

# Kvaerner Estates Limited

Financial Statements 31 December 2004  
together with directors' and auditors' reports

Registered number: 551134



# Kvaerner Estates Limited

## Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2004.

### Principal activities and business review

The Company's principal activity is, and continues to be, the ownership and management of land and buildings.

During the year sold its last remaining freehold property asset for £16,000,000. All other property assets are leasehold interests.

Real estate management and advisory services are provided by a third party service provider, CB Richard Ellis.

### Financial statements and dividend

The financial statements of the Company appear on pages 3 to 10 inclusive.

The result for the year is set out in the profit and loss account on page 3. Retained profits of £13,789,507 (2003 - loss £1,529,597) have been transferred to reserves.

The Company has a deficit on its profit and loss account. Consequently, no dividend may be paid.

### Directors

The current Directors are listed below.

Steffen Føreid  
Rufus Laycock

On 21 December 2004, Finn Fosse resigned from the Board upon his retirement from the Kvaerner Group and Steffen Føreid was appointed a Director in his place.

### 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 in the same group to be disclosed in terms of the Companies Act 1985.

### Creditor payment policy

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. Operating businesses in the Kvaerner PLC Group are responsible for agreeing the term and conditions under which business transactions with their suppliers are conducted. It is the Company's policy that payments to suppliers are made in accordance with agreed terms and in accordance with its contractual and other legal obligations, provided that the supplier is also complying with all relevant terms and conditions. The average number of days taken to pay the Company's trade suppliers during 2004 was 25 days (2003: 25 days).

### 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.

# Kvaerner Estates Limited

## Directors' Report (Continued)

### **Auditor**

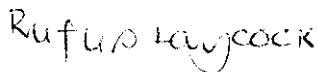
KPMG Audit Plc has signified its willingness to continue in office.

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.

### **Subsequent Event - Change in Ultimate Controlling Party**

At 31 December and until 1 April 2005, the Company was a member of the Kværner ASA Group of companies (being the group of companies headed by Kværner ASA). The Company's immediate parent company was, and still is, Trafalgar House Property Limited, which company is a direct subsidiary of Kvaerner PLC. At 1 April 2005, a management buy-out of certain assets and liabilities of Kværner ASA, including the shares of Kvaerner PLC took place with consequential change in the ultimate parent company and ultimate controlling party of the Company (see Note 16 for details of the Company's ultimate controlling party at the date of approval of these report and accounts).

By order of the Board,



Rufus Laycock  
*Secretary*

Date: 20<sup>th</sup> October 2005

*Registered Office:*  
68 Hammersmith Road  
London W14 8YW

## 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; and
- 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 independent auditors to the members of Kvaerner Estates Limited

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

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.

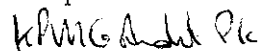
## Basis of audit opinion

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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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

20 October 2005

# Kvaerner Estates Limited

## Profit And Loss Account for the Year Ended 31 December 2004

	Note	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Turnover			
Continuing operations	2	2,276,009	2,669,808
Cost of sales	3	(2,280,138)	(3,741,474)
Gross loss		(4,129)	(1,071,666)
Net operating expenses		(494,619)	(479,772)
Operating loss on continuing operations		(498,748)	(1,551,438)
Surplus on disposal of tangible fixed assets		14,141,944	-
Interest receivable and similar income	4	230,370	64,890
Interest payable and similar charges	5	(84,059)	(43,049)
Profit/(loss) on ordinary activities before taxation	6	13,789,507	(1,529,597)
Taxation - on profit/(loss) on ordinary activities	7	-	-
Retained profit/(loss) for the financial year	14	13,789,507	(1,529,597)

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

The Company has no recognised gains or losses other than the profits/(losses) for the current and prior financial years. 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 movement in shareholders' funds has not been prepared.

# Kvaerner Estates Limited

## Balance Sheet at 31 December 2004

	Note	31 December 2004		31 December 2003	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		-		1,968,056
<b>Current assets</b>					
Debtors	9	31,404,380		14,974,564	
Cash at bank and in hand	10	53,094		1,415,641	
		<u>31,457,474</u>		<u>16,390,205</u>	
<b>Creditors:</b>					
Amounts falling due within one year	11	<u>(14,566,370)</u>		<u>(14,476,613)</u>	
<b>Net current assets</b>			16,891,104		1,913,592
<b>Total assets less current liabilities</b>			<u>16,891,104</u>		<u>3,881,648</u>
<b>Provisions for liabilities and charges</b>	12		<u>(2,220,431)</u>		<u>(3,000,482)</u>
<b>Net assets</b>			<u>14,670,673</u>		<u>881,166</u>
<b>Capital and reserves</b>					
Called up equity share capital	13		35,000,000		35,000,000
Revaluation reserve	14		-		1,324,367
Other reserves	14		24,027,608		8,561,297
Profit and loss account - (deficit)	14		(44,356,935)		(44,004,498)
<b>Equity shareholders' funds</b>			<u>14,670,673</u>		<u>881,166</u>

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

The financial statements were approved by the Board of Directors on 20<sup>th</sup> October 2005 and signed on its behalf by:



Steffen Føreid  
Director

**Notes to accounts**  
**31 December 2004**

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 for the year ended 31 December 2004 of Kvaerner ASA, which consolidated financial statements are available publicly and can be obtained from the address given in note 16.

(c) **Related parties**

As the Company is a wholly owned subsidiary of 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 Kvaerner PLC, within which this Company is included, can be obtained from the address given in note 16.

(d) **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.

(e) **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.

(f) **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.

(g) **Depreciation**

Depreciation is not provided on freehold and long leasehold properties where 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.

(h) **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.



**Notes to accounts (continued)**  
**31 December 2004**

**1. Accounting policies (continued)**

**(i) Leases**

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

**2. Turnover - continuing operations**

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Turnover represents:		
Intra- group rental income	420,935	632,250
Other rental	1,855,074	2,037,558
	<u>2,276,009</u>	<u>2,669,808</u>

**3. Cost of sales**

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Property expenses less amounts charged against provisions	2,265,247	2,888,475
Provisions raised in respect of onerous leases	14,891	852,999
	<u>2,280,138</u>	<u>3,741,474</u>

**4. Interest receivable and similar income**

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Interest receivable from fellow subsidiary undertaking	171,275	-
Bank interest	39,620	57,642
Other	17,475	7,248
Discounted provisions		
Unwinding of discount	2,000	-
	<u>230,370</u>	<u>64,890</u>

# Kvaerner Estates Limited

## Notes to accounts (continued) 31 December 2004

### 5. Interest payable and similar charges

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Interest payable to subsidiary undertaking	84,059	17,049
Discounted provisions		
Unwinding of discount	-	26,000
	<u>84,059</u>	<u>43,049</u>

### 6. Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging:

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Operating lease rentals:		
Land and buildings	2,691,740	3,224,713
Auditors' remuneration – audit	45,000	27,500
	<u>2,736,740</u>	<u>3,252,213</u>

The Company had no employees during the year (2003 – none).

Audit fees include amounts incurred in relation to the statutory audit of fellow subsidiaries. It was the Group practice in the year under review and prior years that such costs be borne by the Company.

Administration services are provided by a third party under a service contract.

No Director received any emoluments from the Company during the year (2003 – £Nil).

# Kvaerner Estates Limited

## Notes to accounts (continued) 31 December 2004

### 7. Taxation – on profit/(loss) on ordinary activities

#### Factors affecting the current tax charge

The tax assessed for the year is lower (2003 – higher) than the standard rate of corporation tax in the UK. The differences are as follows:-

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Profit/(loss) on ordinary activities before taxation	13,789,507	(1,529,597)
Taxation charge/(credit) at UK Corporation Tax rate of 30% (2003:30%)	4,136,852	(458,879)
Effects of		
Group relief for which no payment is made	234,880	444,970
Capital allowances in excess of depreciation	(324)	(2,587)
Movements on provisions	(132,866)	13,053
Expenditure not deductible for tax purposes	4,041	3,443
Income sheltered by losses	(4,242,583)	-
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 Kvaerner PLC UK tax group has brought forward tax losses estimated at £230M and surplus Advance Corporation Tax of approximately £192M.

There is no potential liability to deferred taxation (2003-£Nil).

### 8. Tangible fixed assets – Freehold land and buildings

	£
Cost or valuation:	
At 1 January 2004 (cost £643,689)	1,968,056
Disposals	(1,968,056)
At 31 December 2004	-

# Kvaerner Estates Limited

## Notes to accounts (continued)

31 December 2004

### 8. Tangible fixed assets – Freehold land and buildings (continued)

The properties owned and occupied as business premises were 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.

### 9. Debtors

	31 December 2004 £	31 December 2003 £
Amounts falling due within one year:		
Trade debtors	1,212,532	1,489,208
Amount owed by immediate parent undertaking	2,507,866	2,898,270
Amounts owed by fellow subsidiary undertakings	26,916,772	9,649,467
Prepayments and accrued income	660,632	842,737
Taxation and social security	106,578	94,882
	<u>31,404,380</u>	<u>14,974,564</u>

### 10. Cash at bank and in hand

The cash and bank balance are deposits held in bank sub-accounts that are part of a group pooling system. Other Kvaerner Group companies may have withdrawn amounts deposited on such bank sub-accounts, such that the net balance on the accounts may be less than the reported balance. The bank has at any time a right of set-off in respect of any debit balance on any sub-account, towards satisfaction of any credit balance on other sub-accounts, in which case any debit balance represents a receivable from the Kvaerner group and any credit balance represents borrowings from the Kvaerner group.

### 11. Creditors

	31 December 2004 £	31 December 2003 £
Amounts falling due within one year:		
Amounts owed to intermediate parent undertakings	9,573,141	9,573,141
Amounts owed to fellow subsidiary undertakings	3,990,519	3,902,227
Other creditors	228,630	267,663
Accruals and deferred income	774,080	733,582
	<u>14,566,370</u>	<u>14,476,613</u>

### 12. Provisions for liabilities and charges

The provisions relate to onerous leases.

	£
At 1 January 2004	3,000,482
Raised during the year	14,891
Utilised during the year	(792,942)
Unwinding of discount	(2,000)
At 31 December 2004	<u>2,220,431</u>

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

# Kvaerner Estates Limited

## Notes to accounts (continued) 31 December 2004

### 13. Called up equity share capital

31 December 2004	31 December 2003
£	£

Authorised, allotted and fully paid:

Ordinary shares of £1 each	35,000,000	35,000,000
----------------------------	------------	------------

### 14. Reserves

	Other reserves £	Revaluation reserve £	Profit and loss account £
At 1 January 2004 - (deficit)	8,561,297	1,324,367	(44,004,498)
Revaluation realised during the year	1,324,367	(1,324,367)	-
Profit/loss for the financial year	14,141,944	-	(352,437)
At 31 December 2004 - (deficit)	24,027,608	-	(44,356,935)

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

### 15. Commitments

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

	31 December 2004 £	31 December 2003 £
Land and buildings		
Operating leases which expire :		
in one year	147,000	495,552
between 2 and 5 years	30,000	809,780
in more than 5 years	1,809,554	1,771,650
	1,986,554	3,076,982

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

The Company's immediate parent company is Trafalgar House Property Limited.

At 31 December 2004, the largest group in which the results of the Company were consolidated was that headed by The Resource Group TRG AS, incorporated in Norway.

The smallest group in which they are consolidated is that headed by Kvaerner PLC, incorporated in England and Wales. The consolidated financial statements of Kvaerner PLC are available to the public and may be obtained from Companies House and/or Kvaerner PLC at 68 Hammersmith Road, London W14 8YW.

The consolidated financial statements of Kvaerner ASA are available to the public and may be obtained from [www.kvaerner.no](http://www.kvaerner.no) or by contacting Kvaerner PLC at 68 Hammersmith Road, London W14 8YW.

At 31 December 2004, the Company's ultimate parent company was The Resource Group TRG AS. Throughout the year under review, the Resource Group TRG AS was controlled by Kjell Inge Røkke and his interests.

### Post balance sheet event

At 1 April 2005, a management buy-out of certain assets and liabilities, including the shares of Kvaerner PLC, of Kvaerner ASA took place. Consequently, at the date of approval of these financial statements, The Glacier Trust, established under the laws of Guernsey, is to be regarded as the Company's ultimate controlling party