

# **Trafalgar House Line Limited**

**Financial Statements 31 December 2001**

**together with the directors' report**



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COMPANIES HOUSE

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25/06/02

**Directors' Report**

The directors present their report, together with the financial statements, for the year ended 31 December 2001.

**Principal Activities and Business Review**

The principal activity of the Company was the operation of passenger ships, which business was sold in 1998.

The Company is in the process of finalising and resolving various outstanding matters relating to its former operation of passenger ships.

**Results**

The results of the Company for the year are set out in the Profit and Loss Account on page 4. The retained loss for the year ended 31 December 2001 of \$6,000 (31 December 2000 – profit of \$4.9 million) has been transferred from reserves.

**Dividend**

The Company has a deficit on its Profit and Loss Account. Consequently, no dividend can be paid.

**Post Balance Sheet Event**

Since the year-end the Company has restructured its balance sheet through a combination of debt-for-equity swap and the injection of new equity into the Company. Each and every transaction and arrangement constituting part of this refinancing was a transaction and arrangement executed between companies within the Kvaerner Group of companies.

Separately, and in addition, in March 2002 the Company surrendered the lease to certain premises in New York and its interest in a sublease of a portion of the same premises to the landlord. The term of the lease would otherwise have expired in 2005. The surrender was consistent with the policy of the Kvaerner Group to eliminate legacy exposures relating to disposed businesses.

**Directors**

Shown below are the directors who served during the year and changes subsequent to the year-end.

H.P. Finne	(appointed 8 January 2001, resigned 27 February 2002)
J.A. Male	
R. Laycock	(appointed 28 February 2002)

**Directors' Interests**

No director has, or during the year had, or at the time he became a director had, any interest 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.

**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 reappoint its auditor annually and KPMG Audit Plc is, therefore, deemed re-appointed for the succeeding year.

By order of the Board,

*Rufus Laycock*

Rufus Laycock  
Secretary

Date: 7 June 2002.

Registered office:  
68 Hammersmith Road,  
London W14 8YW

**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 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 open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**Report of the independent auditors to the members of Trafalgar House Line Limited**

We have audited the financial statements on pages 4 to 9

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the director's report and, as described on page 2, 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 loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**KPMG Audit Plc**  
Registered Auditor  
London

7 June 2002

## Profit &amp; Loss Account for the year ended 31 December 2001

	Note	31 December 2001 \$000	31 December 2000 \$000
<b>Discontinued operations</b>			
Turnover	2	-	86
Cost of sales		-	(86)
<b>Gross profit</b>		-	-
Administrative expenses		-	4,774
<b>Operating profit</b>		-	4,774
Interest receivable and similar income		-	112
Interest payable and similar charges	3	(6)	(14)
<b>(Loss)/profit on ordinary activities before and after taxation and retained for the period</b>	9	(6)	4,872

A note of historical cost profits and losses has not been included as part of these financial statements as there is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

The accompanying notes on pages 7 to 9 are an integral part of the profit and loss account.

## Balance Sheet as at 31 December 2001

	Note	31 December 2001 \$000	31 December 2000 \$000
<b>Current assets</b>			
Debtors	5	204,343	204,888
Cash and bank		<u>1,597</u>	<u>4,753</u>
		205,940	209,641
<b>Creditors: Amounts falling due within one year</b>	6	<u>(267,614)</u>	<u>(267,540)</u>
<b>Net current assets</b>		<u>(61,674)</u>	<u>(57,899)</u>
<b>Total assets less current liabilities</b>		(61,674)	(57,899)
Provisions for liabilities and charges	7	<u>(2,334)</u>	<u>(6,103)</u>
<b>Total net liabilities</b>		<u>(64,008)</u>	<u>(64,002)</u>
<b>Capital and reserves</b>			
Called up share capital	8	247,618	247,618
Profit and loss account	9	<u>(311,626)</u>	<u>(311,620)</u>
<b>Equity shareholders' funds</b>		<u>(64,008)</u>	<u>(64,002)</u>

The accompanying notes on pages 7 to 9 form an integral part of this balance sheet.

These accounts were approved by the Board of Directors on 7 June 2002 and signed on its behalf by:



J. Male  
Director

**Statement of Total Recognised Gains and Losses**

	Year to 31 December 2001 \$000	Year to 31 December 2000 \$000
(Loss)/profit for the year recognised in the profit and loss account	<u>(6)</u>	<u>4,872</u>

**Reconciliation of movements in shareholders' funds**

	Year to 31 December 2001 \$000	Year to 31 December 2000 \$000
(Loss)/profit for the year	(6)	4,872
Opening shareholders' funds	<u>(64,002)</u>	<u>(68,874)</u>
Closing shareholders' funds	<u>(64,008)</u>	<u>(64,002)</u>

The accompanying notes form an integral part of the statement of total recognised gains and losses and the reconciliation of movements in shareholders' funds.

**Notes to the Accounts****1. Accounting policies**

The following accounting policies have been applied consistently in the current year and the preceding period in dealing with items which are considered material in relation to the Company's financial statements.

**(a) Accounting conventions**

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards.

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of \$64,008,000 at the balance sheet date. Subsequent to the year end the company has restructured its balance sheet through a combination of debt-for-equity swap and an injection of new equity. As a result of this restructuring, the directors are of the opinion that the company should be able to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

**(b) Related parties and cash flow statement**

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 10.

The Company has taken advantage of the exemption under the rules of FRS 1 (revised) not to produce a cash flow statement.

**(c) Foreign currencies**

Trading results denominated in foreign currencies are translated into U.S. dollars at average rates of exchange. Assets and liabilities are translated into U.S. dollars at the rates ruling at the period end except where rates of exchange are fixed under contractual arrangements. Differences on exchange arising from the translation of opening net assets of overseas branches denominated in foreign currencies and any related loans are taken to reserves. Other exchange differences are taken to the profit and loss account when they arise.

**(d) Taxation**

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.



**Notes to the accounts (continued)**
**2. Analysis of turnover**

	Year to 31 December 2001 \$000	Year to 31 December 2000 \$000
Discontinued activities by geographical location - North America	-	86
	-	86

The geographical analysis of turnover by destination is based on the ships' locations during voyages throughout the year.

**3. Profit on ordinary activities before taxation**

	Year to 31 December 2001 \$000	Year to 31 December 2000 \$000
Profit on ordinary activities before taxation is stated after charging:		
Interest payable and similar charges		
Fellow subsidiary undertakings	6	14

**4. Directors' emoluments**

The Company had no employees. None of the directors received any emoluments from the Company (2000: \$nil).

**5. Debtors**

	31 Dec 2001 \$000	31 Dec 2000 \$000
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	204,343	204,343
Prepayments and accrued income	-	545
	<u>204,343</u>	<u>204,888</u>

**6. Creditors: amounts falling due within one year**

	31 Dec 2001 \$000	31 Dec 2000 \$000
Amounts owed to group undertakings	267,614	267,540
	<u>267,614</u>	<u>267,540</u>

**7. Provisions for liabilities and charges**

	\$000
At 1 January 2001	6,103
Utilised during the year	(3,769)
At 31 December 2001	<u>2,334</u>

Provisions for liabilities and charges represent provisions for property costs, claims and related fees

## Notes to the accounts (continued)

	31 Dec 2001 \$000	31 Dec 2000 \$000
<b>8. Share capital</b>		
Authorised, allotted, called up and fully paid 160,300,000 ordinary shares of £1 each	<u>247,618</u>	<u>247,618</u>
The issued share capital at 1 October 1995 has been converted at the relevant exchange rate at that date. Subsequent increases in share capital are converted at the rate ruling at the date of issue.		
<b>9. Reserves</b>		<b>Profit and loss account \$000</b>
As at 1 January 2001		(311,620)
Retained loss for the year		(6)
As at 31 December 2001		<u>(311,626)</u>
<b>10. Ultimate parent company</b>		
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 Kvaerner House, 68 Hammersmith Road, London W14 8YW.		