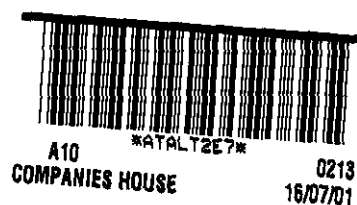


# Kvaerner Estates Limited

Financial Statements 31 December 2000  
together with directors' and auditors' reports

Registered number: 551134





## Directors' Report

The directors present their report, together with the financial statements and auditors' report, for the year ended 31 December 2000.

### Principal activities and business review

The company's principal activity is, and will continue to be, that of managing properties occupied by fellow subsidiaries. During the year the company continued to provide property management services for group owned and occupied land and buildings, including acquisitions, disposals, leasing, rent reviews and rating.

### Results

The results for the year are set out in the profit and loss account on page 3. Retained losses of £3,436,818 (1999 - loss £1,195,207) have been transferred to reserves.

### Dividends

The directors do not recommend the payment of any dividend on the issued ordinary share capital of the company in respect of the year ended 31 December 2000.

### Directors

The directors of the company during the year were:

N Latham	
L N Simpson	
Trafalgar House Developments Limited	(resigned 10 January 2000)
A G Howse	(appointed 10 January 2000 - resigned 16 November 2000)

### Directors' share interests

None of the directors, at 31 December 2000, had any interests requiring to be disclosed under the Companies Act 1985. There were no changes in the directors' interests between 31 December 2000 and the date of this report. No director, during the year, had a material interest in any contract significant to the company's business.

### Annual general meeting

The company has dispensed with the obligation to hold annual general meetings.

### Auditors

Pursuant to Section 386 of the Companies Act 1985 an elective resolution to dispense with the obligation to appoint auditors annually has been passed at an Extraordinary General Meeting.

### Policy on payment of suppliers

Statutory regulations issued under the Companies Act 1985 require the company to make a statement of its policy and practice on the payment of trade creditors. The company has an arrangement with a fellow subsidiary undertaking that all orders to suppliers and payments to them are made by that fellow subsidiary. Under these arrangements the company has no trade creditors falling within the regulations of the Companies Act 1985.

By order of the Board,

Rufus Laycock

R Laycock  
Secretary  
Kvaerner House  
68 Hammersmith Road  
London W14 8YW

20 March 2001



## 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.



## Report of the auditors to the members of Kvaerner Estates Limited

We have audited the financial statements on pages 3 to 10.

### 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. 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 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 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc.*

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

*20 March 2001*



**Profit And Loss Account for the Year Ended  
31 December 2000**

	Note	Year Ended 31 December 2000 £	Year ended 31 December 1999 £
<b>Turnover</b>			
Continuing operations	2	4,359,173	4,315,110
Property outgoings	3	(4,772,271)	(2,936,852)
Gross (loss)/profit		<u>(413,098)</u>	<u>1,378,258</u>
Net operating expenses		(534,238)	(549,840)
Operating (loss)/profit on continuing operations		<u>(947,336)</u>	<u>828,418</u>
Interest receivable and similar income		182,443	92,316
Interest payable and similar charges	4	(2,671,925)	(2,115,941)
Loss on ordinary activities before taxation	5	<u>(3,436,818)</u>	<u>(1,195,207)</u>
Taxation - on loss on ordinary activities	6	<u>-</u>	<u>-</u>
Retained loss for the financial year	12	<u><u>(3,436,818)</u></u>	<u><u>(1,195,207)</u></u>

The notes on pages 5 to 10 form part of this profit and loss account.

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

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



# Kvaerner Estates Limited

## Balance Sheet at 31 December 2000

	Note	31 December 2000		31 December 1999	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		3,667,455		3,099,965
<b>Current assets</b>					
Debtors due within one year	8	12,345,551		13,860,666	
Cash at bank and in hand		<u>3,069,875</u>		<u>2,424,982</u>	
		15,415,426		16,285,648	
<b>Creditors: Amounts falling due within one year</b>	9	<u>(26,907,788)</u>		<u>(24,156,487)</u>	
<b>Net current liabilities</b>			(11,492,362)		(7,870,839)
<b>Total assets less current liabilities</b>			<u>(7,824,907)</u>		<u>(4,770,874)</u>
<b>Provisions for liabilities and charges</b>	10		<u>(5,765,038)</u>		<u>(5,382,253)</u>
<b>Net liabilities</b>			<u>(13,589,945)</u>		<u>(10,153,127)</u>
<b>Capital and reserves</b>					
Called up equity share capital	11		15,000,000		15,000,000
Equity reserves					
Revaluation reserve	12		2,501,147		2,501,147
Other reserves	12		6,966,514		6,966,514
Profit and loss account - (deficit)	12		<u>(38,057,606)</u>		<u>(34,620,788)</u>
<b>Equity shareholders' funds</b>			<u>(13,589,945)</u>		<u>(10,153,127)</u>

The notes on pages 5 to 10 form part of this balance sheet.

The financial statements were approved by the Board of Directors on 20 March 2001 and signed on its behalf by:



N Latham  
Director



**Notes to accounts**  
**31 December 2000**

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.

(a) **Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain tangible fixed assets. The company has applied the transitional rules contained in FRS 15 "Tangible Fixed Assets" to retain previous valuations as the basis on which certain of these assets are held.

(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 Kvaerner ASA.

(c) **Turnover**

Turnover, which includes intra-group trading, represents rental income from properties and management fees, net of VAT, and arises wholly within the United Kingdom.

(d) **Taxation**

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in years different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

(e) **Fixed asset properties - occupied by the group**

Properties owned and occupied as business premises are included in fixed assets at their valuation plus subsequent additions at cost.

(f) **Depreciation**

Depreciation is not provided on freehold and long leasehold properties where the directors are of the opinion that the buildings concerned are currently sufficiently well maintained to ensure that the residual values of such properties are not less than the cost or valuation (based on prices prevailing at the time of acquisition or subsequent valuation) and accordingly annual depreciation or amortisation would not be material to the financial statements. For short leasehold premises, depreciation is provided over the life of the lease.

(g) **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.

(h) **Leases**

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.



## Notes to accounts (continued)

### 31 December 2000

#### 1. Accounting policies (continued)

##### (i) Pensions

The expected cost to the company of the pensions in respect of defined benefit and defined contribution pension schemes is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the schemes.

#### 2. Turnover - continuing operations

	Year ended 31 December 2000 £	Year ended 31 December 1999 £
Turnover represents:		
Intra- group rental income	2,010,980	2,366,003
Other rental	2,134,787	1,948,507
	<u>4,145,767</u>	<u>4,314,510</u>
Management fees	213,406	600
	<u>4,359,173</u>	<u>4,315,110</u>

#### 3. Property outgoings

	Year Ended 31 December 2000 £	Year ended 31 December 1999 £
Property expenses	3,914,271	4,804,821
Provisions raised/(released) in respect of onerous leases	858,000	(1,867,969)
	<u>4,772,271</u>	<u>2,936,852</u>

#### 4. Interest payable and similar charges

	Year Ended 31 December 2000 £	Year ended 31 December 1999 £
Loan from immediate parent undertaking	2,384,419	428,063
Loan from fellow subsidiary undertaking	-	1,687,507
Other loans	506	371
Discounted provisions		
Unwinding of discount	287,000	-
	<u>2,671,925</u>	<u>2,115,941</u>



## Notes to accounts (continued)

31 December 2000

## 5. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	Year Ended 31 December 2000 £	Year ended 31 December 1999 £
Depreciation and amounts written off tangible fixed assets	-	20,894
Operating lease rentals:		
Land and buildings	3,891,441	4,579,060
Auditors' remuneration	10,000	10,000
	<u>                    </u>	<u>                    </u>

## Staff costs including directors' emoluments (note 5(a)):

	£	£
Wages and salaries	327,017	234,337
Social security costs	23,893	21,954
Other pension costs	20,348	19,322
	<u>371,258</u>	<u>275,613</u>

The average monthly number, including executive directors, employed by the company during the year was 7 (1999 - 7).

The company's employees are members of defined benefit and defined contribution pension schemes operated by the Kvaerner PLC Group under which contributions are paid by the company and by the employees. The assets of the schemes are held in trustee administered funds separate from the finances of the group.

The company's contributions are based on the expected cost of pensions across the Kvaerner PLC Group as a whole and are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees within the group schemes. Details of the actual valuation of the group schemes are contained in the consolidated financial statements of Kvaerner PLC.

## (a) Directors' emoluments

	Year Ended 31 December 2000 £	Year Ended 31 December 1999 £
Aggregate emoluments:		
Executives (including pension contributions to defined benefit schemes)	<u>131,150</u>	<u>-</u>

There were two directors (1999 - Nil) who were members of defined benefit pension schemes.

The remuneration of the highest paid director was £72,000 (1999 - £Nil).



## Notes to accounts (continued)

31 December 2000

## 6. Taxation - on loss on ordinary activities

There is no charge for corporation tax as the company has incurred a loss for the year. Relief for the loss will be surrendered to other companies in the group for no consideration.

## 7. Tangible fixed assets

	Land and Buildings		
	Freehold	Short Leasehold	Total
	£	£	£
Cost or valuation:			
At 1 January 2000	3,099,965	132,637	3,232,602
Additions during year	618,454	-	618,454
Disposals during the year	(50,964)	-	(50,964)
At 31 December 2000	<u>3,667,455</u>	<u>132,637</u>	<u>3,800,092</u>
Accumulated depreciation:			
At 1 January 2000 and 31 December 2000	<u>-</u>	<u>132,637</u>	<u>132,637</u>
Net book value			
At 31 December 2000	<u>3,667,455</u>	<u>-</u>	<u>3,667,455</u>
At 31 December 1999	<u>3,099,965</u>	<u>-</u>	<u>3,099,965</u>

The comparable amounts on a historical cost basis in respect of freehold land and leasehold properties are as follows:

1,166,308	132,637	1,298,945
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The properties owned and occupied as business premises are carried at their 30 September 1993 valuations plus additions at cost. The major properties were valued as at 30 September 1993 by Jones Lang Wootton, Chartered Surveyors, on an open market existing use basis.

All of the above valuations were carried out in accordance with Statements of Asset Valuation Practice and Guidance Notes published by the Royal Institution of Chartered Surveyors

## 8. Debtors due within one year

	31 December 2000 £	31 December 1999 £
Trade debtors	758,222	684,438
Amounts owed by fellow subsidiary undertakings	10,503,816	12,269,804
Prepayments and accrued income	1,083,513	906,424
	<u>12,345,551</u>	<u>13,860,666</u>



# Notes to accounts (continued)

## 31 December 2000

### 9. Creditors

Creditors – amounts falling due within one year:

	31 December 2000 £	31 December 1999 £
Amounts owed to intermediate parent undertaking	8,673,141	8,673,741
Amounts owed to immediate parent undertaking	14,789,796	10,387,002
Amounts owed to fellow subsidiary undertakings	1,845,163	3,162,546
Taxation and social security	874	14,361
Other creditors	261,026	252,690
Accruals and deferred income	1,337,788	1,666,147
	<u>26,907,788</u>	<u>24,156,487</u>

### 10. Provisions for liabilities and charges

The provisions relate to onerous leases.

	£
At 1 January 2000	5,382,253
Raised during the year	858,000
Utilised during the year	(762,215)
Unwinding of discount	287,000
At 31 December 2000	<u>5,765,038</u>

It is anticipated that these provisions will be utilised during the period from the balance sheet date to April 2014.

### 11. Called up equity share capital

	31 December 2000 £	31 December 1999 £
Authorised, allotted and fully paid:		
Ordinary shares of £1 each	<u>15,000,000</u>	<u>15,000,000</u>



Notes to accounts (continued)

31 December 2000

12. Reserves

	Other Reserves £	Revaluation reserve £	Profit and loss account £
At 1 January 2000	6,966,514	2,501,147	(34,620,788)
Loss for the financial year	-	-	(3,436,818)
At 31 December 2000	6,966,514	2,501,147	(38,057,606)

Other reserves arise from the sale of business premises and, in accordance with the company's Memorandum of Association, are non-distributable.

13. Commitments

Annual commitments under non cancellable operating leases are as follows:-

	31 December 2000 £	31 December 1999 £
Land and buildings		
Operating leases which expire :		
in one year	34,250	191,000
between 2 and 5 years	1,495,493	653,226
in more than 5 years	2,714,150	3,641,465
	<u>4,243,893</u>	<u>4,485,691</u>

14. Ultimate parent undertaking

Kvaerner PLC heads the smallest group in which the results of the company are consolidated.

The ultimate parent company is Kvaerner ASA, a company incorporated 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 Kvaerner PLC at Kvaerner House, 68 Hammersmith Road, London W14 8YW.