

Trafalgar House Property (Holdings) Limited

Financial statements 31 December 2001
together with directors' and auditors' reports

Registered number: 1414523

Trafalgar House Property (Holdings) Limited

Directors' Report

The Directors present their report, together with the financial statements and auditors' report, for the year ended 31 December 2001.

Principal activities and business review

The Company's principal activity is as a holding company for subsidiaries engaged in real estate activities.

Results and dividend

The results for the year are set out in the profit and loss account on page 3. Retained profits of £13,196,518 (2000 - £34,831,977) have been transferred to reserves.

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

Directors

The Directors who served during the year and subsequent to the year-end are shown below.

N. Latham	(resigned 31 December 2001)
L.N. Simpson	(resigned 12 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 same group to be disclosed under the Companies Act 1985. There were no changes in Directors' share interests during the period from 31 December 2001 (or subsequent date of appointment) to the date of this report.

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: 2 July 2002

Registered Office:
68 Hammersmith Road
London W14 8YW

Trafalgar House Property (Holdings) Limited

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, 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 (Holdings) Limited

Independent auditors' report to the members of Trafalgar House Property (Holdings) Limited

We have audited the financial statements on pages 3 to 9.

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 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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

2 July 2002

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

Trafalgar House Property (Holdings) Limited

Profit And Loss Account for the Year Ended 31 December 2001

	Note	Year ended 31 December 2001 £	Year ended 31 December 2000 £
Provisions no longer required		-	140,405
Amounts written off investments no longer required	6	<u>7,581,696</u>	<u>28,502,615</u>
Operating profit - continuing operations		7,581,696	28,643,020
Interest receivable and similar income	2	5,614,887	6,189,022
Interest payable and similar charges	3	<u>(65)</u>	<u>(65)</u>
Profit on ordinary activities before taxation	4	13,196,518	34,831,977
Taxation - on profit on ordinary activities	5	<u>-</u>	<u>-</u>
Retained profit for the financial year	10	<u><u>13,196,518</u></u>	<u><u>34,831,977</u></u>

The notes on pages 5 to 9, inclusive form part of this profit and loss account.

The Company has no recognised gains or losses other than the profit 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 profit for the financial year. Accordingly, a statement reconciling the movements in shareholders' funds has not been prepared.

Trafalgar House Property (Holdings) Limited

Balance Sheet at 31 December 2001

	Note	31 December 2001		31 December 2000	
		£	£	£	£
Fixed assets					
Investments	6	380,095,834		372,514,138	
Current assets					
Debtors due within one year	7	127,958,270		126,558,648	
Cash at bank and in hand	8	<u>238,697</u>		<u>1,385,264</u>	
		128,196,967		127,943,912	
Creditors: Amounts falling due within one year:					
Amounts owed to subsidiary undertakings		<u>(228,474,533)</u>		<u>(233,836,300)</u>	
Net current liabilities			<u>(100,277,566)</u>		<u>(105,892,388)</u>
Total assets less current liabilities			<u><u>279,818,268</u></u>		<u><u>266,621,750</u></u>
Capital and reserves					
Called up equity share capital	9	573,000,100		573,000,100	
Profit and loss account - (deficit)	10	<u>(293,181,832)</u>		<u>(306,378,350)</u>	
Equity shareholders' funds		<u><u>279,818,268</u></u>		<u><u>266,621,750</u></u>	

The notes on pages 5 to 9, inclusive form part of this balance sheet.

The financial statements were approved by the Board of Directors on 2 July 2002 and signed on its behalf by:

Rufus Laycock

R. LAYCOCK
Director

Trafalgar House Property (Holdings) Limited

Notes to accounts 31 December 2001

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 financial statements.

(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) 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 11.

(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 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.

(f) Fixed asset investments

Shares in subsidiary undertakings are stated at cost less amounts written off.

2. Interest receivable and similar income

	Year ended 31 December 2001	Year ended 31 December 2000
	£	£
Amounts derived from group undertakings	5,564,122	6,086,511
Other	50,765	102,511
	<u>5,614,887</u>	<u>6,189,022</u>

Trafalgar House Property (Holdings) Limited

Notes to accounts

31 December 2001 (continued)

3. Interest payable and similar charges

	Year ended 31 December 2001	Year ended 31 December 2000
	£	£
Bank charges	<u>65</u>	<u>65</u>

4. Profit on ordinary activities before taxation

Administration expenses and auditors' remuneration were borne by Kvaerner Estates Limited, a subsidiary undertaking. There were no employees of the Company during the year (2000 - None).

None of the Directors received any emoluments from the Company during the year (2000- £Nil).

5. Taxation - on profit on ordinary activities

There is no charge for corporation tax on the taxable profit for the year as relief will be obtained for losses incurred by other companies in the group surrendered for no consideration.

There is no potential liability to deferred taxation.

6. Fixed Assets - Investments

Shares in subsidiary undertakings	£
At 1 January 2001 (cost £642,402,089)	372,514,138
Amounts written off no longer required	<u>7,581,696</u>
At 31 December 2001 (cost £642,402,089)	<u>380,095,834</u>

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 computed by an independent surveyor. There may be an adjustment (either upwards or downwards) to this profit 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 profit is a remote possibility and, as a consequence, the Directors have therefore not provided for any such reduction.

Trafalgar House Property (Holdings) Limited

Notes to accounts

31 December 2001 (continued)

6. Fixed Assets - Investments (continued)

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	Real estate
*Arrowbarn Limited	In members' voluntary liquidation
*Beric Developments Limited	Dormant
*Broadextra Limited	In members' voluntary liquidation
*Brookmount Trocoll Limited	Real estate
*Builders Amalgamated Co. Limited	Dormant
*Chase Property Holdings (Northern) Limited	Dormant
Chase Property Holdings Limited	Intermediate holding company
*Chiswick Park Limited	Not trading
*Covenant Guarantors Limited	Dormant
*Cowley Park Developments Limited	Not trading
*Davy Monk Developments Limited	Dormant
*Davy Property Holdings Limited	Real estate
*Davy Property Investments Limited	Not trading
*Dreadnought Developments Limited	Dormant
*Dreadnought Properties Limited	In members' voluntary liquidation
*Fort Brockhurst Developments Limited	In members' voluntary liquidation
*G.M. Properties Limited	Dormant
*Goldquill Investments Limited	Dormant
*Goldquill Properties Limited	Dormant
*Gunnersbury & Chiswick Estates Limited	Dormant
*Hayward Industrial Developments (Birmingham) Limited	Dormant
*Impkarn 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	Not trading
*Nativesafe Limited	Not trading
*Oakimber Limited	Not trading
*P.H.I.T. (West End) Limited	In members' voluntary liquidation
*Premier Securities Limited	In members' voluntary liquidation
*Property Holding & Investment Trust Limited	Intermediate holding company
*Property Selection & Investment Trust Limited	Not trading
*Redhill Properties Limited	Dormant
*Rocha Brava - Realizacoes Turisticas, Lda (Portugal)	Not trading
*St. Brides Property Company Limited	Not trading
*Senhora da Rocha - Investimentos Hoteleiros e Turisticos, Lda (Portugal)	Intermediate holding company
*Servirocha-Sociedade de Servicos e Manutancao de Senhora da Rocha, Lda (Portugal)	Not trading
*T.H.M. Developments Limited	Dormant
*Trafalgar House Baltic Limited	Dormant
*Trafalgar House Brooklands Limited	Intermediate holding company

Trafalgar House Property (Holdings) Limited

6. Fixed Assets Investments (continued)

*Trafalgar House Business Parks Limited	Real estate
*Trafalgar House Developments Limited	Real estate
*Trafalgar House Development Management Limited	In members' voluntary liquidation
Trafalgar House Europe Resorts Limited	Not trading
*Trafalgar House (Industrial) Developments Limited	In members' voluntary liquidation
*Trafalgar House Management Limited	Not trading
Trafalgar House Property Limited	Intermediate holding company
*Trollope & Colls Developments Limited	In members' voluntary liquidation
*Uptonheath Properties Limited	Dormant
*Welcomeunique Limited	Intermediate holding company
*Wine Office Court Limited	Dormant

*: indirectly held.

7. Debtors due within one year

	31 December 2001 £	31 December 2000 £
Amounts owed by fellow subsidiary undertakings	110,066,201	104,502,079
Amounts owed by subsidiary undertakings	17,891,707	22,053,474
Prepayments and accrued income	362	3,095
	<u>127,958,270</u>	<u>126,558,648</u>

8. 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.

9. Called up equity share capital

	Authorised		Allotted and Fully Paid	
	31 December 2001 £	31 December 2000 £	31 December 2001 £	31 December 2000 £
Ordinary shares of £1 each	<u>573,000,100</u>	<u>573,000,100</u>	<u>573,000,100</u>	<u>573,000,100</u>

Trafalgar House Property (Holdings) Limited

Notes to accounts (continued) 31 December 2001

10. Reserves

	Profit and Loss Account £
At 1 January 2001 - (deficit)	(306,378,350)
Retained profit for the financial year	<u>13,196,518</u>
At 31 December 2001 - (deficit)	<u><u>(293,181,832)</u></u>

11. Immediate parent company and ultimate parent company

The Company's immediate parent company at 31 December 2001 was Kvaerner PLC.

At 1 January 2002 Kvaerner PLC transferred its interest in the entire issued share capital of the Company to its wholly owned subsidiary, One Berkeley Street Limited, which company became at that date, and still is, the Company's immediate parent company.

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

The ultimate holding company is Kværner ASA, a company incorporated in Norway, which heads the largest group in which the result of the Company are consolidated.

Copies of the financial statements of Kværner ASA, Kvaerner PLC and One Berkeley Street Limited may be obtained from Kvaerner PLC at Kvaerner House, 68 Hammersmith Road, London W14 8YW.