

# Trafalgar House Property Limited

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

Registered number: 582147



# Trafalgar House Property 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 as a holding company for subsidiaries engaged in real estate activities.

### 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 losses of £3,302,324 (2001 – loss £3,985,915) have been transferred to reserves.

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

### Directors

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

L.N. Simpson	(resigned 22 March 2002)
F.E. Fosse	(appointed 5 April 2002)
R. Laycock	(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 Aker Kvaerner Group to be disclosed in accordance the Companies Act 1985. The Directors are exempt from disclosing their interest, if any, in the shares of the ultimate parent company, Aker Kvaerner ASA, as it is incorporated outside of Great Britain.

No Director is, or was, materially interested in any contract subsisting during or at the end of the year that was significant in relation to the Company's business.

### 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: 30 OCTOBER 2003.

Registered Office:  
68 Hammersmith Road  
London W14 8YW

# Trafalgar House Property 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.

# Trafalgar House Property Limited

## Independent auditors' report to the members of Trafalgar House Property 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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

7 December 2003

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

# Trafalgar House Property Limited

## Profit And Loss Account for the Year Ended 31 December 2002

	Note	Year ended 31 December 2002 £	Year ended 31 December 2001 £
<b>Turnover</b>			
Continuing operations		-	-
<b>Net operating expenses</b>	2	(555,444)	3,217,432
<b>Operating (loss)/profit - continuing operations</b>		(555,444)	3,217,432
Interest receivable and similar income	3	9,110,054	2,123,865
Interest payable and similar charges	4	(11,856,934)	(9,327,213)
<b>Loss on ordinary activities before taxation</b>	5	(3,302,324)	(3,985,916)
<b>Taxation - on loss on ordinary activities</b>	6	-	-
<b>Retained loss for the financial year</b>	12	(3,302,324)	(3,985,916)

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 loss for the current and prior financial years. Accordingly, a statement of total recognised gains or losses has not been prepared.

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

# Trafalgar House Property Limited

## Balance Sheet at 31 December 2002

	Note	31 December 2002		31 December 2001	
		£	£	£	£
<b>Fixed assets</b>					
Investments	7		257,105,121		253,525,548
<b>Current assets</b>					
Debtors	8	401,419,701		269,282,666	
Cash at bank and in hand	9	<u>208,143</u>		<u>452,046</u>	
		<u>401,627,844</u>		<u>269,734,712</u>	
<b>Creditors: Amounts falling due within one year:</b>					
Amount owed to intermediate parent undertaking		(2,345,617)		(2,345,617)	
Amounts owed to subsidiary undertakings		(263,626,112)		(222,787,297)	
Amounts owed to fellow subsidiary undertakings		(233,252,826)		(139,489,640)	
Accruals and deferred income		(275,313)		(277,433)	
Taxation and social security		<u>(40,132)</u>		<u>-</u>	
		<u>(499,540,000)</u>		<u>(364,899,987)</u>	
<b>Net current liabilities</b>			<u>(97,912,156)</u>		<u>(95,165,275)</u>
<b>Total assets less current liabilities</b>			159,192,965		158,360,273
<b>Provisions for liabilities and charges</b>	10		<u>(26,875,598)</u>		<u>(22,740,582)</u>
<b>Net assets</b>			<u>132,317,367</u>		<u>135,619,691</u>
<b>Capital and reserves</b>					
Called up equity share capital	11		435,130,000		435,130,000
Profit and loss account - (deficit)	12		<u>(302,812,633)</u>		<u>(299,510,309)</u>
<b>Equity shareholders' funds</b>			<u>132,317,367</u>		<u>135,619,691</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 **30 OCTOBER** 2003 and signed on its behalf by:

*Rufus Laycock*  
R. LAYCOCK  
Director

**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 Kvaerner 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 13.

(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.

Shares in associated undertakings are stated at the Company's share of their net asset value. Other investments are stated at cost less amounts written off.

(f) **Revaluation reserve**

Surpluses and 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.

# Trafalgar House Property Limited

## Notes to accounts (continued) 31 December 2002

### 2. Net operating expenses

Included in net operating expenses are items relating to:

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Amounts written off investments in subsidiary undertakings not required/(required)	3,579,573	(10,981,279)
Provision for losses of subsidiary undertakings (required)/not required	(4,135,000)	13,758,625
Provision for losses of associated undertakings (required)/not required	(16)	38
Amount written off investments in unlisted companies	(1)	-

### 3. Interest receivable and similar income

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Amounts derived from group undertakings	9,105,619	2,031,192
Other	4,435	92,673
	<u>9,110,054</u>	<u>2,123,865</u>

### 4. Interest payable and similar charges

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Interest payable to subsidiary undertaking	3,654,969	
Interest payable to fellow group undertakings	8,201,965	9,327,213
	<u>11,856,934</u>	<u>9,327,213</u>



# Trafalgar House Property Limited

## Notes to accounts (continued)

31 December 2002

### 5. Loss on ordinary activities before taxation

There were no employees of the Company during the year (2001 - Nil). Administration expenses and auditors remuneration were borne by Kvaerner Estates Limited, a subsidiary undertaking.

None of the Directors received any emoluments from the Company during the year (2001 - £Nil).

### 6. Taxation - on loss on ordinary activities

The tax assessed for the year is higher (2001 - higher) 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 £
Loss on ordinary activities before taxation	(3,302,324)	(3,985,916)
Taxation charge at UK Corporation Tax rate of 30% (2001:30%)	(990,697)	(1,195,775)
Effects of		
Group relief for which no payment is made	(272,427)	1,183,540
Capital allowances in excess of depreciation	-	(2,765)
Movements on provisions	-	(134,219)
Expenditure not deductible for tax purposes	1,263,124	149,219
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.

# Trafalgar House Property Limited

## Notes to accounts (continued) 31 December 2002

### 7. Fixed assets - Investments

	31 December 2002 £	31 December 2001 £
Shares in subsidiary undertakings	257,105,119	253,525,545
Shares in associated undertakings	2	2
Other - unlisted	-	1
	<u>257,105,121</u>	<u>253,525,548</u>

### *Subsidiary undertakings:*

	£
At 1 January 2002 (cost £436,504,305)	253,525,545
Additions	1
Amounts written off in prior years not required	<u>3,579,573</u>
At 31 December 2002 (cost £436,504,306)	<u>257,105,119</u>

The value of the investment in subsidiary undertakings based on the equity method of valuation is £322,373,326 (2001 - £325,832,192).

In a prior year, one of the Company's subsidiaries, Trafalgar House Developments Limited, made a profit on the disposal of the Baltic Exchange which was based on a sales price computed by an independent surveyor. There may be an adjustment (either upwards or downwards) to this sales price when the building is eventually constructed and finally measured (expected in 2003 or 2004). External professional advice is of the opinion that a reduction in the sales price is a remote possibility and, as a consequence, the Directors have not provided for any such reduction.

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

	Activity
Albion Land Holdings Limited	Dormant
Beric Developments Limited	Dormant
Brookmount Trocoll Limited	Real estate
Builders Amalgamated Co. Limited	Dormant
Chiswick Park Limited	Not trading
Covenant Guarantors Limited	Dormant
Cowley Park Developments Limited	Dormant
Davy Monk Developments Limited	Dormant
Davy Property Holdings Limited	Real estate
Davy Property Investments Limited	Not trading
Goldquill Investments Limited	Dormant
Goldquill Properties Limited	Dormant
Gunnersbury & Chiswick Estates Limited	Dormant
Hayward Industrial Developments (Birmingham) Limited	Dormant
Industrial Development (Halesowen) Limited	Dormant
Kvaerner Estates Limited	Real estate
Kvaerner International S.A. (France)	Real estate
Landsbrook Estates Limited	Not trading
Marston House Limited	Dormant

# Trafalgar House Property Limited

## Notes to accounts (continued) 31 December 2002

### 7. Fixed assets - Investments (continued)

Nativesafe Limited	Dormant
Oakimber Limited	Not trading
St. Brides Property Company Limited	Dormant
T.H.M. Developments Limited	Dormant
Trafalgar House Baltic Limited	Dormant
Trafalgar House Brooklands Limited	Intermediate holding company
Trafalgar House Business Parks Limited	Real estate
Trafalgar House Developments Limited	Real estate
Trafalgar House Management Limited	Not trading
Uptonheath Properties Limited	Dormant
Wine Office Court Limited	Dormant

#### Associated undertakings:

At 1 January 2002 (cost £260,000) and 31 December 2002 (cost £260,000)

£

2

Listed below are the associated undertakings, which are incorporated in Great Britain, registered in England and Wales. Both of these associated undertakings were previously engaged in property development. In each case the associated undertakings no longer pursue development opportunities.

	Percentage held of ordinary shares
St. Mary Axe Developments Limited	50
Lee Valley Developments Limited	50

£

#### Unlisted investments

At 1 January 2002 (cost £2,000,000)

Liquidation

At 31 December 2002

1

(1)

-

### 8. Debtors

	31 December 2002 £	31 December 2001 £
Amounts falling due within one year:		
Amount owed by immediate parent undertaking	47,057,943	157,874,730
Amounts owed by subsidiary undertakings	1,795,815	63,037,589
Amounts owed by fellow subsidiary undertakings	332,069,281	27,861,906
Amounts owed by associated undertakings	20,496,381	20,496,381
Prepayments and accrued income	281	687
Taxation and social security	-	11,373
	<u>401,419,701</u>	<u>269,282,666</u>

# Trafalgar House Property Limited

## Notes to accounts (continued) 31 December 2002

### 9. 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 Aker 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 Aker Kvaerner Group and any credit balance represents borrowings from the Aker Kvaerner Group.

### 10. Provisions for liabilities and charges

	£
At 1 January 2002	22,740,582
Provisions for deficiencies of assets of subsidiary and associated undertakings	4,135,016
At 31 December 2002	<u>26,875,598</u>

#### Analysis:

Provision for deficiency of assets of subsidiary undertakings	6,380,779
Provision for deficiency of assets of associated undertakings	20,494,819
	<u>26,875,598</u>

### 11. Called up equity share capital

	Authorised	Allotted and Fully Paid
	31 December 2002 £	31 December 2001 £
2,175,650,000 ordinary shares of 20p each	<u>435,130,000</u>	<u>435,130,000</u>

### 12. Reserves

	Profit and Loss Account £
At 1 January 2002 - (deficit)	(299,510,309)
Retained loss for the financial year	<u>(3,302,324)</u>
At 31 December 2002 - (deficit)	<u>(302,812,633)</u>

### 13. 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 Kvaerner 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.