

Company No: 3318

# YARM ROAD INTERNATIONAL LIMITED

**ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2002  
TOGETHER WITH THE REPORT OF THE DIRECTORS**



# Yarm Road International Limited

## DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year to 31 December 2002.

### Principal Activity and Business Review

The Company did not trade during the year other than to receive bank interest. Operating expenses of £599,000 comprise the release of a provision no longer required. The Company continues to resolve and close out issues arising and resulting from its former operations and the sale of its business.

In May 2000 the Kvaerner Group completed the sale of its steel fabrication and bridge building business to its management (the "MBO"), which sale included the trade and certain assets of the Company. Under the sale the Company entered into an arrangement with the MBO for it to manage and be responsible for ensuring the performance of the Company's obligations in respect of contracts and engagements to which the Company remains a party. This arrangement with the MBO continues.

### Financial statements and dividend

The financial statements of the Company appear on pages 5 to 10, inclusive.

The result for the year is set out in the profit and loss account on page 5.

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.

Ø. Svanevik	(appointed 17 May 2002)
T. Hiorth	(appointed 14 October 2002)
J.R. Davies	(resigned 30 September 2002)
H.P. Finne	(resigned 16 May 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 in the same group to be disclosed in accordance with the Companies Act 1985. The Directors are exempt from disclosing their interest, if any, in the ultimate parent company as it is incorporated outside of Great Britain.

### 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.

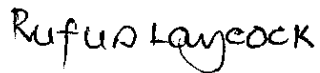
# Yarm Road International Limited

## Auditors

KPMG Audit Plc has signed 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 reappointed as auditor for the succeeding year.

By order of the Board,



Rufus Laycock  
*Company Secretary*

Date: 21 June 2004

*Registered Office:*  
151 St. Vincent Street  
Glasgow  
G2 5NJ

# **Yarm Road International Limited**

## **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 as at the end of the financial year 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; 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 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.

# Yarm Road International Limited

## INDEPENDENT AUDITORS' REPORT

### To the Members of Yarm Road International Limited

We have audited the financial statements on pages 5 to 10.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of 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 accounts, 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 audit 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.*

*KPMG Audit Re.*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

Quayside House  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX

*21 June 2004*

# Yarm Road International Limited

## Profit & Loss Account for the year ended 31 December 2002

	Notes	<u>Year to</u> <u>31 December</u> <u>2002</u> <u>£000's</u>	<u>Year to</u> <u>31 December</u> <u>2001</u> <u>£000's</u>
<b>TURNOVER</b>			
Continuing operations	2	-	-
Cost of sales		-	-
<b>GROSS PROFIT</b>		-	-
Operating expenses		599	-
<b>OPERATING PROFIT</b>			
Continuing operations		599	-
Interest receivable and similar	3	8	49
Interest payable and similar charges	4	(143)	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		464	49
Tax on profit on ordinary activities	5	-	-
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	11	464	49

The notes on pages 7 to 10 form part of these accounts.

The Company has no recognised gains or losses other than the profit for the financial year. Accordingly a statement of total recognised gains and losses has not been prepared.

# Yarm Road International Limited


## Balance Sheet at 31 December 2002

	<u>Notes</u>	<u>2002</u> <u>£000's</u>	<u>2001</u> <u>£000's</u>
<b>CURRENT ASSETS</b>			
Debtors	8	23,720	22,597
Cash at bank and in hand		192	2,227
		<u>23,912</u>	<u>24,824</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Creditors	9	<u>(15,239)</u>	<u>(16,615)</u>
		<u>(15,239)</u>	<u>(16,615)</u>
<b>NET CURRENT ASSETS</b>		8,673	8,209
<b>NET ASSETS</b>		<u>8,673</u>	<u>8,209</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	21,750	21,750
Profit and loss account	11	<u>(13,077)</u>	<u>(13,541)</u>
Equity shareholder's funds	12	<u>8,673</u>	<u>8,209</u>

The notes on pages 7 to 10 form part of these accounts

These accounts were approved by the Board of Directors on 21 June

2004 on its behalf by:



T. HIORTH  
Director

# Yarm Road International Limited

## Notes to the Accounts

### 1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the Company's Financial Statements. The Company has adopted FRS 19 'Deferred Tax' in these financial statements.

#### (a) *Accounting conventions*

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 not to produce a cash flow statement. The appropriate amounts have been included in the consolidated accounts of Aker Kvaerner PLC.

#### (c) *Foreign currencies*

Trading results denominated in foreign currencies are translated into sterling at average rates of exchange. Assets and liabilities are translated into sterling at the rates ruling at the year end except where rates of exchange are fixed under contractual arrangements. Other exchange differences are taken to the profit and loss account when they arise.

#### (d) *Turnover*

Turnover, which includes inter company trading, represents the sales value of work done and does not include VAT and similar taxes.

#### (e) *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### (f) *Depreciation*

Depreciation on plant and machinery is provided on a straight line basis over the estimated useful life of 4 years.

#### (g) *Long-term contracts*

Amounts recoverable on contracts (other than small works) are valued at anticipated net sales value after provision for contingencies and anticipated future losses on contracts. Claims are included in the valuation of contracts and credited to the profit and loss account to the extent it is virtually certain that the claim will be realised. Small works are valued at the lower of cost plus attributable overheads and net sales value.

Cash received on contracts is deducted from amounts recoverable on contracts. Such amounts which have been received and exceed amounts recoverable are included in creditors. Contract provisions in excess of amounts recoverable are included in creditors. Contract provisions in excess of amounts recoverable are included within provisions for liabilities and charges.



# Yarm Road International Limited

## Notes to the Accounts (continued)

### 2. Analysis of turnover and results

All of the turnover and results of the Company in both the current year and prior year arose in Asia and from the Company's past principal activity.

	<u>Year to</u> <u>31 December</u> <u>2002</u> <u>£000's</u>	<u>Year to</u> <u>31 December</u> <u>2001</u> <u>£000's</u>
<u>Interest receivable and similar charges</u>		
Bank interest	8	49
	<u>8</u>	<u>49</u>

The audit fee for the current year has been borne by the Company's immediate parent company.

	<u>Year to</u> <u>31 December</u> <u>2002</u> <u>£000's</u>	<u>Year to</u> <u>31 December</u> <u>2001</u> <u>£000's</u>
<u>Interest payable and similar charges</u>		
Exchange differences	(143)	-
	<u>(143)</u>	<u>-</u>

### 5. Tax on loss on ordinary activities

#### *Factors affecting the current tax charge*

The tax assessed for the year is lower (2001:lower) than the standard rate of corporation tax in the UK. The differences are as follows:

	<u>Year to</u> <u>31 December</u> <u>2002</u> <u>£000's</u>	<u>Year to</u> <u>31 December</u> <u>2001</u> <u>£000's</u>
Profit on ordinary activities before taxation	464.0	49.0
Taxation charge at UK corporation tax rate of 30% (2001:30%)	139.2	14.7
Effects of Group relief for which no payment is made	(139.2)	(14.7)
Actual tax charge per the accounts	<u>-</u>	<u>-</u>

#### *Factors affecting future tax charges*

It is anticipated that any future taxable income in this company will be sheltered from tax by utilisation of group relief from other Group companies and, where possible, the use of the Group's tax losses arising in prior years. The Aker Kvaerner PLC tax group has brought forward tax losses estimated at £145m and surplus ACT of approximately £198m.

# Yarm Road International Limited

## Notes to the Accounts (continued)

### 6. Deferred Tax

There is no potential liability to deferred tax.

### 7. Directors' Emoluments

None of the Directors received any remuneration from the Company during the year (2001: £nil).

### 8. Debtors

	<u>2002</u> <u>£000's</u>	<u>2001</u> <u>£000's</u>
Amounts falling due within one year:		
Amount owed by group undertakings	21,982	21,982
Other debtors	1,738	615
	<u>23,720</u>	<u>22,597</u>

### 9. Creditors: Amounts falling due within one year

Trade creditors	3	233
Amounts owed to group undertakings	15,214	14,998
Other taxes and social security	22	142
Other creditors	-	500
Accruals and deferred income	-	742
	<u>15,239</u>	<u>16,615</u>

### 10. Called up share capital

Authorised:		
Equity share capital 21,750,000 shares of £1 each	<u>21,750</u>	<u>21,750</u>
Allotted, called up and fully paid:		
Equity share capital 21,750,000 shares of £1 each	<u>21,750</u>	<u>21,750</u>

### 11. Profit and loss account

	<u>£000's</u>
As at 1 January 2002	(13,541)
Retained profit for the financial year	464
As at 31 December 2002	<u>(13,077)</u>

### 12. Reconciliation of movements in equity shareholders' funds

	<u>2002</u> <u>£000's</u>	<u>2001</u> <u>£000's</u>
Profit for the year	464	49
Opening equity shareholders' funds	8,209	8,160
Closing equity shareholders' funds	<u>8,673</u>	<u>8,209</u>

# Yarm Road International Limited

## Notes to the Accounts (continued)

### 13. Ultimate parent company

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

The ultimate parent company at 31 December 2002 was Kværner ASA (formerly Aker Kværner ASA), a company registered in Norway, which heads the largest group in which the results of the Company are consolidated. Subsequent to the year-end the largest investor in Kværner ASA acquired additional shares in that company with the consequence that at the date of approval of these financial statements TRG AS, a company registered in Norway, is to be regarded as the Company's ultimate parent company.

Copies of the financial statements of Aker Kvaerner PLC and Kværner ASA can be obtained from the Company Secretary, Aker Kvaerner PLC at Kvaerner House, 68 Hammersmith Road, London W14 8YW.

### 14. Related party disclosures

As a subsidiary undertaking of Aker Kvaerner PLC, the Company has taken advantage of the exemption in FRS8 'related party disclosures' not to disclose transactions with other members of the group headed by Aker Kvaerner PLC.