

Property Holding & Investment Trust Limited

Financial Statements 31 December 2002
together with directors' and auditors' reports

Registered number: 439083



Property Holding & Investment Trust Limited

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2002.

Principal activities and business review

The Company's principal activity is that of a holding company for subsidiaries engaged in real estate activities. The level of activity within the group during the year was minimal. The Directors do not expect there to be any change in this level of activity in the foreseeable future.

Financial statements and dividend

The financial statements of the Company appear on pages 3 to 8, inclusive.

The result for the year is set out in the profit and loss account on page 3. Retained profits of £7,344 (2001 - £Nil) have been transferred to reserves.

No interim dividend was declared during the year and the Directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2002 (2001 - £nil).

The holder of all of the issued and allotted 4½ per cent. Cumulative Preference Shares of £1 each in the capital of the Company has waived its right to a fixed cumulative preferential dividend on those shares in respect of the year ended 31 December 2002.

Directors

Shown below are the Directors who served during the year and continue in office at the date of this report.

Trafalgar House Developments Limited
Trafalgar House Property Limited (appointed 12 March 2002)

Directors' interests

No Director has, or during the year had, or at the time he became a director had, any interest in the shares of the Company or any other company within the same group to be disclosed under the Companies Act 1985 except for Trafalgar House Property Limited which is interested solely by reason of being the holding company of certain other companies within the same group. There were no changes in Directors' share interests during the period from 31 December 2002 to the date of this report.

Annual general meeting

The Company has dispensed with the laying of accounts and reports before the Company in general meeting and the holding of annual general meetings.

Auditor

KPMG Audit Plc has signified its willingness to continue in office.

Pursuant to a shareholders' resolution, the Company is not obliged to re-appoint its auditor annually and KPMG Audit Plc is, therefore, deemed re-appointed as auditor for the succeeding year.

By order of the Board,

Rufus Laycock

Rufus Laycock
Secretary

Date: 24 October 2003.

Registered Office:
68 Hammersmith Road
London W14 8YW

Property Holding & Investment Trust 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 as at the end of the financial year and of the profit or loss of the Company for that year. 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.

Property Holding & Investment Trust Limited

Independent auditors' report to the members of Property Holding & Investment Trust Limited

We have audited the financial statements on pages 3 to 8.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 1 the financial statements 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 financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, 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 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

7 November 2003

KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y 8BB

Property Holding & Investment Trust Limited

Profit And Loss Account for the Year Ended 31 December 2002

	Note	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Amounts written off investments in subsidiary undertakings not required		7,344	-
Profit on ordinary activities before taxation	2	<u>7,344</u>	<u>-</u>
Taxation - on profit on ordinary activities	3	<u>-</u>	<u>-</u>
Retained profit for the financial year	7	<u><u>7,344</u></u>	<u><u>-</u></u>

The notes on pages 5 to 8 inclusive form part of this profit and loss account.

The Company has no recognised gains or losses other than the profit for the current financial year. Accordingly, a statement of total recognised gains and losses has not been prepared.

The only movement in shareholders' funds is the profit for the financial year. Accordingly, a statement reconciling the movements in shareholders' funds has not been prepared.

Property Holding & Investment Trust Limited

Balance Sheet at 31 December 2002

	Note	31 December 2002		31 December 2001	
		£	£	£	£
Fixed assets					
Investments	4		26,893,956		26,886,612
Current assets					
Debtors	5	<u>61,339,815</u>		<u>61,339,815</u>	
Creditors: Amounts falling due within one year:					
Amount owed to intermediate parent undertaking		(548,522)		(548,522)	
Amounts owed to subsidiary undertakings		(39,484,240)		(39,484,240)	
Accruals and deferred income		(14,289)		(14,289)	
Other creditors		<u>(6,673)</u>		<u>(6,673)</u>	
		<u>(40,053,724)</u>		<u>(40,053,724)</u>	
Net current assets			<u>21,286,091</u>		<u>21,286,091</u>
Total assets less current liabilities			<u><u>48,180,047</u></u>		<u><u>48,172,703</u></u>
Capital and reserves					
Equity share capital			20,456,923		20,456,923
Non-equity share capital			499,377		499,377
Called up share capital	6		<u>20,956,300</u>		<u>20,956,300</u>
Share premium account			1,028,949		1,028,949
Profit and loss account	7		<u>26,194,798</u>		<u>26,187,454</u>
Equity and non-equity shareholders' funds			<u><u>48,180,047</u></u>		<u><u>48,172,703</u></u>

The notes on pages 5 to 8 inclusive form part of this balance sheet.

The financial statements were approved by the Board of Directors on 24 October 2003 and signed on its behalf by:

<p>FOR AND ON BEHALF OF TRAFALGAR HOUSE PROPERTY LIMITED</p> <p><i>Refus Haycock</i></p>
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Director

Property Holding & Investment Trust Limited

Notes to accounts 31 December 2002

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. The Company has adopted FRS 19 "Deferred Tax" in these financial statements. The comparative figures have been restated accordingly. This does not have a material effect on prior year balances.

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified for the revaluation of certain fixed assets.

The Company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

(b) Cash flow statement

The Company has taken advantage of the exemption under the rules of FRS1 (revised) not to produce a cash flow statement. The appropriate amounts have been included in the consolidated financial statements of Aker Kværner ASA.

(c) Related parties

As the Company is a wholly owned subsidiary of Aker Kvaerner PLC, the Company has taken advantage of the exemption contained in FRS 8 and has, therefore, not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Aker Kvaerner PLC, within which this Company is included, can be obtained from the address given in note 8.

(d) Taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Advance corporation tax recoverable by deduction from future corporation tax is carried forward within deferred taxation or as ACT recoverable within debtors as appropriate.

(e) Fixed asset investments

Shares in subsidiary undertakings are stated at cost less amounts written off.

(f) Revaluation reserve

Surpluses or deficits arising on the revaluation of tangible fixed assets are transferred to a non-distributable reserve known as the revaluation reserve, unless a deficit (or its reversal) is expected to be permanent in which case it is charged (or credited) to the profit and loss account. In accordance with FRS3, the profit or loss on sale of a tangible fixed asset is the difference between the disposal proceeds and the carrying value of the asset, including any revaluation. Any amount in the revaluation reserve relating to such an asset is transferred directly to the profit and loss reserve and is not included in the profit for the financial year.

2. Profit on ordinary activities before taxation

There were no employees of the Company during the year (2001 - None). Administration expenses and auditors' remuneration were borne by Kvaerner Estates Limited, a fellow subsidiary undertaking.

Neither of the Directors received any emoluments from the Company during the year (2001 - £Nil).

Property Holding & Investment Trust Limited

Notes to accounts (continued)

31 December 2002

3. Taxation - on profit on ordinary activities

Factors affecting the current tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are as follows:-

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Profit on ordinary activities before taxation	7,344	-
Taxation charge at UK Corporation Tax rate of 30% (2001:30%)	2,203	-
Effects of		
Expenditure not deductible for tax purposes	(2,203)	-
Actual tax charge per accounts	-	-

Factors affecting future tax charges

It is anticipated that any future taxable income in this Company will be sheltered from tax by utilisation of group relief from other Group companies, and where possible, the use of the Group's tax losses arising in prior years.

The Aker Kvaerner PLC UK tax group has brought forward tax losses estimated at £145M and surplus Advance Corporation Tax of approximately £198M.

4. Fixed assets - investments £

Shares in subsidiary undertakings

At 1 January 2002 (cost £66,430,749)	26,886,612
Amounts written off in prior years no longer required	7,344
At 31 December 2002 (cost £66,430,749)	<u>26,893,956</u>

The value of the investment in subsidiary undertakings based on the equity method of valuation is £45,652,734 (2001 - £45,645,561)

Property Holding & Investment Trust Limited

Notes to accounts (continued) 31 December 2002

4. Fixed assets - investments (continued)

Listed below are the Company's subsidiary undertakings. These subsidiary undertakings are wholly-owned, incorporated in Great Britain, registered in England and Wales and carry on their activities in the country of incorporation.

Subsidiary undertaking	Activity
G.M. Properties Limited	Dormant
Impkarn Limited	Dormant
Property Selection & Investment Trust Limited	Not trading
Redhill Properties Limited	Dormant

5. Debtors

	31 December 2002 £	31 December 2001 £
Amounts falling due within one year:		
Amount owed by parent undertaking	46,630,252	46,630,252
Amounts owed by fellow subsidiary undertakings	14,709,563	14,709,563
	<u>61,339,815</u>	<u>61,339,815</u>

6. Share capital

	31 December 2002 £	31 December 2001 £
Authorised:		
Equity share capital		
100,000,000 Ordinary Shares of 25p each	25,000,000	25,000,000
Non-equity share capital		
750,000 4½ per cent. Cumulative Preference Shares of £1 each	<u>750,000</u>	<u>750,000</u>
Allotted, called up and fully paid:		
Equity share capital		
81,827,690 Ordinary Shares of 25p each	20,456,923	20,456,923
Non-equity share capital		
499,377 4½ per cent. Cumulative Preference Shares of £1 each	<u>499,377</u>	<u>499,377</u>
	<u>20,956,300</u>	<u>20,956,300</u>

Property Holding & Investment Trust Limited

Notes to accounts (continued) 31 December 2002

6. Share Capital (continued)

The holders of the non-equity share capital are entitled to:

- (1) be paid out of profits which the directors shall determine to distribute by way of dividend in any year a fixed cumulative dividend at the rate of 4½% per annum;
 - (2) on the winding up of the Company to receive:
 - a) all arrears of preferential dividend whether earned or declared or not; and
 - b) the amount of the capital paid up or credited as paid up on the Preference Shares together with a premium of either 10p per share or the difference between the nominal value of the shares and the market value thereof, whichever is the greater;
- in priority to any payment in respect of Ordinary Shares but shall not be entitled to any other rights in the profits or assets of the Company.

The holders of the non-equity share capital shall have no right to receive notice of or to be present or to vote at any General Meeting of the Company unless:

- a) the preferential dividend shall remain unpaid for six calendar months for which purpose the dividend shall be deemed to be payable half yearly on 31 March and 31 December or;
- b) a resolution shall be submitted:
 - (i) for the reduction of the capital of the Company;
 - (ii) for winding up the Company;
 - (iii) directly affecting the rights and privileges attached to the shares, or
 - (iv) for effecting any alteration in the borrowing powers of the directors.

As to voting: subject to the special rights as to voting described above on a show of hands at a general meeting of the Company each member present shall have one vote, and in case of a poll every member present or by proxy shall have four votes in respect of each Preference Share and one vote in respect of each Ordinary Share held.

The holder of all of the issued and allotted 4½ per cent. Cumulative Preference Shares of £1 each has waived its right to a fixed cumulative preferential dividend on those shares in respect of the year ended 31 December 2002.

7. Profit and loss account

£

At 1 January 2002	26,187,454
Retained profit for the financial year	<u>7,344</u>
At 31 December 2002	<u>26,194,798</u>

8. Ultimate parent company and parent undertaking of larger group of which the Company is a member

Aker Kvaerner PLC, which is registered in England and Wales, heads the smallest group in which the results of the Company are consolidated.

The ultimate parent company is Aker Kværner ASA, a company registered in Norway, which heads the largest group in which the results of the Company are consolidated.

Copies of the respective financial statements can be obtained from the Company Secretary, Aker Kvaerner PLC at Kvaerner House, 68 Hammersmith Road, London W14 8YW.