

# **Trafalgar House Property Limited**

Financial statements 31 December 1997  
together with directors' and auditors' reports

Registered number: 582147



# Trafalgar House Property Limited

## Directors' Report

The directors present their report, together with the financial statements and auditors' report, for the year ended 31 December 1997.

### 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 losses of £3,061,579 (15 months ended 31 December 1996 - profit £13,333,949) have been transferred to reserves.

### Dividends

The directors do not recommend the payment of a dividend.

### Directors

The directors of the company during the year were:

A R Winter	Managing Director
T C Garnham	(resigned 31 December 1997)
G P Kelly	(resigned 26 June 1998)
H G R Williams	

On 15 January 1998 C K Atasoy and D Farries were appointed directors of the company and on 26 June 1998 N. Latham was appointed a director of the company. On 23 September 1998 D Farries resigned as a director of the company.

### Directors' share interests

None of the directors, at 31 December 1997, had any interests requiring to be disclosed under the Companies Act 1985. There were no changes in the directors' interests between 31 December 1997 and the date of this report. No director, during the year, had a material interest in any contract significant to the Company's business.

### Auditors

A resolution to re-appoint Arthur Andersen as auditors of the company will be proposed at the Annual General Meeting.

By order of the Board,



N. Latham  
Secretary  
Renown House  
33 -34 Bury Street  
London EC3A 5AR

## **Statement of Directors' Responsibilities**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. 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, 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Trafalgar House Property Limited

## Auditors' Report

**To the Shareholders of Trafalgar House Property Limited :**

We have audited the financial statements on pages 3 to 14 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 6 and 7.

### **Respective responsibilities of directors and auditors**

As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **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 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Arthur Andersen**

**Chartered Accountants and Registered Auditors**

1 Surrey Street  
LONDON WC2R 2PS

23 March 1999

# Trafalgar House Property Limited

## Profit And Loss Account for the Year

Ended 31 December 1997

	Note	Year ended 31 December 1997 £	Fifteen months ended 31 December 1996 £
<b>Turnover</b>			
Continuing operations	2	2,294,465	3,413,500
<b>Net operating expenses</b>	3	(44,627,183)	8,458,553
<b>Operating (loss)/profit - continuing operations</b>		(42,332,718)	11,872,053
Profit on disposal of shares in subsidiary undertakings	4	51,152,877	12,453,205
Profit/(loss) on disposal of shares in associated undertakings		110,000	(1,533)
Profit on disposal of fixed assets		1,700	1,946
Income from shares in subsidiary undertakings - dividends		703,153	1,620,866
Interest receivable and similar income		4,077,167	970,946
Interest payable and similar charges	5	(16,773,758)	(13,583,534)
<b>(Loss)/ profit on ordinary activities before taxation</b>	6	(3,061,579)	13,333,949
<b>Taxation - on profit on ordinary activities</b>	7	-	-
<b>Retained (loss)/profit for the financial period</b>	13	(3,061,579)	13,333,949

The notes on pages 6 to 14 form part of this profit and loss account.

The company has no recognised gains or losses other than the (loss)/profit for the current or prior financial period. Accordingly, a statement of total recognised gains or losses has not been prepared.

# Trafalgar House Property Limited

## Balance Sheet at 31 December 1997

	Note	31 December 1997		31 December 1996	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8	-		26,659	
Investments	9	<u>225,112,614</u>		<u>213,536,158</u>	
			225,112,614		213,562,817
<b>Current assets</b>					
Debtors	10	509,230,617		432,529,312	
Cash at bank and in hand		<u>405,067</u>		<u>587,922</u>	
		<u>509,635,684</u>		<u>433,117,234</u>	
<b>Creditors:</b>					
Amounts falling due within one year:					
Trade creditors		(1,298)		-	
Amounts owed to subsidiary undertakings		(230,643,101)		(226,793,199)	
Amounts owed to fellow subsidiary undertakings		(315,711,341)		(192,085,884)	
Amount owed to associated undertaking		-		(165)	
Accruals and deferred income		<u>(155,186)</u>		<u>(388,168)</u>	
		<u>(546,510,926)</u>		<u>(419,267,416)</u>	
<b>Net current (liabilities)/assets</b>			<u>(36,875,242)</u>		<u>13,849,818</u>
<b>Total assets less current liabilities</b>			188,237,372		227,412,635
<b>Provisions for liabilities and charges</b>	11		<u>(41,985,840)</u>		<u>(78,099,524)</u>
<b>Net assets</b>			<u>146,251,532</u>		<u>149,313,111</u>
<b>Capital and reserves</b>					
Called up equity share capital	12		435,130,000		435,130,000
Equity reserves					
Profit and loss account - (deficit)	13		<u>(288,878,468)</u>		<u>(285,816,889)</u>
<b>Shareholders' funds</b>			<u>146,251,532</u>		<u>149,313,111</u>

The notes on pages 6 to 14 form part of this balance sheet.

The financial statements were approved by the Board of Directors on 23 November 1997 and signed on its behalf by :



N. Latham  
Director

**Reconciliation of Movements in Shareholders' Funds  
for the Year ended 31 December 1997**

	Year ended 31 December 1997 £	Fifteen months ended 31 December 1996 £
(Loss)/profit for the financial period	(3,061,579)	13,333,949
Surplus on revaluation of shares in associated undertaking	-	(2,707)
Net (decrease)/ addition to shareholders' funds	(3,061,579)	13,331,242
Opening shareholders' funds	149,313,111	135,981,869
Closing shareholders' funds	146,251,532	149,313,111

**Note of Historical Cost Profits and Losses  
for the year ended 31 December 1997**

	Year ended 31 December 1997 £	Fifteen months ended 31 December 1996 £
Reported (loss)/ profit on ordinary activities before taxation	(3,061,579)	13,333,949
Realisation of revaluation gains of previous years	-	2,707
Historical cost (loss)/ profit on ordinary activities before taxation	(3,061,579)	13,336,656

**Notes to accounts**  
**31 December 1997**

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) **Accounting convention**

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 PLC.

(d) **Turnover**

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

(e) **Leased assets**

Leased assets are held under operating leases and the annual rents are charged wholly to the profit and loss account.

(f) **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 periods 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.

(g) **Depreciation**

Tangible fixed assets are depreciated over their estimated useful lives on a straight line basis as follows:

a)	Plant and machinery	8 years
b)	Computer equipment	3 years
c)	Motor vehicles	5 years

(h) **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.



# Trafalgar House Property Limited

## Notes to accounts (continued) 31 December 1997

(i) **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 period.

(j) **Pensions**

The expected cost to the company of 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 1997 £	Fifteen months ended 31 December 1996 £
United Kingdom	<u>2,294,465</u>	<u>3,413,500</u>

3. **Net operating expenses**

Included in net operating expenses are items relating to:

	Year ended 31 December 1997 £	Fifteen months ended 31 December 1996 £
Loans to associated undertakings waived	(39,102,825)	-
Amounts written off investments in subsidiary undertakings (required)/not required	(38,474,098)	15,594,943
Amounts written off investment in associated undertakings not required	-	1,022,000
Provision for losses of subsidiary undertakings	(4,307,345)	(4,419,731)
Provision for losses of associated undertakings not required/(required)	39,831,020	(1,350,459)

# Trafalgar House Property Limited

## Notes to accounts (continued) 31 December 1997

### 4. Profit on disposal of shares in subsidiary undertakings

The profit on disposal of shares in subsidiary undertakings consists of:

		Year ended 31 December 1997	Fifteen months ended 31 December 1996
	Note	£	£
Disposal of investment in The London Millennium Tower Limited: (15 months ended 31 December 1996 - Paddington Basin Developments Ltd)			
Sale to intermediate holding company - proceeds		50,000,000	3,000,000
Provision for losses no longer required	11	1,152,878	85,250,733
		<u>51,152,878</u>	<u>88,250,333</u>
Less: Book Value		(1)	(1)
Loan waived		-	(75,745,278)
Selling costs		-	( 50,000)
		<u>51,152,827</u>	<u>12,455,454</u>
Profit on disposal		-	( 2,249)
Loss on liquidation of subsidiary undertakings		<u>51,152,877</u>	<u>12,453,205</u>

### 5. Interest payable and similar charges

	Year ended 31 December 1997	Fifteen months ended 31 December 1996
	£	£
Short term loan (repayable within 5 years, not by instalments)	311	6,383
Intercompany	<u>16,773,447</u>	<u>13,577,151</u>
	<u>16,773,758</u>	<u>13,583,534</u>

# Trafalgar House Property Limited

## Notes to accounts (continued) 31 December 1997

### 6. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	Year ended 31 December 1997 £	Fifteen months ended 31 December 1996 £
Auditors' remuneration		
Audit work	16,961	42,000
Non audit work	-	-
Depreciation	26,659	22,408
Hire costs including operating lease payments		
Hire of motor vehicles	65,826	93,010
Staff costs including directors' emoluments:		
Wages and salaries	836,593	1,130,023
Social security costs	79,056	102,438
Other pension costs	53,103	113,777
	968,752	1,346,238

The average weekly number employed in property development during the year was 15 (15 months ended 31 December 1996 - 20).

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 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 group schemes. Details of the actuarial valuation of the group schemes are contained in the consolidated financial statements of Kvaerner PLC.

#### Directors' emoluments

	Year ended 31 December 1997 £	Fifteen months ended 31 December 1996 £
Aggregate emoluments:		
Executives (including pension contributions)	485,360	604,678

There were three directors (15 months ended 31 December 1996 - 3) who were members of defined benefit pension schemes.

The remuneration of the highest paid director was £187,750 (15 months ended 31 December 1996 - £ 234,219). There were no company pension contributions on his behalf (15 months ended 31 December 1996 - £ nil).

**Notes to accounts (continued)**  
**31 December 1997**

**7. Taxation** - on (loss)/profit 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.

The potential amount of deferred taxation, which is unprovided, calculated on the liability method at 31% (15 months ended 31 December 1996 - 33%) is:-

	31 December 1997 £	31 December 1996 £
Accelerated depreciation	(9,329)	(31,533)
Other timing differences	74,073	295,526
	<u>64,744</u>	<u>263,993</u>

**8. Fixed assets - Tangible assets**

Plant and equipment

Cost:

At 1 January 1997 and 31 December 1997

516,857

Depreciation:

At 1 January 1997

490,198

Charge for year

26,659

At 31 December 1997

516,857

Net book value:

At 31 December 1997

-

At 31 December 1996

26,659

**9. Fixed assets - Investments**

	31 December 1997 £	31 December 1996 £
Shares in subsidiary undertakings	225,112,610	213,536,151
Shares in associated undertakings	3	6
Other - unlisted	1	1
	<u>225,112,614</u>	<u>213,536,158</u>

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

# Trafalgar House Property Limited

## Notes to accounts (continued) at 31 December 1997

### 9. Fixed assets - investments (continued)

Subsidiary Undertakings:	£
At 1 January 1997 (cost £375,175,606)	213,536,151
Additions	50,050,556
Transfers from investment in associated undertakings	2
Disposals	(1)
Amounts written off to profit and loss	(38,474,098)
At 31 December 1997 (cost £422,226,162)	<u>225,112,610</u>

Additions include an amount of £1,063,890 relating to the transfer of dormant companies from a fellow subsidiary undertakings.

The transfer from investment in associated undertakings represents the company's 50% holding in Chiswick Park Limited and Gunnersbury and Chiswick Estates Limited.

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.

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

Associated undertakings:	£
At 1 January 1997 (cost £3,914,248)	6
Disposals	(1)
Transfers to investment in subsidiary undertakings	(2)
At 31 December 1997 (cost £1,914,246)	<u>3</u>

# Trafalgar House Property Limited

## Notes to accounts (continued) at 31 December 1997

### 9. Fixed assets - investments (continued)

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
British Cargo Airlines Limited (in liquidation)	35
St. Mary Axe Developments Limited	50
Lee Valley Developments Limited	50
	£
<b>Unlisted investments</b>	
At 1 January 1997 (cost £1,045,000) and	
31 December 1997 (cost £1,045,000)	<u>1</u>

### 10. Debtors

	31 December 1997 £	31 December 1996 £
Amounts falling due within one year:		
Amounts owed by immediate parent undertaking	376,475,764	263,882,152
Amounts owed by subsidiary undertakings	33,244,772	63,539,021
Amounts owed by fellow subsidiary undertakings	77,566,122	30,787,510
Amounts owed by associated undertakings	21,813,882	74,063,958
Other debtors	71,835	2,429
Prepayments and accrued income	15,435	-
Taxation and social security	42,807	254,242
	<u>509,230,617</u>	<u>432,529,312</u>

### 11. Provisions for Liabilities and Charges

	£
At 1 January 1997	78,099,524
Provisions no longer required on disposal of subsidiary undertaking (note 4)	(1,152,878)
Provisions no longer required for deficiencies of assets of subsidiary and associated undertakings	(35,523,675)
Raised during year	563,760
Realised during year	(891)
At 31 December 1997	<u>41,985,840</u>

# Trafalgar House Property Limited

## Notes to accounts (continued) 31 December 1997

### 11. Provisions for Liabilities and Charges - (continued)

£

#### Analysis:

Provision for deficiency of assets of subsidiary undertakings	19,590,037
Provision for deficiency of assets of associated undertakings	21,832,934
Provision for future costs in respect of onerous leases	562,869
	<u>41,985,840</u>

### 12. Called up equity share capital

	Authorised	Allotted and Fully Paid
	31 December 1997	31 December 1996
	£	£
2,175,650,000 ordinary shares of 20p each	<u>435,130,000</u>	<u>435,130,000</u>

### 13. Reserves

	Profit and Loss Account
	£
At 1 January 1997 - (deficit)	(285,816,889)
Retained loss for the financial year	<u>(3,061,579)</u>
At 31 December 1997 - (deficit)	<u>(288,878,468)</u>

### 14. Commitments

Annual commitments under non cancellable operating leases are as follows:

	31 December 1997	31 December 1996
	£	£
Hire of motor vehicles:		
In respect of leases expiring within one year	28,621	-
Between 2 and 5 years	<u>26,440</u>	<u>66,100</u>

### 15. Contingent liability

The company had a contingent liability at the balance sheet date of £7,850,000 in respect of loans from a third party made to a subsidiary company. These loans have been repaid since 31 December 1997.

**Notes to accounts (continued)**  
**31 December 1997**

**16. 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 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 St James's House, 23 King Street, London SW1Y 6QY