12 Debtors

	1996 £000	1995 £000
Amounts owed by group undertakings	73,838	64,971
Other debtors	101	64
Corporation tax	74	-
Deferred taxation (note 15)	19	139
Prepayments and accrued income	55	263
	<hr/> 74,087	<hr/> 65,437
<i>The amounts owed by group undertakings comprise:</i>		
Subsidiary undertakings	<hr/> 73,838	<hr/> 64,971

Included in amounts owed by group undertakings are amounts of £22,890,000 (1995: £24,676,000) which are due after one year.

**P&O Trans European (Holdings) Limited**  
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Notes (continued)

**13 Creditors: amounts falling due within one year**

	1996		1995	
	£000	£000	£000	£000
Bank loans and overdrafts		357		-
Trade creditors		228		468
Amounts owed to group undertakings		35,100		27,826
Other creditors including taxation and social security:				
Corporation tax	-		342	
Taxation and social security	-		34	
Other creditors	417		226	
		<hr/>		<hr/>
		417		602
Accruals and deferred income		647		638
		<hr/>		<hr/>
		36,749		29,534
		<hr/>		<hr/>
<i>The amounts owed to group undertakings comprise:</i>				
Parent and fellow subsidiary undertakings		32,157		19,467
Subsidiary undertakings		2,943		8,359
		<hr/>		<hr/>
		35,100		27,826
		<hr/>		<hr/>

**14 Creditors: amounts falling due after more than one year**

	1996	1995
	£000	£000
Amounts owed to group undertakings	28,622	28,811
	<hr/>	<hr/>
<i>The amounts owed to group undertakings comprise:</i>		
Parent and fellow subsidiary undertakings	26,965	26,965
Subsidiary undertakings	1,657	1,846
	<hr/>	<hr/>
	28,622	28,811
	<hr/>	<hr/>



**P&O Trans European (Holdings) Limited**  
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Notes (*continued*)

**15 Deferred taxation**

	1996 £'000	1995 £'000
Balance at 1 January	139	104
Amounts (charged)/credited in the profit and loss account	(120)	35
	<hr/>	<hr/>
Balance at 31 December	19	139
	<hr/>	<hr/>
Deferred tax asset relating to:	1996 £000	1995 £000
Accelerated capital allowances	19	4
Short term timing differences	-	135
	<hr/>	<hr/>
Deferred tax asset	19	139
	<hr/>	<hr/>

**16 Called up share capital**

	1996 £000	1995 £000
<i>Authorised</i>		
30,000,000 ordinary shares of £1 each	30,000	30,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
29,200,000 ordinary shares of £1 each	29,200	29,200
	<hr/>	<hr/>

**P&O Trans European (Holdings) Limited**  
(formerly P&O European Transport Services Limited)

Notes (continued)

**17 Reserves**

	Profit and loss account £000
At 1 January 1996	3,094
Retained loss for the year	(2,268)
	<hr/>
At 31 December 1996	826
	<hr/>

**18 Reconciliation of movements in shareholders' funds**

	1996 £000	1995 £000
Profit for the financial year	10,090	8,425
Dividends	(12,358)	(8,084)
	<hr/>	<hr/>
Net (reduction)/addition to shareholders' funds	(2,268)	341
Opening shareholders' funds	32,294	31,953
	<hr/>	<hr/>
Closing shareholders' funds	30,026	32,294
	<hr/>	<hr/>

**19 Contingent liabilities**

The company had no contingent liabilities at 31 December 1996 (1995: £Nil).

**20 Commitments**

	1996		1995	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	113	-	113	-
In the second to fifth years inclusive	451	-	451	-
Over five years	968	-	1,081	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,532	-	1,645	-
	<hr/>	<hr/>	<hr/>	<hr/>

**P&O Trans European (Holdings) Limited**  
(formerly P&O European Transport Services Limited)

- 21 Ultimate parent company and parent undertaking of larger group of which the company is a member and ultimate controlling parties**

The company is a subsidiary undertaking of The Peninsular and Oriental Steam Navigation Company, which is incorporated in Great Britain and registered in England and Wales. This is the ultimate controlling party of the company.

The consolidated accounts of this group are available to the public and may be obtained from:

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