

Trafalgar House Property Limited

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

Registered number: 582147



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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 as a holding company for subsidiaries engaged in property development and investment.

Results

The results for the year are set out in the profit and loss account on page 3. Retained profits of £13,728,431 (1999 - £1,075,036) 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

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 has been passed at an Annual General Meeting.

By order of the Board,



N. Latham
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 Trafalgar House Property Limited

We have audited the financial statements on pages 3 to 11.

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 profit 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

Trafalgar House Property Limited

Profit And Loss Account for the Year Ended 31 December 2000

	Note	Year Ended 31 December 2000 £	Year ended 31 December 1999 £
Turnover			
Continuing operations	2	50,000	200,000
Other operating expenses (net)	3	20,834,395	1,562,550
		<hr/>	<hr/>
Operating profit - continuing operations		20,884,395	1,762,550
Income from shares in group undertakings		33,848	10,000,000
Income from other fixed asset investments		-	282
Interest receivable and similar income		2,834,558	2,436,256
Interest payable and similar charges	4	<u>(10,024,370)</u>	<u>(13,124,052)</u>
Profit on ordinary activities before taxation	5	13,728,431	1,075,036
Taxation - on profit on ordinary activities	6	<u>-</u>	<u>-</u>
Retained profit for the financial year	11	<u><u>13,728,431</u></u>	<u><u>1,075,036</u></u>

The notes on pages 5 to 11 form part of this profit and loss account.

The company has no recognised gains or losses other than the profit for the current or prior financial year. Accordingly, a statement of total recognised gains or 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.


Trafalgar House Property Limited

Balance Sheet at 31 December 2000

	Note	31 December 2000		31 December 1999	
		£	£	£	£
Fixed assets					
Investments	7		244,536,272		229,060,898
Current assets					
Debtors due within one year	8	330,920,218		325,054,957	
Cash at bank and in hand		<u>2,599,371</u>		<u>3,293,117</u>	
		<u>333,519,589</u>		<u>328,348,074</u>	
Creditors:					
Amounts falling due within one year:					
Amounts owed to intermediate parent undertaking		(2,345,617)		(1,013,660)	
Amounts owed to subsidiary undertakings		(186,929,242)		(185,591,280)	
Amounts owed to fellow subsidiary undertakings		(211,791,350)		(201,186,774)	
Accruals and deferred income		<u>(437,404)</u>		<u>(160,009)</u>	
		<u>(401,503,613)</u>		<u>(387,951,723)</u>	
Net current liabilities			<u>(67,984,024)</u>		<u>(59,603,649)</u>
Total assets less current liabilities			176,552,248		169,457,249
Provisions for liabilities and charges	9		<u>(36,946,641)</u>		<u>(43,580,073)</u>
Net assets			<u>139,605,607</u>		<u>125,877,176</u>
Capital and reserves					
Called up equity share capital	10		435,130,000		435,130,000
Equity reserves					
Profit and loss account - (deficit)	11		<u>(295,524,393)</u>		<u>(309,252,824)</u>
Equity shareholders' funds			<u>139,605,607</u>		<u>125,877,176</u>

The notes on pages 5 to 11 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 for the revaluation of certain fixed assets.

(b) **Basis of preparation**

The company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts.

(c) **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.

(d) **Turnover**

Turnover, which includes inter company trading, represents management fees, net of VAT, and arises wholly within the United Kingdom.

(e) **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.

(f) **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.

(g) **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.

Notes to accounts (continued)
31 December 2000

2. **Turnover**
 Continuing operations

	Year ended 31 December 2000 £	Year ended 31 December 1999 £
United Kingdom	<u>50,000</u>	<u>200,000</u>

3. **Operating expenses (net)**

Included in other operating expenses are items relating to:

	Year ended 31 December 2000 £	Year ended 31 December 1999 £
Amounts written off investments in subsidiary undertakings not required	16,086,047	2,442,793
Amount written off unlisted investments	-	(55,000)
Provision for losses of subsidiary undertakings not required	6,505,893	1,047,356
Provision for losses of associated undertakings not required	202	26,722

4. **Interest payable and similar charges**

	Year ended 31 December 2000 £	Year ended 31 December 1999 £
Interest payable to fellow group undertakings	<u>10,024,370</u>	<u>13,124,052</u>

Notes to accounts (continued)
31 December 2000

5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	Year ended 31 December 2000 £	Year ended 31 December 1999 £
Auditors' remuneration		
Audit work	18,000	30,000
Operating lease rentals		
Motor vehicles	<u>4,699</u>	<u>17,849</u>
Staff costs including directors' emoluments (note 5(a)):		
Wages and salaries	-	635,293
Social security costs	-	31,844
Other pension costs	<u>-</u>	<u>11,120</u>
	<u>-</u>	<u>678,257</u>

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

Directors' emoluments

	Year Ended 31 December 2000 £	Year ended 31 December 1999 £
Aggregate emoluments:		
Executives (including pension contributions to defined benefit schemes)	-	242,692
Compensation for loss of office	<u>-</u>	<u>297,683</u>
	<u>-</u>	<u>540,375</u>

None of the directors received any emoluments from the company during the year.

There were no directors (1999 - 2) who were members of defined benefit pension schemes.

Notes to accounts (continued)
31 December 2000

6. Taxation - on profit on ordinary activities

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

There is no potential liability to deferred taxation.

7. Fixed assets - Investments

	31 December 2000 £	31 December 1999 £
Shares in subsidiary undertakings	244,536,269	229,060,895
Shares in associated undertakings	2	2
Other - unlisted	1	1
	<u>244,536,272</u>	<u>229,060,898</u>

In the opinion of the directors the aggregate value of investments is not less than that shown in the balance sheet.

Subsidiary undertakings:

	£
At 1 January 2000 (cost £418,289,502)	229,060,895
Liquidations during the year	(610,673)
Amounts written off no longer required	<u>16,086,047</u>
At 31 December 2000 (cost £416,535,810)	<u>244,536,269</u>

During the year one of the company's subsidiaries, Trafalgar House Developments Limited, made a profit on the disposal of the Baltic Exchange of £15,838,840 which has been computed based on a sales price of £90,634,680, 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). The directors are of the opinion that a reduction in the sales price is a remote possibility and have therefore not provided for any such reduction.

Trafalgar House Property Limited

Notes to accounts (continued)

31 December 2000

7. Fixed assets - investments (continued)

Listed below are the principal subsidiary undertakings. These subsidiary undertakings are wholly-owned, incorporated in Great Britain, registered in England and Wales and carry on their activities of property investment and development in the country of incorporation.

Chiswick Park Limited
Davy Monk Developments Limited
Davy Property Holdings Limited
Davy Property Investments Limited
Goldquill Properties Limited
Gunnersbury and Chiswick Estates Limited
Kvaerner Estates Limited
Nativesafe Limited
Marston House Limited
Trafalgar House Developments Limited
Trafalgar House Brooklands Limited
Trafalgar House Business Parks Limited
Trafalgar House Management Limited

Associated undertakings:

£

At 1 January 2000 (cost £260,000) and 31 December 2000 (cost £260,000)

2

Listed below are the associated undertakings, which are incorporated in Great Britain, registered in England and Wales and carry on their business of property development in the country of incorporation.

Percentage
held

St. Mary Axe Developments Limited
Lee Valley Developments Limited

50

50

£

Unlisted investments

At 1 January 2000 (cost £2,000,000) and 31 December 2000 (cost £2,000,000)

1

Notes to accounts (continued)
31 December 2000

8. Debtors due within one year

	31 December 2000 £	31 December 1999 £
Amount owed by immediate parent undertaking	232,068,543	232,437,489
Amounts owed by subsidiary undertakings	44,640,657	37,100,182
Amounts owed by fellow subsidiary undertakings	33,439,178	34,883,754
Amounts owed by associated undertakings	20,496,381	20,496,381
Other debtors	-	25
Prepayments and accrued income	26,851	37,995
Taxation and social security	248,608	99,131
	<u>330,920,218</u>	<u>325,054,957</u>

9. Provisions for Liabilities and Charges

	£
At 1 January 2000	43,580,073
Provisions for deficiencies of assets of subsidiary and associated undertakings no longer required	(6,506,095)
Not required in respect of onerous leases	(65,597)
Utilised during year in respect of onerous leases	(61,740)
At 31 December 2000	<u>36,946,641</u>

Analysis:

Provision for deficiency of assets of subsidiary undertakings	16,004,404
Provision for deficiency of assets of associated undertakings	20,494,841
Provision for future costs in respect of onerous leases	447,396
	<u>36,946,641</u>

It is anticipated that, of the provision for onerous leases of £447,396, £60,788 will be utilised in the period from the balance sheet date to December 2001. Due to the nature of the remaining £386,608 the timing of the utilisation of this amount is uncertain.

10. Called up equity share capital

	Authorised		Allotted and Fully Paid	
	31 December 2000 £	31 December 1999 £	31 December 2000 £	31 December 1999 £
2,175,650,000 ordinary shares of 20p each	<u>435,130,000</u>	<u>435,130,000</u>	<u>435,130,000</u>	<u>435,130,000</u>

Trafalgar House Property Limited

Notes to accounts (continued)

31 December 2000

11. Reserves

	Profit and Loss Account £
At 1 January 2000 - (deficit)	(309,252,824)
Retained profit for the financial year	<u>13,728,431</u>
At 31 December 2000 - (deficit)	<u><u>(295,524,393)</u></u>

12. Ultimate holding 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.