

Company Registration No. 932159

**KVAERNER SERVICES LIMITED**  
(formerly Trafalgar House Services Limited)

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD 1ST OCTOBER 1995 TO 31ST DECEMBER 1996**



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COMPANIES HOUSE 02/09/97

**KVAERNER SERVICES LIMITED**  
(formerly Trafalgar House Services Limited)

**DIRECTORS' REPORT**

The Directors have pleasure in submitting their Report and Financial Statements for the 15 month period ended 31st December 1996.

**CHANGE OF NAME**

The Company changed its name from Trafalgar House Services Limited to Kvaerner Services Limited on 19th July 1996.

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The Company's principal activities are the provision of management and administrative services to other companies within the Kværner Group and to act as a holding company, both of which activities are continuing.

During the period the Company disposed of its subsidiary company, Trafalgar House Finance Limited, and acquired Cunard Travel Limited. In each case the other party to the transaction was a fellow subsidiary within the Kværner Group.

**CHANGE IN ULTIMATE HOLDING COMPANY**

On 13th March 1996 Kværner ASA, a company registered in Norway, made offers for the ordinary and convertible preference share capital of the Company's ultimate holding company at that date, Trafalgar House plc. On 17th April 1996 the offers were declared unconditional in all respects. As a result from 17th April 1996 the Company's ultimate holding company has been Kværner ASA.

**CHANGE IN ACCOUNTING REFERENCE DATE**

During the period the Company changed its accounting reference date from 30th September to 31st December each year so as to be co-terminus with that of its new ultimate holding company. The accounting period which commenced on 1st October 1995 was extended and ended on 31st December 1996.

**RESULTS**

The results for the period are set out in the profit and loss account on page 5.

**DIVIDENDS**

The Directors do not propose to recommend the payment of any dividend on the issued ordinary share capital of the Company in respect of the period ended 31st December 1996.

**DIRECTORS**

The following persons were Directors of the Company during the period:-

Mrs M.R.A. Ellis	
Mr A. Farstad	(appointed 18th April 1996)
Mr J.M. Heggelund	(appointed 18th April 1996)
Mr S. Ross	
Mr D.A. Brady	(resigned 31st October 1995)
Dr R.J.C. Easton	(resigned 28th June 1996)
Mr I. Fowler	(resigned 28th June 1996)
Mr D. Gawler	(resigned 18th April 1996)
Mr W.G. McLuskie	(resigned 31st October 1996)
Mr A. Riding	(resigned 10th October 1995)

**KVAERNER SERVICES LIMITED**  
(formerly Trafalgar House Services Limited)

**DIRECTORS' REPORT, (continued)**

**DIRECTORS, continued**

On 16th May 1997 Mr S. Ross resigned as a Director and Mr F.E. Fosse was appointed a Director.

**DIRECTORS' INTERESTS**

None of the Directors at 31st December 1996 had any interests requiring to be disclosed under the Companies Act 1985. There have been no changes to this position between 31st December 1996 and the date of this report.

**EMPLOYMENT POLICIES**

The Company is committed to a policy of providing equal opportunities for all, regardless of race, religion, sex or disablement.

The Company is committed to training and management development, so as to ensure a supply of trained and skilled employees.

The Company keeps employees informed about its current activities and progress by various methods, including in-house publications and formal trade union channels.

**POLICY ON PAYMENT OF CREDITORS**

Operating businesses within the Kværner Group are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. It is the Company policy that payments to suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions.

**AUDITORS**

KPMG resigned as auditors of the Company on 22nd October 1996. Arthur Andersen were appointed by the Directors to fill the vacancy.

Pursuant to Section 386 of the Companies Act 1985 an elective resolution to dispense with the obligation to appoint auditors annually was passed at an Extraordinary General Meeting of the Company held on 23rd September 1991.

By Order of the Board

*Rufus Laycock*

.....  
R. Laycock  
Secretary

Date: 27 JUNE 1997

*Registered Office:*  
St. James's House,  
23 King Street,  
London SW1Y 6QY

**KVAERNER SERVICES LIMITED**  
**(formerly Trafalgar House Services Limited)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial reporting period which give a true and fair view of the state of affairs of the company as at the end of the financial reporting 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.

London

**Auditors' Report**

**To the Shareholders of Kværner Services Limited**

We have audited the accounts on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

**Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 1996 and of the company's profit for the period 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

27 June 1997

**KVAERNER SERVICES LIMITED**  
**(formerly Trafalgar House Services Limited)**

**Profit and Loss Account for the 15 months ended 31st December 1996**

	Notes	15 months ended 31/12/1996 £	Year ended 30/09/1995 £
Turnover	2	37,700,235	17,221,405
Cost of sales		<u>(24,188,141)</u>	<u>(20,068,914)</u>
Operating profit (loss)		13,512,094	(2,847,509)
Write-down of investment in subsidiary undertakings	10	(1,339,642)	(627,000)
Profit (loss) on sale of investment in subsidiary under- taking	10	32,954,342	(20,956,272)
Dividend income from subsidiary undertakings		2,305,128	41,000,000
Profit on ordinary activities before interest		47,431,922	16,569,219
Interest receivable and similar income		19,104,254	11,025,738
Interest payable and similar charges	3	<u>(1,049)</u>	<u>(1,730)</u>
Profit on ordinary activities before taxation	4	66,535,127	27,593,227
Tax on profit on ordinary activities	5	<u>0</u>	<u>0</u>
Profit for the period		66,535,127	27,593,227
Ordinary dividend		<u>0</u>	<u>(38,000,000)</u>
Retained profit (loss) for the period transferred to (from) reserves		<u>66,535,127</u>	<u>(10,406,773)</u>

All activities of the company are continuing operations.

The notes on pages 7 to 16 form part of these financial statements.

The company has no recognised gains or losses other than the profit and loss for the 15 months period and for the previous year. Accordingly, a statement of total recognised gains and losses has not been prepared.

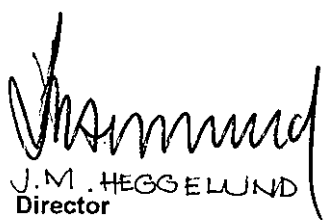
**KVAERNER SERVICES LIMITED**  
(formerly Trafalgar House Services Limited)

Balance Sheet at 31st December 1996

	Notes	At 31/12/1996 £	At 30/09/1995 £
<b>FIXED ASSETS</b>			
Tangible assets	8	477,334	438,301
Investments	10	12,925,179	131,790,078
		<u>13,402,513</u>	<u>132,228,379</u>
<b>CURRENT ASSETS</b>			
Stocks	11	2,677	13,860
Debtors	12	220,936,242	175,188,515
Cash at bank and in hand		16,744	16,164
		<u>220,955,663</u>	<u>175,218,539</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Borrowings	13	(498,457)	(708,861)
Other creditors	14	(57,526,195)	(204,484,244)
		<u>(58,024,652)</u>	<u>(205,193,105)</u>
<b>NET CURRENT ASSETS (LIABILITIES)</b>		<u>162,931,011</u>	<u>(29,974,566)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>176,333,524</u>	<u>102,253,813</u>
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	15	(7,544,584)	0
<b>NET ASSETS</b>		<u>168,788,940</u>	<u>102,253,813</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	100,000,000	100,000,000
Profit and loss account	17	68,788,940	2,253,813
		<u>168,788,940</u>	<u>102,253,813</u>

The notes on pages 7 to 16 form part of these financial statements.

These financial statements were approved by the Board of Directors on 27 JUNE 1997  
and signed on its behalf by :

  
J.M. HEGGELUND  
Director

, 1997

**KVAERNER SERVICES LIMITED**  
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**Notes to the Financial Statements**

**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 convention and include the results of activities described in the directors' report, which are continuing except where specifically noted elsewhere.

**(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 FRS 1 not to produce a cash flow statement. The appropriate amounts will be included in the consolidated financial statements of Kvaerner Public Limited Company.

**(d) Turnover**

Turnover, which includes inter company trading, represents management fees and service charges, and arises within the United Kingdom, Europe and North America.

**(e) Depreciation**

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

Motor vehicles	5 years
Computer equipment	3 years

**(f) Leased assets**

All leases are operating leases and the annual rentals are charged wholly to the profit and loss account.

**(g) Fixed asset investments**

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

**(h) Stocks**

Stocks have been valued at the lower of cost and net realisable value.

**(i) 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.



**KVAERNER SERVICES LIMITED**  
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**Notes to the Financial Statements**

**1. Accounting policies (continued)**

**(j) Taxation**

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.

**2. Analysis of turnover**

	<b>15 months ended 31/12/1996 £</b>	<b>Year ended 30/09/1995 £</b>
<b>By geographical area:</b>		
United Kingdom	37,639,575	17,200,387
Europe	26,648	0
North America	34,012	21,018
	<u>37,700,235</u>	<u>17,221,405</u>

**By class of business:**

<b>Continuing operations:</b>		
Management fees and service charges	37,700,235	17,221,405
	<u>37,700,235</u>	<u>17,221,405</u>

**3. Interest payable and similar charges**

<b>Other</b>	<b>1,049</b>	<b>1,730</b>
	<u>1,049</u>	<u>1,730</u>

**KVAERNER SERVICES LIMITED**  
**(formerly Trafalgar House Services Limited)**

**Notes to the Financial Statements**

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

	<b>15 months ended 31/12/1996 £</b>	<b>Year ended 30/09/1995 £</b>
Profit on ordinary activities before taxation is stated after charging :		
<b>Auditors' remuneration</b>		
Audit fees	150,000	192,300
Other - amounts paid to current auditors	5,000	0
Other - amounts paid to previous auditors	501,304	2,143,259
<b>Depreciation:</b>		
Owned assets	237,407	184,153
<b>Hire costs including operating lease payments:</b>		
Hire of motor vehicles	253,667	230,838
Hire of computer equipment	22,662	115,656
<b>Amortisation of pension prepayment</b>	409,000	528,000

**5. Tax on profit on ordinary activities**

There is no charge for Corporation Tax on the profit for the period 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. Staff numbers and costs**

	<b>15 months ended 31/12/1996 Number</b>	<b>Year ended 30/09/1995 Number</b>
The average monthly number of employees, all of whom were engaged in the United Kingdom on the company's principal activity :		
Management and administration	107	135

**KVAERNER SERVICES LIMITED**  
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**Notes to the Financial Statements**

**6. Staff numbers and costs (continued)**

**Staff costs including directors' emoluments**

	15 months ended 31/12/1996 £	Year ended 30/09/1995 £
Wages and salaries	6,262,483	5,529,524
Social security costs	493,983	466,537
Other pension costs (note 19)	683,057	416,249
	<u>7,439,523</u>	<u>6,412,310</u>

**7. Directors' emoluments**

	15 months ended 31/12/1996 £	Year ended 30/09/1995 £
As executives	1,324,760	1,183,247

The emoluments of the Chairman were £nil during the period.  
There was no Chairman during the previous year.

The emoluments of the highest paid director were	571,878	280,985
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Particulars of directors' emoluments excluding pension contributions are as follows:-

	15 months ended 31/12/1996 Number	Year ended 30/09/1995 Number
Not exceeding £ 5,000	2	1
£ 5,001 - £ 10,000	2	-
£ 40,001 - £ 45,000	-	1
£ 45,001 - £ 50,000	-	1
£ 55,001 - £ 60,000	-	1
£ 60,001 - £ 65,000	-	1
£ 65,001 - £ 70,000	-	1
£ 70,001 - £ 75,000	-	3
£ 75,001 - £ 80,000	1	-
£ 85,001 - £ 90,000	1	-
£100,001 - £105,000	1	-
£130,001 - £135,000	1	1
£150,001 - £155,000	1	-
£155,001 - £160,000	1	-
£230,001 - £235,000	-	1

**KVAERNER SERVICES LIMITED**  
**(formerly Trafalgar House Services Limited)**

**Notes to the Financial Statements**

**7. Directors' emoluments (continued)**

	<b>15 months ended 31/12/1996 £</b>	<b>Year ended 30/09/1995 £</b>
Entitlements to compensation payable to directors arising from the early termination of the service agreements as executives.	<b>431,050</b>	<b>235,200</b>

**8. Tangible fixed assets**

	<b>Plant and Equipment £</b>
<b>Cost:</b>	
At 1st October 1995	1,532,126
Additions	288,628
	<u>1,820,754</u>
Disposals	(387,509)
Transfers to group undertakings	<u>(1,277)</u>
At 31st December 1996	<u>1,431,968</u>
<b>Accumulated depreciation:</b>	
At 1st October 1995	1,093,825
Charge for the 15 months accounting period	237,407
	<u>1,331,232</u>
Disposals	(376,182)
Transfers to group undertakings	<u>(416)</u>
At 31st December 1996	<u>954,634</u>
<b>Net book value:</b>	
At 31st December 1996	<u>477,334</u>
At 1st October 1995	<u>438,301</u>

Plant and equipment includes motor vehicles and computer equipment.

**KVAERNER SERVICES LIMITED**  
**(formerly Trafalgar House Services Limited)**

**Notes to the Financial Statements**

**9. Leased assets**

	<b>15 months ended 31/12/1996 £</b>	<b>Year ended 30/09/1995 £</b>
<b>Operating lease commitments :</b>		
<b>Annual rentals under operating leases are payable as follows :</b>		
<b>Motor vehicles :</b>		
<b>in respect of leases expiring between two and five years</b>	<b>220,000</b>	<b>440,000</b>
	<u><b>220,000</b></u>	<u><b>440,000</b></u>

**10. Fixed assets investments**

	<b>Shares in subsidiary undertakings £</b>
<b>Cost</b>	
<b>At 1st October 1995</b>	<b>132,417,078</b>
<b>Additions</b>	<b>844,403</b>
<b>Disposals</b>	<b>(118,369,660)</b>
<b>At 31st December 1996</b>	<u><b>14,891,821</b></u>
<b>Provision</b>	
<b>At 1st October 1995</b>	<b>627,000</b>
<b>Additions</b>	<b>1,339,642</b>
<b>At 31st December 1996</b>	<u><b>1,966,642</b></u>
<b>Net book value</b>	
<b>At 31st December 1996</b>	<u><b>12,925,179</b></u>
<b>At 1st October 1995</b>	<u><b>131,790,078</b></u>

During the period, the company disposed of its subsidiary company, Trafalgar House Finance Limited, and acquired Cunard Travel Limited.  
In each case, the other party to the transaction was a fellow subsidiary within the Kvaerner Group.

**KVAERNER SERVICES LIMITED**  
**(formerly Trafalgar House Services Limited)**

**Notes to the Financial Statements**

**10. Fixed assets investments (continued)**

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

The following subsidiary undertakings are wholly owned and are registered in England and Wales:

	Nature of Business
One Berkeley Street Holdings Limited	Holding company
Collin Wilson Limited	Non operating
Kvaerner Pensions Investment Management Limited	Investment management
(formerly Trafalgar House Pensions Investment Management Limited)	
Trafalgar House Information Systems Limited	In members' voluntary liquidation
Tamar River Crossing Limited	Name protection
Trafalgar House Trustees (PSS) Limited	Trustee of employee share scheme
EuroRoute Limited	Name protection
Kvaerner Technology and Research Limited	Intellectual property
(formerly Berkeley Street (No. 1) Limited and Hackremco (No. 1059) Limited)	
Berkeley Street (No. 2) Limited	Dormant
(formerly Hackremco (No. 1067) Limited)	
Berkeley Street (No. 3) Limited	Dormant
(formerly Hackremco (No. 1068) Limited)	
Kvaerner Sea Launch Limited	Investment holding company
(formerly Berkeley Street (No. 4) Limited and Hackremco (No. 1069) Limited)	
Cunard Travel Limited	Travel agency

The following subsidiary undertaking is wholly owned and is registered in Jersey :

Trafalgar House Services (Jersey) Limited	Administration services
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**KVAERNER SERVICES LIMITED**  
**(formerly Trafalgar House Services Limited)**

**Notes to the Financial Statements**

**11. Stocks**

	<b>15 months ended 31/12/1996 £</b>	<b>Year ended 30/09/1995 £</b>
Consumables	<u>2,677</u>	<u>13,860</u>

**12. Debtors**

**Amounts falling due within one year:**

Trade debtors	302,445	65,572
Amount owed by ultimate parent undertaking	36,133	0
Amount owed by immediate parent undertaking	3,860,030	112,265,456
Amounts owed by subsidiary undertakings	2,095	56,977,569
Amounts owed by fellow subsidiary undertakings	213,529,007	2,676,970
Amounts owed by associated undertakings of the immediate parent company	0	13,420
Other debtors	563,160	361,640
Prepayments and accrued income	580,372	355,888
Pensions prepayment	563,000	574,000
	<u>219,436,242</u>	<u>173,290,515</u>

**Amounts falling due after more than one year:**

Other debtors - pensions prepayment	1,500,000	1,898,000
	<u>220,936,242</u>	<u>175,188,515</u>

**13. Borrowings**

Unsecured bank overdraft	<u>498,457</u>	<u>708,861</u>
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**14. Creditors : amounts falling due within one year**

Trade creditors	7,035	628,232
Amount owed to ultimate parent undertaking	0	151,780,563
Amounts owed to subsidiary undertakings	12,789,276	15,028,335
Amounts owed to fellow subsidiary undertakings	38,239,406	30,235,727
Other creditors	1,301,562	684,093
Other taxes and social security	3,641,892	3,071,782
Accruals and deferred income	1,547,024	3,055,512
	<u>57,526,195</u>	<u>204,484,244</u>

**KVAERNER SERVICES LIMITED**  
(formerly Trafalgar House Services Limited)

**Notes to the Financial Statements**

**15. Provision for liabilities and charges**

	£
At 1st October 1995	0
Assumed during the 15 months accounting period (see below)	7,846,378
Transfer from profit and loss account	1,790,769
Expenditure	(2,092,563)
At 31st December 1996	<u>7,544,584</u>

On 31st December 1995, in consideration of a payment of £7,846,378, the company assumed all the rights and obligations relating to the permanent disability insurance policy operated by the company in connection with the Permanent Disability Scheme for employees of the then Trafalgar House Group. The scheme is restricted to current employees whose employment commenced on or before 31st December 1995.

The liability at 31st December 1996 is based on an independent assessment provided by Lane, Clark & Peacock, actuaries, of the present value of the future payments of claims for current claimants and admitted potential claimants under the scheme.

**16. Share capital**

	15 months ended 31/12/1996 £	Year ended 30/09/1995 £
Authorised: 100,000,000 shares of £1 each	<u>100,000,000</u>	<u>100,000,000</u>
Allotted, called up and fully paid: 100,000,000 shares of £1 each	<u>100,000,000</u>	<u>100,000,000</u>

**17. Reserves**

	Profit and loss account £
At 1st October 1995	2,253,813
Retained profit for the 15 months accounting period	<u>66,535,127</u>
At 31st December 1996	<u>68,788,940</u>

**18. Reconciliation of movement in shareholders' funds**

	15 months ended 31/12/1996 £	Year ended 30/09/1995 £
Opening shareholders' funds	102,253,813	112,660,586
Profit (loss) for the 15 months accounting period added to (deducted from) shareholders' funds	<u>66,535,127</u>	<u>(10,406,773)</u>
Closing shareholders' funds	<u>168,788,940</u>	<u>102,253,813</u>



**Notes to the Financial Statements**

**19. Pensions**

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 will be included in the report and financial statements of Kvaerner plc.

**20. Ultimate parent company**

The immediate parent company is Kvaerner plc (formerly Trafalgar House plc) which is registered in England and Wales.

The smallest group in which the results of the company are consolidated is that headed by Kvaerner plc.

The ultimate parent company is Kvaerner ASA, a company registered 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, when published, from Kvaerner plc at St. James's House, 23 King Street, London SW1Y 6QY.