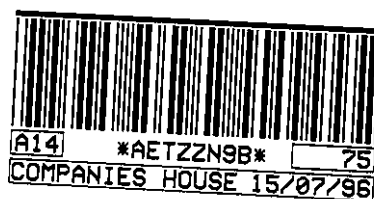


LAING ESTATES (MILL HILL) LIMITED

REGISTERED NUMBER 816985

DIRECTORS' REPORT AND ACCOUNTS
24 DECEMBER 1995



LAING ESTATES (MILL HILL) LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and accounts of the company for the year ended 24 December 1995.

Principal activity and review of business:

The company's principal activity is property development and dealing. The company's accounts for the year summarise the property and other income.

Where appropriate, movements on share capital, reserves and fixed assets are set out in the accounts.

Directors and directors' interests:

The directors during the year were Mr R G Ferguson, Mr R A Knight and Mr A A Preiskel.

The present directors 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.

On behalf of the Board



A A PREISKEL

247 Tottenham Court Road
LONDON, W1P 0HH
Director

10 July 1996

STATEMENT OF DIRECTORS' RESPONSIBILITIES

LAING ESTATES (MILL HILL) LIMITED

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

LAING ESTATES (MILL HILL) LIMITED

We have audited the accounts on pages 4 to 8.

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 24 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

10 July 1996

LAING ESTATES (MILL HILL) LIMITEDPROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 24 DECEMBER 1995

<u>NOTES</u>	<u>Year ended</u> <u>24 December 1995</u>		<u>Year ended</u> <u>24 December 1994</u>	
	£	£	£	£
Cost of sales	-		(435,667)	
Dealing loss		-		(435,667)
Rent receivable	209,969		1,353,423	
Ground and head rents payable	(560,000)		(520,000)	
Property (outgoings)/ recoveries	(387,386)		306,522	
		(737,417)		1,139,945
2 Operating (loss)/profit on ordinary activities before taxation		(737,417)		704,278
3 Taxation on profit on ordinary activities		(71,694)		(253,000)
(Loss)/Profit on ordinary activities after taxation		(809,111)		451,278
BALANCE BROUGHT FORWARD		531,752		80,474
BALANCE CARRIED FORWARD		(277,359)		531,752

All turnover and operating profits are attributable to continuing operations.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the period stated above, and their historical cost equivalents.

LAING ESTATES (MILL HILL) LIMITEDBALANCE SHEET AT 24 DECEMBER 1995NOTES

	<u>24 December 1995</u>		<u>24 December 1994</u>	
	£	£	£	£
CURRENT ASSETS				
Stocks				
Properties		1,397,202		1
Debtors				
Trade debtors	-		3,505	
Amounts owed by group undertakings	-		730,386	
Other debtors	22,520		164,715	
		<u>22,520</u>		<u>898,606</u>
		<u>1,419,722</u>		<u>898,607</u>
CAPITAL AND RESERVES				
4 Called up share capital		100		100
Profit and loss account		(277,359)		531,752
		<u>(277,259)</u>		<u>531,852</u>
Equity shareholders' funds		(277,259)		531,852
CREDITORS - amounts falling due within one year				
Trade creditors	60,890		69,058	
Amounts owed to group undertakings	1,445,317		-	
Other creditors	123,774		-	
Taxation	-		253,000	
Accruals and deferred income	67,000		44,697	
		<u>1,696,981</u>		<u>366,755</u>
		<u>1,419,722</u>		<u>898,607</u>

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



A A PREISKEL



R A KNIGHT

Directors
10 July 1996

LAING ESTATES (MILL HILL) LIMITEDSTATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Year ended <u>24 December 1995</u> £	Year ended <u>24 December 1994</u> £
(Loss)/profit for the financial year	(809,111)	451,278
Total recognised gains and losses relating to the financial year	<u>(809,111)</u>	<u>451,278</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year ended <u>24 December 1995</u> £	Year ended <u>24 December 1994</u> £
Total recognised gains and losses for the financial year	(809,111)	451,278
Opening shareholders' funds	<u>531,852</u>	<u>80,574</u>
Closing shareholders' funds	<u>(277,259)</u>	<u>531,852</u>

LAING ESTATES (MILL HILL) LIMITED**NOTES TO THE ACCOUNTS AT 24 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 have been prepared in accordance with applicable United Kingdom accounting standards, and under historical cost accounting rules.

The company has net liabilities. The parent undertaking P&O Property Holdings limited has given a written undertaking that it will continue to support the company and its present activities.

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

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 given 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.

LAING ESTATES (MILL HILL) LIMITEDNOTES TO THE ACCOUNTS AT 24 DECEMBER 1995

(Continued)

3. **TAXATION**

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

	<u>24 December 1995</u>	<u>24 December 1994</u>
	£	£
Current year:		
UK Corporation tax at 33%		
(1994 : 33%) on the profit		
for the year	-	(253,000)
Prior year adjustments	(71,694)	-
	<u>(71,694)</u>	<u>(253,000)</u>

4. **CALLED UP SHARE CAPITAL**

	<u>Authorised</u>	<u>Allotted, called up and fully paid</u>
	£	£
At 24 December 1995 and 25 December 1994		
Ordinary shares at £1 each	100	100
	<u>100</u>	<u>100</u>

5. **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.