

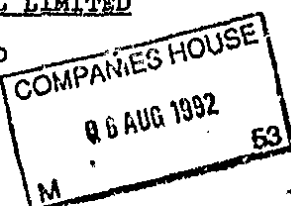


BDO Binder Hamlyn  
Chartered Accountants

BABCOCK INTERNATIONAL LIMITED

DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS

for the year ended  
31 March 1992



Company Number 65805



Am. Branches: Belfast, Birmingham, Birm. 3, Bury St Edmunds,  
Cardiff, Edinburgh, Farnborough, Glasgow, Leeds,  
London, Manchester, Newcastle, New York, Nottingham,  
Plymouth, Reading, Rotherham, Sheffield, St Albans,  
Sunderland, Wakefield, York, Worcester, Wolverhampton.

DIRECTORS

The Rt Hon Lord King of Wartnaby  
G O Whitehead  
E A S Porter

SECRETARY

J Allen

REGISTERED OFFICE

The Lodge,  
Badminton Court,  
Church Street,  
Amersham,  
Buckinghamshire,  
HP7 0DD.

AUDITORS

BDO Binder Hamlyn,  
Chartered Accountants,  
20 Old Bailey,  
London,  
EC4M 7BH.

## BABCOCK INTERNATIONAL LIMITED

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### **DIRECTORS' REPORT for the year ended 31 March 1992**

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#### **FINANCIAL STATEMENTS**

The directors present their report and financial statements for the year ended 31 March 1992.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company continues to be that of a holding company. The directors do not anticipate any change in the nature of the company's activities during the next financial year.

#### **RESULTS AND DIVIDENDS**

The profit after tax for the year was £26.9 million, (1991 - £29.9 million, stated before an extraordinary charge of £17.2 million) from which a dividend of £19.0 million was paid (1991 - £8.0 million). The remaining balance of £7.9 million has been taken to reserves.

#### **SIGNIFICANT EVENTS DURING THE YEAR**

During the year settlement was agreed in respect of the Wibau UK Limited litigation. As a result of this settlement, £68,000 of the provision previously made against this claim has been released to the profit and loss.

The company made the following two acquisitions during the year:-

##### **Babcock Materials Handling Limited**

On 1 November 1991 the company acquired the entire issued share capital of Claudius Peters Limited from Babcock International Holdings Limited, a wholly owned subsidiary undertaking of the company, for £15,000.

Since its acquisition Claudius Peters Limited has changed its name to Babcock Materials Handling Limited, and the company has increased its investment therein by £1,000,000.

##### **Tickford Rail Limited**

On 31 March 1992 the company acquired the remaining 15% equity in Tickford Rail Limited, from family interests of two directors of that company. The total cash consideration paid was £75,000.

On the same day the company increased its investment in Tickford Rail Limited by £1,000,000.

#### **FIXED ASSETS**

Details of the changes in fixed assets are given in notes 11 and 12 to the financial statements.

**DIRECTORS' REPORT**  
for the year ended 31 March 1992 (continued)

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**DIRECTORS**

The names of the present directors of the company who served during the year are shown on page 1. Sadly Mr G S Stone, who served as a non-executive director throughout the year, died on 18 April 1992.

None of the directors had any beneficial interest in the company's shares.

All of the directors are also directors of the ultimate parent company and their interests in the shares of group companies are shown in that company's financial statements.

**TAX STATUS**

As far as the directors are aware, the company is not a close company within the meaning of Section 414 of the Income and Corporation Taxes Act 1988.

**AUDITORS**

In accordance with Section 384 of the Companies Act 1985, a resolution proposing that BDO Binder Hamlyn be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 29 June 1992.

  
J. Allen  
Secretary

**AUDITORS' REPORT**  
to the members of Babcock International Limited

We have audited the financial statements on pages 5 to 14 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 1992 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985

*BDO Binder Hamlyn*

Chartered Accountants  
Registered Auditor

29 June 1992

PROFIT AND LOSS ACCOUNT  
for the year ended 31 March 1992

	Notes	1992 £'000	1991 £'000
Turnover	2	129	198
Cost of sales		<u>(135)</u>	<u>(190)</u>
Gross (loss)/profit		(6)	8
Administrative expenses		(4,106)	(3,675)
Other operating income		3,131	2,550
Income from fixed asset investments	3	23,978	36,049
Interest payable and similar charges	4	<u>(6,776)</u>	<u>(9,449)</u>
Profit on ordinary activities before taxation	5	16,221	25,483
Tax credit on profit on ordinary activities	8	<u>10,728</u>	<u>4,419</u>
Profit on ordinary activities after taxation		26,949	29,902
Extraordinary items	9	-	(17,163)
Profit for the year		26,949	12,739
Dividends	10	<u>(19,000)</u>	<u>(8,000)</u>
Transferred to reserves	19	<u>7,949</u>	<u>4,739</u>

**BANCOCK INTERNATIONAL LIMITED**

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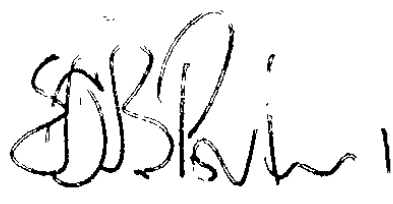
**BALANCE SHEET**  
as at 31 March 1992

	Notes	1992 £'000	1991 £'000
<b>FIXED ASSETS</b>			
Tangible assets	11	157	131
Investments	12	118,228	117,472
		<u>118,385</u>	<u>117,603</u>
<b>CURRENT ASSETS</b>			
Debtors	13	34,435	9,013
Cash at bank and in hand		76,213	47,089
		<u>110,648</u>	<u>56,102</u>
CREDITORS: amounts falling due within one year	14	(138,306)	(90,452)
Net Current Liabilities		<u>(27,658)</u>	<u>(34,350)</u>
Total Assets less Current Liabilities		90,727	83,253
CREDITORS: amounts falling due after more than one year	15	(27,528)	(27,269)
PROVISION FOR LIABILITIES AND CHARGES	17	(110)	(844)
Net Assets		<u>63,089</u>	<u>55,140</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	44,500	44,500
Share premium account	19	4,632	4,632
Profit and loss account	19	13,957	6,008
		<u>63,089</u>	<u>55,140</u>

The financial statements on pages 5 to 14 were approved by the Board on 29 June 1992 and signed on its behalf by

G O Whitehead  
Director

E A S Porter  
Director



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 1992

## 1. ACCOUNTING POLICIES

## Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

The company has taken advantage of Section 228 of the Companies Act 1985 and has not prepared group financial statements as it is a wholly owned subsidiary undertaking of another company registered in Great Britain.

A cash flow statement has not been prepared as the company is a wholly owned subsidiary undertaking of a company which published consolidated financial statements which included a consolidated cash flow statement.

## Fixed asset investments

Fixed asset investments are stated at cost less provisions for permanent diminution in value.

## Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on a straight line basis to write off the cost or valuation of fixed assets over their estimated useful lives at the following annual rates:

Furniture, fittings and equipment	10% to 25%
Motor vehicles	20.0 to 33.3%

## Deferred taxation

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that a liability will crystallise.

## Pension

The company is a member of the Babcock International Group pension scheme and has also contributed to certain employees' personal defined contribution pension schemes. Contributions to the group scheme are based on periodic actuarial calculations and are charged so as to spread the cost of pensions over the expected service lives of the employees who are members of the scheme.

## Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the year end exchange rates.

## Turnover

The turnover of the company, derived from the provision of patent registration services, excludes VAT.



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 1992 (continued)

1. ACCOUNTING POLICIES (continued)

Hire purchase contracts

Assets acquired under hire purchase contracts are capitalised and the outstanding capital element of instalments is included in creditors. The interest element is charged against profits so as to produce a constant periodic rate of charge on the outstanding obligations.

2. SEGMENTAL INFORMATION

	1992 £'000	1991 £'000
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The analysis of turnover by geographical market is as follows:

United Kingdom	98	113
North America	11	25
Europe	20	60
	<u>129</u>	<u>198</u>

3. INCOME FROM FIXED ASSET INVESTMENTS

Dividend received from group companies	24,605	36,834
Dividend received from listed companies	1	78
Dividend received from associated undertakings	71	37
Write down of investments	(654)	(900)
Loss on sale of investments	(45)	-
	<u>23,978</u>	<u>36,049</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

Interest payable on bank borrowings repayable within 5 years	4,186	5,275
Interest payable on group loan	2,590	4,174
	<u>6,776</u>	<u>9,449</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION  
is stated after charging:

Directors' emoluments		
- Remuneration as executives	752	750
- Pensions	110	87
- Payment to former director	-	25
Auditors' remuneration	66	58
Depreciation	35	37
Operating lease rentals		
- plant and machinery	36	20
- land and buildings	90	90
- short term plant hire	13	4
	<u></u>	<u></u>

and is stated after crediting:

Wibus provision release	(68)	-
	<u></u>	<u></u>

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 1992 (continued)

**6. DIRECTORS' EMOLUMENTS**

The emoluments, excluding compensation for loss of office and pension contributions, of directors of the company were as follows:

	1992 £	1991 £
Chairman	232,118	254,533
Highest paid director	<u>322,434</u>	<u>302,551</u>

Directors' emoluments fall within the following bands:

	Number	Number
£10,001 - £15,000	1	1
£145,001 - £150,000	-	1
£180,001 - £185,000	1	-
£230,001 - £235,000	1	-
£250,001 - £255,000	-	1
£300,001 - £305,000	-	1
£320,001 - £325,000	1	-

**7. PARTICULARS OF EMPLOYEES**

The average number of persons (including directors) employed by the company during the year was:

Executive and administration	<u>25</u>	<u>20</u>
Their total remuneration was:	£'000	£'000
Wages and salaries	1,241	766
Social security costs	132	95
Other pension costs	<u>283</u>	<u>141</u>
	<u>1,656</u>	<u>1,002</u>

**8. TAX ON PROFIT ON ORDINARY ACTIVITIES**

U.K. group relief receivable at 33% (1991 - 34%)	2,452	3,190
Advance corporation tax recoverable - previously written off	8,293	3,588
U.K. deferred tax	<u>(91)</u>	<u>99</u>
	<u>10,654</u>	<u>6,877</u>
Prior year adjustment	74	(2,458)
Taxation credit	<u>10,728</u>	<u>4,419</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 1992 (continued)

9. EXTRAORDINARY ITEMS	1992 £,000	1991 £,000
Write down of fixed asset investment	-	(16,338)
Provision for litigation and claims	-	(825)
	<u>-</u>	<u>(17,163)</u>

10. DIVIDENDS

The directors propose the following dividend in respect of the year ended 31 March 1992:

Paid	-	8,000
Proposed	<u>19,000</u>	<u>-</u>
	<u>19,000</u>	<u>8,000</u>

11. TANGIBLE FIXED ASSETS

	Furniture, fittings and equipment £'000
Cost	
31 March 1991	185
Additions	75
Disposals	<u>(39)</u>
31 March 1992	<u>221</u>
Depreciation	
31 March 1991	(54)
Charge for the year	(35)
Disposals	<u>25</u>
31 March 1992	<u>(64)</u>
Net book value	
31 March 1992	<u>157</u>
At 31 March 1991	<u>131</u>

The company had no capital commitments at 31 March 1992 or at 31 March 1991.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 1992 (continued)

## 12. FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £'000	Shares in associated undertakings Unlisted £'000	Other investments		Total
			Unlisted £'000	Listed £'000	£'000
Cost					
31 March 1991	132,594	724	5	4,296	137,619
Additions	2,131	-	-	-	2,131
Disposals	(110)	(60)	-	(10)	(180)
31 March 1992	<u>134,615</u>	<u>664</u>	<u>5</u>	<u>4,286</u>	<u>139,570</u>
Provision for diminution in value					
31 March 1991	16,915	326	-	2,906	20,147
Charge for year	601	10	-	644	1,255
Disposals	(60)	-	-	-	(60)
31 March 1992	<u>17,456</u>	<u>336</u>	<u>-</u>	<u>3,550</u>	<u>21,342</u>
Net book value					
31 March 1992	<u>117,159</u>	<u>328</u>	<u>5</u>	<u>736</u>	<u>118,228</u>
31 March 1991	<u>115,679</u>	<u>398</u>	<u>5</u>	<u>1,390</u>	<u>117,472</u>

The market value of the company's listed investments as at the 31 March 1992 was £0.74 million.

In the opinion of the directors the value of the company's investments in its subsidiary undertakings is not less than the amount at which they are stated in the company's balance sheet.

## 13. DEBTORS

	1992 £'000	1991 £'000
Trade debtors	25	154
Amounts owed by parent and fellow subsidiary undertakings	1,157	-
Amounts owed by subsidiary undertakings	22,872	687
Other debtors	813	286
Prepayments and accrued income	23	24
Recoverable taxation	9,540	7,862
	<u>34,435</u>	<u>9,013</u>

Transactions with non-director officers of the company

At 31 March 1992, the following amounts, included above, were outstanding from non-director officers.

	£'000	Number
Loans	<u>163</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 1992 (continued)

14.	CREDITORS: amounts falling due within one year	1992 £'000	1991 £'000
	Bank loan and overdraft (note 16)	115,495	89,475
	Amounts owed to parent and fellow subsidiary undertakings	19,107	-
	Amounts owed to subsidiary undertakings	2,224	2
	Other creditors	1,015	445
	Accruals and deferred income	459	275
	Corporation tax payable	-	255
	Obligations under hire purchase contracts (note 16)	6	-
		<u>138,306</u>	<u>90,452</u>
15.	CREDITORS: amounts falling due after more than one year		
	Obligations under hire purchase contracts (note 16)	35	-
	Amounts owed to parent and fellow subsidiary undertakings	27,493	27,269
		<u>27,528</u>	<u>27,269</u>

## 16. BORROWINGS

The total borrowing of the company are repayable as follows:

	1992		1991	
	Bank loans and overdraft £'000	Hire purchase contracts £'000	Bank loans and overdrafts £'000	Hire purchase contracts £'000
Within one year	115,495	6	89,475	-
Between two and five years	-	35	-	-
	<u>115,495</u>	<u>41</u>	<u>89,475</u>	<u>-</u>

The bank overdraft is secured by cross guarantee arrangements with group companies.

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 1992 (continued)

## 17. PROVISION FOR LIABILITIES AND CHARGES

	Litigation and claims provision £'000	Deferred taxation £'000	Total £'000
31 March 1991	825	19	844
Utilised during the year	(757)	-	(757)
Transfer (to)/from profit and loss account	(68)	91	23
31 March 1992	-	110	110

The deferred tax balance is made up as follows:

	Provided		Potential	
	1992	1991	1992	1991
	£'000	£'000	£'000	£'000
Short term timing differences	110	19	110	19

## 18. CALLED UP SHARE CAPITAL

There have been no movements in the share capital of the company during the year.

	Authorised Number	£'000	Allotted, issued and fully paid Number	£'000
Ordinary 10p shares	500,000,000	50,000	445,000,000	44,500

## 19. RESERVES

	Share premium account £'000	Profit and loss account £'000
31 March 1991	4,632	6,008
Profit retained for the year	-	7,949
31 March 1992	4,632	13,957

## 20. FINANCIAL COMMITMENTS

	1992		1991	
	Land and Buildings £'000	Plant and Machinery £'000	Land and Buildings £'000	Plant and Machinery £'000
Operating leases expiring:-				
Within one year	45	-	90	23
Within two to five years	-	34	45	72
	45	34	135	95

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 1992 (continued)**

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**21. CONTINGENT LIABILITIES**

The company has joint and several liability for bank facilities of £3.6m for certain fellow Babcock International Group companies.

**22. ULTIMATE PARENT COMPANY**

The company's ultimate parent company is Babcock International Group PLC, a company registered in England. Copies of Babcock International Group PLC's financial statements are available to the public at the following address:-

Company Secretary  
Babcock International Group PLC  
The Lodge  
Badminton Court  
Church Street  
Amersham  
Buckinghamshire  
HP7 0DD

**23. PRINCIPAL SUBSIDIARY AND ASSOCIATED UNDERTAKINGS**

Babcock Energy Ltd  
Babcock Construction Limited  
Babcock International Holdings Limited  
Babcock Contractors Limited  
Babcock Thorn Limited (65%)  
Tickford Rail Limited  
Babcock Materials Handling Limited

All companies are wholly owned unless otherwise stated.

All companies are incorporated and operate in Great Britain, and registered in England.

**24. PENSION FUNDING**

The company is a member of the Babcock Group pension scheme and has also contributed to certain employees' personal defined contribution pension schemes. The group scheme is funded by company and employee contributions which are determined with the advice of an independent qualified actuary.

Details of the latest valuation of the group pension scheme are contained within the financial statements of Babcock International Group plc.