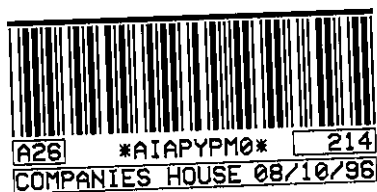


**CROWNGAP CONSTRUCTION LIMITED**  
**COMPANY NUMBER 568580**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 1995**



## CROWNGAP CONSTRUCTION LIMITED

### DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 1995.

#### Activities

The group's principal activity is building and contracting and this has continued during the year. The result for the year and its disposition are set out on page 7 of the financial statements.

The directors do not recommend the payment of a dividend (1994 - £nil).

#### Fixed Assets

Information relating to changes in fixed assets is given in notes 8 and 9 to the financial statements.

#### Directors

The directors during the year and up to the date of this report were as follows:

R B Corser	
J W Stocks	(resigned 31 March 1996)
G A Taylor	(resigned 2 March 1995)
A B Corser	
W T Edgerley	(appointed 2 March 1995)
L Chatfield	(appointed 31 March 1996)

The director retiring by rotation is Mr A B Corser who, being eligible, offers himself for re-election. In accordance with the company's regulations a resolution will be tabled at the forthcoming annual general meeting to confirm the appointment of Mr L Chatfield.

The interests of the directors in the shares of The Peninsular and Oriental Steam Navigation Company, the company's holding company, are as set out below.

	Deferred Stock		Deferred Stock Under Option	
	<u>1995</u>	<u>1994 or date of appointment</u>	<u>1995</u>	<u>1994 or date of appointment</u>
R B Corser	51,676	52,845	-	-
J W Stocks	1,557	1,309	8,900	8,900
W T Edgerley	1,566	1,260	41,758	41,258
A B Corser	1,388	822	2,786	2,551

#### Employees

The company's aim is to meet the objectives of the code of good practice on the employment of disabled people as appropriate. Full and fair consideration is given to disabled applicants for employment and training, and career development is encouraged on the basis of their aptitude and abilities. It remains company policy to retain employees wherever possible who become disabled whilst in its service and to provide specialised training.

## CROWNGAP CONSTRUCTION LIMITED

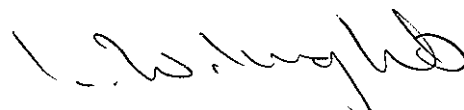
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### DIRECTORS' REPORT (continued)

#### Political and charitable contributions

Charitable contributions made during the year amounted to £420 (1994 - £1,500) No political donations were made in the year (1994 - £nil).

By order of the Board



K W Knights  
Secretary

25 September 1996

Lutidine House  
Newark Lane  
Ripley  
Surrey  
GU23 6DH

## **CROWNGAP CONSTRUCTION LIMITED**

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### **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 Group 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for maintaining 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 Group and to prevent and detect fraud and other irregularities.

## **CROWNGAP CONSTRUCTION LIMITED**

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### **REPORT OF THE AUDITORS, KPMG, TO THE MEMBERS OF CROWNGAP CONSTRUCTION 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, on 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 Group'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 affairs of the Company and the Group as at 31 December 1995 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG**

KPMG  
Chartered Accountants  
Registered Auditors  
Crawley

25 September 1996

# **CROWNGAP CONSTRUCTION LIMITED**

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## **ACCOUNTING POLICIES**

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

The consolidated accounts include the accounts of the company and its subsidiary. The acquisition method of accounting has been adopted. Goodwill arising on consolidation (representing the excess of fair value of the consideration given over the fair value of the separable net assets acquired) is written off against reserves on acquisition.

In the company's accounts, the investment in the subsidiary is stated at cost.

The company is not required to present its own profit and loss account in accordance with Section 230 of the Companies Act 1985.

### **Cash Flow Exemption**

Under Financial Reporting Standard 1, the company and its subsidiary undertaking are exempt from the requirement to prepare a cashflow statement on the grounds that they are wholly owned subsidiary undertakings. The parent undertaking The Peninsular & Oriental Steam Navigation Company, includes in its accounts a consolidated cashflow statement dealing with the cashflows of the group.

### **Turnover**

Turnover is the total of sales and services (excluding value added tax) and the certified value of work done on contracts in progress at the year end less amounts recognised in previous years.

### **Pension scheme**

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

### **Fixed assets and depreciation**

Depreciation is provided by the group 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:-

Motor Vehicles	-	25% on cost
Fixtures and fittings	-	15% on cost
Plant and equipment	-	10% on cost

No depreciation is provided on freehold land or properties. It is the group's policy to maintain their properties to such a condition that the directors believe that the lives of these assets and their residual values are such that their depreciation would be immaterial.

## **CROWNGAP CONSTRUCTION LIMITED**

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### **ACCOUNTING POLICIES (continued)**

#### **Stocks and long term contracts**

These comprise work in progress which is calculated at cost, plus attributable profit to the extent that this is reasonably certain after making provisions for contingencies, less any losses incurred or foreseen in bringing contracts to completion, and less amounts received or receivable on progress payments.

#### **Taxation**

The charge for taxation is based on the profit and loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation purposes and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

## CROWNGAP CONSTRUCTION LIMITED

### CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1995

	Notes	1995 £	1994 £
Turnover	1	19,863,086	13,514,328
Cost of Sales		<u>(17,877,336)</u>	<u>(12,550,246)</u>
Gross profit		1,985,750	964,082
Administrative expenses		<u>(1,663,258)</u>	<u>(1,582,590)</u>
Operating profit/(loss)	2 - 4	322,492	( 618,508)
Interest receivable	5	50,525	51,707
Interest payable	6	<u>-</u>	<u>( 963)</u>
Profit/(Loss) on ordinary activities before taxation	1	373,017	( 567,764)
Tax on profit/(loss) on ordinary activities	7	<u>( 118,712)</u>	<u>402,283</u>
Profit/(Loss) for the financial year		254,305	( 165,481)
Profit brought forward		<u>2,216,990</u>	<u>2,382,471</u>
Profit carried forward		<u>2,471,295</u>	<u>2,216,990</u>

The group has no recognised gains or losses other than those indicated in the profits above and therefore no separate statement of total recognised gains and losses has been presented.

Both the turnover and the operating profit arise from continuing operations.

The notes on pages 10 to 17 form part of these financial statements.



# CROWNGAP CONSTRUCTION LIMITED

## CONSOLIDATED BALANCE SHEET

As at 31 December 1995

	Notes	1995 £	1994 £
<b>FIXED TANGIBLE ASSETS</b>			
Properties	8	1,000,000	1,000,000
Other fixed assets	9	<u>494,545</u>	<u>518,890</u>
		<u>1,494,545</u>	<u>1,518,890</u>
<b>CURRENT ASSETS</b>			
Stocks	11	1,500	340,600
Debtors	12	7,344,055	6,496,560
Cash at bank and in hand		<u>2,585,449</u>	<u>552,411</u>
		9,931,004	7,389,571
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(5,437,300)</u>	<u>(3,174,517)</u>
<b>NET CURRENT ASSETS</b>		<u>4,493,704</u>	<u>4,215,054</u>
<b>NET ASSETS</b>		<u>5,988,249</u>	<u>5,733,944</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	3,510,000	3,510,000
Share premium account	16	6,954	6,954
Profit and loss account	16	<u>2,471,295</u>	<u>2,216,990</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	17	<u>5,988,249</u>	<u>5,733,944</u>

These financial statements were approved by the board of directors on 25 September 1996 and were signed on its behalf by:

R B Corser

Director

W T Edgerely

Director

The notes on pages 10 to 17 form part of these financial statements.

# CROWNGAP CONSTRUCTION LIMITED

## BALANCE SHEET

As at 31 December 1995

	Notes	1995 £	1994 £
<b>FIXED ASSETS</b>			
Tangible Assets			
Properties	8	1,000,000	1,000,000
Other fixed assets	9	308,636	255,193
Investment in subsidiary	10	<u>12,037</u>	<u>12,037</u>
		<u>1,320,673</u>	<u>1,267,230</u>
<b>CURRENT ASSETS</b>			
Stocks	11	-	339,100
Debtors	12	7,823,059	7,007,304
Cash at bank and in hand		<u>2,589,892</u>	<u>550,590</u>
		10,412,951	7,896,994
<b>CREDITORS: amounts falling due within one year</b>	14	<u>( 5,425,205)</u>	<u>( 3,176,978)</u>
<b>NET CURRENT ASSETS</b>		<u>4,987,746</u>	<u>4,720,016</u>
<b>NET ASSETS</b>		<u>6,308,419</u>	<u>5,987,246</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	3,510,000	3,510,000
Share premium account	16	6,954	6,954
Profit and loss account	16	<u>2,791,465</u>	<u>2,470,292</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	17	<u>6,308,419</u>	<u>5,987,246</u>

These financial statements were approved by the board of directors on 25 September 1996 and were signed on its behalf by:

R B Corser

Director

W T Edgerley

Director

The notes on pages 10 to 17 form part of these financial statements.

# CROWNGAP CONSTRUCTION LIMITED

## NOTES (forming part of the financial statements)

### 1 TURNOVER AND PROFIT BEFORE TAXATION

The turnover and profit before taxation arises wholly in the United Kingdom and is derived from the following activities:

	1995 £	1994 £
Turnover		
Building and Contracting	19,840,944	13,492,735
Plant hire and vehicle servicing	<u>22,142</u>	<u>21,593</u>
	<u>19,863,086</u>	<u>13,514,328</u>
Profit/(Loss) before Taxation		
Building and Contracting	473,348	( 446,290)
Plant Hire and vehicle servicing	<u>( 100,331)</u>	<u>( 121,474)</u>
	<u>373,017</u>	<u>( 567,764)</u>

### 2 OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated

	1995 £	1994 £
after charging:		
Hire of plant and machinery	110,467	50,865
Depreciation of fixed tangible assets	205,567	198,664
Auditors' remuneration - audit services	15,000	14,500
Directors' emoluments (note 4)	<u>211,062</u>	<u>189,664</u>
and crediting:		
Profit on disposal of fixed assets	22,381	41,044
Rental income	<u>11,895</u>	<u>21,045</u>

# CROWNGAP CONSTRUCTION LIMITED

## NOTES (continued)

### 3 STAFF COSTS

	1995 £	1994 £
These comprise:		
Wages and salaries	1,320,010	1,124,948
Social security costs	111,890	98,779
Other pension costs	<u>67,067</u>	<u>52,597</u>
	<u>1,498,967</u>	<u>1,276,324</u>

The average number of persons including directors employed by the group during the year, analysed by category, was as follows:-

	1995	1994
Administration	19	18
Building and contracting	34	28
Plant hire and vehicle servicing	<u>3</u>	<u>3</u>
	<u>56</u>	<u>49</u>

The company is a member of the P&O Group Pension Scheme which is of the defined benefit type with assets held in separate trustee administered funds. Details of the pension costs across the group as a whole and particulars of the actuarial valuation of the group scheme are contained in the financial statements for The Peninsular and Oriental Steam Navigation Company.

### 4 DIRECTORS' EMOLUMENTS

	1995 £	1994 £
Emoluments (including pension contributions)	<u>211,062</u>	<u>189,664</u>

Pension contributions charged in respect of directors amounted to £7,275 (1994 - £6,402). Emoluments, excluding pension contributions of the chairman who is the highest paid director were £83,232 (1994 - £78,182). Emoluments of directors, excluding pension contributions, fell in the following ranges:

	Number of Directors	
	1995	1994
NIL - £ 5,000	2	2
£40,001 - £45,000	-	1
£50,001 - £55,000	1	-
£60,001 - £65,000	-	1
£65,001 - £70,000	1	-
£75,001 - £80,000	-	1
£80,001 - £85,000	<u>1</u>	<u>-</u>

# CROWNGAP CONSTRUCTION LIMITED

## NOTES (continued)

### 5 INTEREST RECEIVABLE

	1995 £	1994 £
Other interest	<u>50,525</u>	<u>51,707</u>

### 6 INTEREST PAYABLE

	1995 £	1994 £
Interest on under declaration of VAT	<u>-</u>	<u>963</u>

### 7 TAX ON LOSS ON ORDINARY ACTIVITIES

	1995 £	1994 £
The charge for taxation at 33% (1994 - 33%) on the loss for the year on ordinary activities comprises:		
Group relief receivable/(payable)	( 196,500)	151,500
Adjustments in respect of earlier years Group relief receivable	77,788	191,783
Deferred tax	-	59,000
	<u>( 118,712)</u>	<u>402,283</u>

### 8 FREEHOLD PROPERTY

	1995 £	1994 £
Cost	<u>1,000,000</u>	<u>1,000,000</u>

# CROWNGAP CONSTRUCTION LIMITED

## NOTES (continued)

### 9 OTHER FIXED ASSETS

	Plant and Equipment	Fixtures and Fittings	Motor Vehicles	Total
	£	£	£	£
<b>The Group</b>				
<b>Cost</b>				
At beginning of year	815,579	612,655	495,003	1,923,237
Additions	-	27,949	156,516	184,465
Disposals	( 76,440)	-	( 67,357)	( 143,797)
At end of year	<u>739,139</u>	<u>640,604</u>	<u>584,162</u>	<u>1,963,905</u>
<b>Depreciation</b>				
At beginning of year	561,291	534,280	308,776	1,404,347
Charge for year	73,148	35,245	97,144	205,537
Disposals	( 75,436)	-	( 65,088)	( 140,524)
At end of year	<u>559,003</u>	<u>569,525</u>	<u>340,832</u>	<u>1,469,360</u>
<b>Net Book Value</b>				
At 31 December 1995	<u>180,136</u>	<u>71,079</u>	<u>243,330</u>	<u>494,545</u>
At 31 December 1994	<u>254,288</u>	<u>78,375</u>	<u>186,227</u>	<u>518,890</u>
<b>The Company</b>				
<b>Cost</b>				
At beginning of year		612,655	459,663	1,072,318
Additions		27,949	156,516	184,465
Disposals		-	( 67,357)	( 67,357)
At end of year		<u>640,604</u>	<u>548,822</u>	<u>1,189,426</u>
<b>Depreciation</b>				
At beginning of year		534,280	282,845	817,125
Charge for year		35,245	93,507	128,752
Disposals		-	( 65,087)	( 65,087)
At end of year		<u>569,525</u>	<u>311,265</u>	<u>880,790</u>
<b>Net book value</b>				
At 31 December 1995		<u>71,079</u>	<u>237,557</u>	<u>308,636</u>
At 31 December 1994		<u>78,375</u>	<u>176,818</u>	<u>255,193</u>

# CROWNGAP CONSTRUCTION LIMITED

## NOTES (continued)

### 10 INVESTMENT IN SUBSIDIARY

	1995 £	1994 £
Shares at cost	<u>12,037</u>	<u>12,037</u>

This represents 100% of the ordinary shares of Crowngap Plant Limited, a company incorporated in Great Britain and registered in England & Wales and which conducts its business as plant hire contractors.

### 11 STOCKS

	1995 £	1994 £
<b>The Group</b>		
Construction work-in-progress	-	339,100
Consumables	<u>1,500</u>	<u>1,500</u>
	<u>1,500</u>	<u>340,600</u>
<b>The Company</b>		
Construction work-in-progress	<u>-</u>	<u>339,100</u>

### 12 DEBTORS: Amounts due within one year

	1995 £	1994 £
<b>The Group</b>		
Trade debtors	2,888,311	1,613,825
Amounts owed by P&O group undertakings	3,732,335	4,312,981
Prepayments and accrued income	515,218	168,998
Tax recoverable	<u>208,191</u>	<u>400,756</u>
	<u>7,344,055</u>	<u>6,496,560</u>
<b>The Company</b>		
Trade debtors	2,883,460	1,607,430
Amounts owed by P&O group undertakings	3,732,335	4,312,981
Amounts owed by Subsidiary undertaking	486,478	554,696
Prepayments and accrued income	495,595	112,441
Tax recoverable	191,191	369,756
Deferred tax	<u>34,000</u>	<u>50,000</u>
	<u>7,823,059</u>	<u>7,007,304</u>

Interest is chargeable on amounts owed by group undertakings at a rate agreed between the parties from time to time.

# CROWNGAP CONSTRUCTION LIMITED

## NOTES (continued)

### 13 DEFERRED TAX ASSET

The deferred tax asset is included in debtors

	1995 £	1994 £
<b>The Group</b>		
Deferred tax has been provided in respect of		
Accelerated capital allowances	( 37,000)	( 53,000)
Other timing differences	<u>37,000</u>	<u>53,000</u>
	<u>-</u>	<u>-</u>

	1995 £	1994 £
--	-----------	-----------

The full potential assets/(liabilities) in respect of the deferred taxation were as follows

Accelerated Capital Allowances	( 9,000)	( 28,000)
Other timing differences	56,000	118,000
Unutilised tax losses	<u>3,000</u>	<u>3,000</u>
	<u>50,000</u>	<u>93,000</u>

£

#### The Company

At beginning of year	50,000
(Credit) for the year	( 16,000)
At end of year	<u>34,000</u>

	1995 £	1994 £
--	-----------	-----------

Deferred tax has been provided in respect of

Short term timing differences	<u>34,000</u>	<u>50,000</u>
	<u>34,000</u>	<u>50,000</u>

	1995 £	1994 £
--	-----------	-----------

The full potential assets/(liabilities) in respect of deferred taxation were as follows

Accelerated capital allowances	28,000	25,000
Short term timing differences	<u>56,000</u>	<u>118,000</u>
	<u>284,000</u>	<u>143,000</u>



# CROWNGAP CONSTRUCTION LIMITED

## NOTES (continued)

### 14 CREDITORS: Amounts falling due within one year

	1995 £	1994 £
<b>The Group</b>		
Trade creditors	3,200,556	2,489,743
Amounts owed to P&O group undertakings	383,396	51,061
Other creditors including taxation and Social Security	177,327	80,803
Accruals	<u>1,676,021</u>	<u>552,910</u>
	<u>5,437,300</u>	<u>3,174,517</u>
<b>The Company</b>		
Trade creditors	3,179,282	2,485,208
Amounts owed to P&O group undertakings	383,396	51,061
Other creditors including taxation and Social Security	186,630	87,956
Accruals	<u>1,675,897</u>	<u>552,753</u>
	<u>5,425,205</u>	<u>3,176,978</u>

Interest is chargeable on amounts owed to group undertakings at a rate agreed between the parties from time to time.

### 15 CALLED UP SHARE CAPITAL

	1995 £	1994 £
<b>Ordinary shares of £1 each</b>		
Authorised	<u>5,000,000</u>	<u>5,000,000</u>
Allotted, called up and fully paid	<u>3,510,000</u>	<u>3,510,000</u>

### 16 SHARE PREMIUM AND RESERVES

	Share premium Account £	Profit and loss account £
<b>The Group</b>		
At beginning of year	6,954	2,216,990
Retained profit the year	-	254,305
At the end of the year	<u>6,954</u>	<u>2,471,295</u>
<b>The Company</b>		
At beginning of year	6,954	2,470,292
Retained profit the year	-	321,173
At the end of the year	<u>6,954</u>	<u>2,791,465</u>

## CROWNGAP CONSTRUCTION LIMITED

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### NOTES (continued)

#### 17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	1995 £	1994 £
<b>The Group</b>		
Profit/(Loss) for the year	254,305	( 165,481)
Opening shareholder's funds	<u>5733,944</u>	<u>5,899,425</u>
Closing shareholder's funds	<u>5,988,249</u>	<u>5,733,944</u>

The cumulative amount of goodwill written off in earlier years amounts to £166,245.

	1995 £	1994 £
<b>The Company</b>		
Profit/(Loss) for the year	321,173	( 84,007)
Opening shareholder's funds	5,987,246	6,071,253
Closing shareholder's funds	<u>6,308,419</u>	<u>5,987,246</u>

#### 18 CONTINGENT LIABILITIES

The company has guaranteed the overdraft of its subsidiary undertaking which at 31 December 1995 amounted to £Nil (1994 - £Nil).

The company has entered into 3 performance bonds. The maximum potential liability at 31 December 1995 amounted to £247,774 (1994 - £247,774).

The company has guaranteed certain overdrafts of certain P&O group undertakings to the extent of the company's day to day deposits with that bank. At 31 December 1995 these deposits amounted to £1,882,092 (1994 - £233,860).

#### 19 CAPITAL COMMITMENTS

Capital Commitments for both the group and the company which were contracted for at 31 December 1995 amounted to £11,960 (1994 - £Nil)

#### 20 HOLDING COMPANY

The holding company is The Peninsular and Oriental Steam Navigation Company, a company incorporated by Royal Charter and therefore not registered. Copies of the accounts can be obtained from the Company Secretary of Crowngap Construction Limited at Lutidine House, Newark Lane, Ripley, Surrey GU23 6DH.