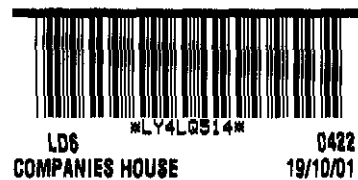


**COURTLETS GROUP LIMITED**

**REGISTERED NUMBER 583380**

**DIRECTORS' REPORT AND ACCOUNTS**

**24 DECEMBER 2000**



**COURTLETS GROUP LIMITED**  
**REPORT OF THE DIRECTORS**

Page 1

The Directors present their annual report and accounts of the company for the year ended 24 December 2000.

**Principal activity and review of business:**

The company's principal activity is property investment. The company's accounts for the year summarise the property and other income, and property movements.

Where appropriate, movements on reserves and fixed assets together with details of paid and proposed dividends are set out in the accounts.

**Directors and directors' interests:**

The directors during the year were:

W T Edgerley  
A H Fletcher  
R A Knight  
A A Preiskel  
B A Winham

According to the register of notifications received by the company relating to interests in the share capital and debentures of group undertakings, the following director had interests in The Peninsular and Oriental Steam Navigation Company, the company's ultimate parent undertaking, as set out below:

	24 December 2000	24 December 1999
	Deferred Stock	Deferred Stock
	£	£
A H Fletcher	1,959	485

During the year A H Fletcher was granted new options over £28,184 nominal of deferred stock and replacement options over £54,088 nominal of deferred stock in accordance with the rules of the P&O executive stock option scheme, and exercised options over £1,230 nominal of deferred stock in accordance with the rules of the P&O save as you earn scheme.

W T Edgerley, R A Knight, A A Preiskel and B A Winham are also members of the board of directors of P&O Property Holdings Limited of which this company is a wholly owned subsidiary undertaking. Their interests in shares and debentures of group undertakings are disclosed in the directors' report of that company.

247 Tottenham Court Road  
London W1T 7HH  
17 October 2001

On behalf of the board



A A PREISKEL  
Director

**COURTLETS GROUP LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Page 2

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.

**AUDITORS' REPORT TO THE MEMBERS OF  
COURTLETS GROUP LIMITED**

Page 3

We have audited the accounts on pages 4 to 10.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 2, the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

**Basis of audit 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 24 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London  
17 October 2001

*KPMG Audit Plc*

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor

**COURTLETS GROUP LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 24 DECEMBER 2000**

Page 4

<u>NOTES</u>	Year ended 24 December 2000 £	Year ended 24 December 1999 £
Rent receivable	411,492	939,365
Ground and head rents payable	(23,351)	(39,701)
Property (outgoings) / recoveries	(1,929)	8,525
Operating profit	<u>386,212</u>	<u>908,189</u>
Profit on sale of investment properties	1,676,543	-
Interest payable: Third party	-	(55)
2 Profit on ordinary activities before taxation	<u>2,062,755</u>	<u>908,134</u>
3 Taxation on profit on ordinary activities	(123,000)	(273,000)
Profit on ordinary activities after taxation	<u>1,939,755</u>	<u>635,134</u>
BALANCE BROUGHT FORWARD	2,907,925	2,272,791
Revaluation reserve realised on sale of properties	(4,510,785)	-
Dividends payable	(10,000,000)	-
Transfers of capital losses to other reserves	2,834,242	-
Transfers from other reserves	8,000,000	-
BALANCE CARRIED FORWARD	<u><u>1,171,137</u></u>	<u><u>2,907,925</u></u>

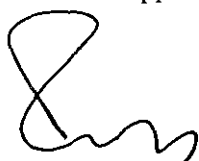
All turnover and operating profits are attributable to continuing operations.

**COURTLETS GROUP LIMITED**  
**BALANCE SHEET AT 24 DECEMBER 2000**

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<u>NOTES</u>	24 December 2000		24 December 1999	
	£	£	£	£
<b>FIXED ASSETS</b>				
Tangible Assets				
4 Investment properties		37,500		9,456,451
<b>CURRENT ASSETS</b>				
Amounts owed by group undertakings	6,562,655		3,333,893	
Other debtors	8,557		-	
Taxation	-		158,000	
Prepayments and accrued income	-		23,177	
		6,571,212		3,515,070
		6,608,712		12,971,521
<b>CAPITAL AND RESERVES</b>				
5 Called up share capital		100,000		100,000
Share premium account		4,034		4,034
6 Revaluation reserve		(50,073)		(4,560,785)
6 Other reserves		3,154,390		13,999,072
Profit and loss account		1,181,577		2,907,925
Equity shareholders' funds		4,389,928		12,450,246
<b>CREDITORS: amounts falling due within one year:</b>				
Trade creditors	530		53,469	
Taxation	123,000		273,000	
Other creditors	15,638		17,857	
Accruals and deferred income	79,616		176,949	
Dividends	2,000,000		-	
		2,218,784		521,275
		6,608,712		12,971,521

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



**R A KNIGHT**  
Directors  
17 October 2001



**A A PREISKEL**

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Year to 24 December 2000 £	Year to 24 December 1999 £
Profit for the financial year	1,939,755	635,134
Unrealised deficit on revaluation of property	(73)	(250,000)
Total recognised gains and losses relating to the year	<u>1,939,682</u>	<u>385,134</u>

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year to 24 December 2000 £	Year to 24 December 1999 £
Total recognised gains and losses for the financial year	1,939,682	385,134
Dividends	(10,000,000)	-
Opening shareholders' funds	12,450,246	12,065,112
Closing shareholders' funds	<u>4,389,928</u>	<u>12,450,246</u>

## NOTE OF HISTORICAL COST PROFITS AND LOSSES

	Year to 24 December 2000 £	Year to 24 December 1999 £
Profit on ordinary activities before taxation	2,062,755	908,134
Realisation of property revaluation deficits of previous years	(4,510,785)	-
Historical cost (loss) / profit on ordinary activities before taxation	<u>(2,448,030)</u>	<u>908,134</u>
Historical cost (loss) / profit on ordinary activities after taxation and dividends	<u>(12,571,030)</u>	<u>635,134</u>

## **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 have been prepared on the historical cost basis modified by the valuation of investment properties and in accordance with applicable United Kingdom accounting standards, and with the Companies Act 1985 except as explained under the heading Properties below.

### **Properties**

Investment properties are included in fixed assets at their latest valuations plus subsequent additions at cost, and surpluses and deficits arising on valuation are taken direct to the revaluation reserve. A substantial proportion by value, including the largest properties, is valued annually by the group chief surveyor and triennially by external valuers. The remaining low value properties are valued triennially, a third each year, by the group chief surveyor.

Depreciation or amortisation is not provided in respect of freehold or long leasehold investment properties. This treatment may be a departure from the Companies Act 1985 concerning the depreciation of fixed assets in respect of certain of these properties. However such properties are not held for consumption but for investment and the directors consider systematic annual depreciation would be inappropriate and that this policy is necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified. Any permanent diminution in the value of properties is charged to the profit and loss account.

### **Related party transactions**

Under Financial Reporting Standard 8, the company is exempt from the requirement to disclose transactions or balances with entities which form part of the group.

### **Cash flow statement**

Under Financial Reporting Standard 1 (Revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.



**2 PROFIT AND LOSS ACCOUNT**

- (a) The company's business is organised in the United Kingdom.
- (b) The basis of charging intra-group interest is agreed between the parties from time to time.
- (c) The directors do not receive any remuneration for their services to the company; their emoluments for work within the group are paid by other group undertakings and are dealt with in the accounts of those undertakings.
- (d) Auditors' remuneration is dealt with on a group basis and no amount has been specifically recharged to this company.
- (e) Details of staff numbers and staff costs are disclosed in the accounts of the parent undertaking.

**3 TAXATION**

	24 December 2000	24 December 1999
	£	£
UK Corporation tax at 30% (1999: 30.25%)	(123,000)	(273,000)

The directors estimate that if all properties were to be realised at their current book values, no taxation liability would arise (1999: £Nil).

## NOTES TO THE ACCOUNTS AT 24 DECEMBER 2000 (Continued)

## 4 INVESTMENT PROPERTY

	Freehold Properties £	Long Leasehold Properties £	Total £
At 25 December 1999	5,456,451	4,000,000	9,456,451
			-
Additions	6,534	-	6,534
Disposals	(5,425,412)	(4,000,000)	(9,425,412)
Revaluations	(73)	-	(73)
<b>Net book value</b>			
At 24 December 2000	37,500	-	37,500
At 24 December 1999	5,456,451	4,000,000	9,456,451
	Freehold Properties £	Long Leasehold Properties £	Total £
Analysis of all properties at 24 December 2000			
Valuation 2000	37,500	-	37,500
	37,500	-	37,500

(a) The valuations of properties at 24 December 2000 were made on the basis of open market value by the group chief surveyor R A Knight, FRICS. The basis is in accordance with the Statement of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors.

(b) The historical cost of properties is estimated to be £87,573 (1999: £14,017,236).

## 5 CALLED UP SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid £
At 24 December 2000 and 25 December 1999		
Ordinary shares at £1 each	100,000	100,000

## NOTES TO THE ACCOUNTS AT 24 DECEMBER 2000 (Continued)

## 6 RESERVES

	Revaluation Reserve £	Other Reserves £	Profit and loss account £
At 25 December 1999	(4,560,785)	13,999,072	2,907,925
Profit for the year	-	-	1,939,755
Deficit on property revaluation	(73)	-	-
Transfers	4,510,785	(10,844,682)	6,333,897
Dividends			(10,000,000)
At 24 December 2000	<u>(50,073)</u>	<u>3,154,390</u>	<u>1,181,577</u>

## 7 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, a company incorporated by Royal Charter and therefore not registered, copies of whose accounts can be obtained from: The Registrar of Companies, Companies House, Crown Way, Cardiff CF4 3UZ.