

Davy Property Holdings Limited

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

Registered number: 31754



Davy Property Holdings Limited

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, and will continue to be, property management.

Results

The results for the year are set out in the profit and loss account on page 3. Retained profits of £437,917 (1999 - £638,269) 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
Trafalgar House Developments Limited

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 annually has been passed at an Extraordinary 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 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.

Report of the auditors to the members of Davy Property Holdings Limited

We have audited the financial statements on pages 3 to 7.

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.

HPM, Andrew P.

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

20 March 2001

Davy Property Holdings 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			
Rental income		2,254,499	2,171,249
Property outgoings	2	<u>(1,816,710)</u>	<u>(1,522,996)</u>
Operating profit on continuing operations		437,789	648,253
Loss on disposal of tangible fixed asset		<u>-</u>	<u>(10,000)</u>
Profit on ordinary activities before interest		437,789	638,253
Interest receivable and similar income		<u>128</u>	<u>16</u>
Profit on ordinary activities before taxation	3	437,917	638,269
Taxation - on profit on ordinary activities	4	<u>-</u>	<u>-</u>
Retained profit for the financial year	8	<u><u>437,917</u></u>	<u><u>638,269</u></u>

The notes on pages 5 to 7 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 and losses has not been prepared.

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

Davy Property Holdings Limited

Balance Sheet at 31 December 2000

	Note	31 December 2000		31 December 1999	
		£	£	£	£
Fixed assets					
Tangible assets	5		987,313		1,113,771
Current assets					
Debtors	6	<u>27,704,720</u>		<u>27,521,243</u>	
Creditors: Amounts falling due within one year					
Trade creditors		(58,635)		(99,205)	
Amounts owed to fellow subsidiary undertakings		(10,424,522)		(10,796,668)	
Taxation and social security		(46,953)		(15,279)	
Accruals and deferred income		<u>(521,603)</u>		<u>(521,459)</u>	
		<u>(11,051,713)</u>		<u>(11,432,611)</u>	
Net current assets			<u>16,653,007</u>		<u>16,088,632</u>
Total assets less current liabilities			<u>17,640,320</u>		<u>17,202,403</u>
Capital and reserves					
Called up equity share capital	7		26,000,000		26,000,000
Equity reserves					
Share premium account			1,259,260		1,259,260
Profit and loss account - (deficit)	8		<u>(9,618,940)</u>		<u>(10,056,857)</u>
Equity shareholders' funds			<u>17,640,320</u>		<u>17,202,403</u>

The notes on pages 5 to 7 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.

(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 Kvaerner ASA.

(c) Turnover

Turnover, which includes inter company trading, arises wholly within the United Kingdom and represents rental income, net of VAT, from properties owned by the company.

(d) 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.

(e) Depreciation

Plant and equipment is depreciated over 10 years.

2. Property outgoings and other operating amounts

	Year ended 31 December 2000 £	Year ended 31 December 1999 £
Property outgoings	1,690,252	2,114,042
Provisions for liabilities and charges no longer required	-	(696,658)
Depreciation	126,458	105,612
	<u>1,816,710</u>	<u>1,522,996</u>

Notes to accounts (continued)
31 December 2000

3. **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 £
Hire charges on land and buildings	<u>1,841,500</u>	<u>1,832,500</u>

None of the directors received any emoluments from the company during the year (1999 - £Nil). Administration expenses and auditors' remuneration were borne by the company's immediate parent undertaking.

4. **Taxation - on profit on ordinary activities**

There is no charge for corporation tax on the 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.

5. **Fixed assets**

Tangible assets - plant and equipment

	Total £
Cost	
At 1 January 2000 and 31 December 2000	<u>1,264,583</u>
Accumulated depreciation	
At 1 January 2000	150,812
Raised during the year	<u>126,458</u>
At 31 December 2000	<u>277,270</u>
Net book value	
At 31 December 2000	<u>987,313</u>
At 31 December 1999	<u>1,113,771</u>

6. **Debtors**

	31 December 2000 £	31 December 1999 £
Amounts falling due within one year:		
Trade debtors	27,447	58,537
Amount owed by immediate parent undertaking	17,412,563	17,616,077
Amounts owed by fellow subsidiary undertakings	9,803,585	9,388,504
Prepayments and accrued income	<u>461,125</u>	<u>458,125</u>
	<u>27,704,720</u>	<u>27,521,243</u>

Notes to accounts (continued)
31 December 2000

	31 December 2000	31 December 1999
	£	£

Authorised, allotted and fully paid:

104,000,000 ordinary shares of 25 pence	<u>26,000,000</u>	<u>26,000,000</u>
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8. Profit and loss account

At 1 January 2000 - (deficit)		£ (10,056,857)
Retained profit for the financial year		437,917
		<hr/>
At 31 December 2000 - (deficit)		<u>(9,618,940)</u>

9. Commitments

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

	31 December 2000	31 December 1999
	£	£
Operating leases which expire over 5 years		
Land and buildings	<u>1,841,500</u>	<u>1,832,500</u>

10. Ultimate parent 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.