



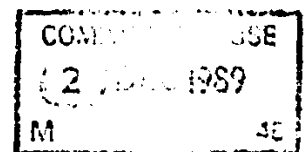
BDO Binder Hamlyn
Chartered Accountants

REGISTRARS

102612

BABCOCK MINING U.K. LIMITED

REPORT AND ACCOUNTS
for the year ended
31 MARCH 1989



BABCOCK MINING U.K. LIMITED

DIRECTORS

J.E. Barker

N. Scoular

C.D. Cook

R.A. Rawlings

SECRETARY

M.J.R. Porter

REGISTERED OFFICE

**Worcester Road, Stourport on Severn, Worcestershire,
DY13 9AT**

AUDITORS


**BDO Binder Hamlyn, Chartered Accountants,
Number Twenty-One, Queen Street, Leeds LS1 2TW**

Notice is given that the Annual General Meeting of the company will be held at the Registered Office on Friday, 25 August 1989 for the following purposes:

- To receive and adopt the directors' report and statement of accounts for the year ended 31 March 1989 together with the report of the auditors.
- To elect J.E. Barker and N. Scoular as directors.
- To re-appoint BDO Binder Hamlyn as auditors and to authorise the directors to fix their remuneration for the ensuing year.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the company. Forms of proxy to be valid must reach the Registered Office of the company not less than 48 hours before the time appointed for the meeting.

By order of the board



Secretary

20 June 1989

BABCOCK MINING U.K. LIMITED

DIRECTORS' REPORT

ACCOUNTS

The directors present their report and accounts of the company for the year ended 31 March 1989.

REVIEW OF THE BUSINESS

The principal activities of the company until 30 April 1988 remained that of design, manufacture and sale of engineering products for the mining and other industries.

With effect from 30 April 1988 the trade, assets and liabilities of the company with the exception of the Acco Industries Division, were transferred to Stone International plc, a fellow group company. Also with effect from 30 April 1988 the company sold the trade, assets and liabilities of the Acco Industries Division (consisting of the businesses of Brake Cables and Acco Cable Controls) to Acco Cable Controls Limited. The consideration for this transaction was 6,400 'A' ordinary shares and 4,250 'B' ordinary shares in Acco Cable Controls Limited, with a value of £1,490,000. On 17 November 1988, the company sold its investment in Acco Cable Controls Limited for a consideration of £1,490,000 to Babcock International Holdings Limited (a fellow group company). The company has not traded since that date.

FINANCIAL RESULTS AND DIVIDENDS

The company made a profit of £10,643,000 after tax; the directors do not recommend the payment of a dividend for the year ended 31 March 1989.

DIRECTORS

No director had any interest in the shares of the company at 31 March 1989.

The members of the board during the year were:

J.E. Barker (appointed 11 November 1988)

N. Scoular (appointed 11 November 1988)

C.D. Cook

R.A. Rawlings

K. Moolenaar (resigned 11 November 1988)

The interests of J.E. Barker in the share capital of the ultimate holding company are disclosed in the accounts of that company.

J.E. Barker and N. Scoular were appointed to the board since the last annual general meeting and offer themselves for re-election.

FIXED ASSETS

Significant changes in fixed assets are set out in note 7.

SABLOCK MINING U.K. LIMITED

DIRECTORS' REPORT Continued

AUDITORS

Binder Hamlyn changed their name on 12 September 1988 to BDO Binder Hamlyn and have accordingly signed their report in their new name. A resolution to re-appoint BDO Binder Hamlyn as auditors will be submitted to the annual general meeting.

By order of the board

Secretary

28 June 1989

REPORT OF THE AUDITORS TO THE MEMBERS OF

BABCOCK MINING U.K. LIMITED

We have audited the financial statements on pages 7 to 17 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 1989 and of the profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Binder Hamlyn

CHARTERED ACCOUNTANTS

28 June 1989

HABCOCK MINING U.K. LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1989

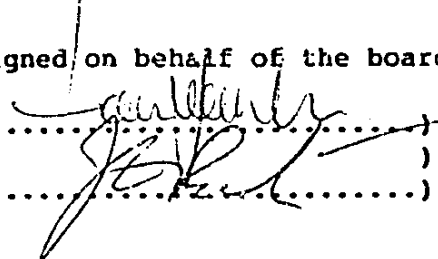
		Year ended 31 March 1989 £'000	Fifteen months ended 31 March 1988 £'000
	Notes		
Turnover	2	3,741	63,373
Cost of sales		(3,001)	(62,860)
Gross profit		<u>740</u>	<u>513</u>
Distribution costs		(251)	(2,699)
Administrative expenses		(72)	(11,651)
		<u>(323)</u>	<u>(14,350)</u>
		417	(13,837)
Interest payable	4	<u>(2)</u>	<u>(1,753)</u>
Profit (loss) on ordinary activities before taxation	3	415	(15,590)
Tax (charge) credit on profit (loss) on ordinary activities	5	<u>(90)</u>	<u>1,000</u>
Profit (loss) for the year on ordinary activities after taxation		325	(14,590)
Extraordinary item	6	10,318	-
Profit (loss) for the year	16	<u><u>10,643</u></u>	<u><u>(14,590)</u></u>

RABCOCK MINING U.K. LIMITED

BALANCE SHEET AT 31 MARCH 1989

	Notes	1989 £'000	1988 £'000
FIXED ASSETS			
Tangible assets	7	-	8,475
Investments	8	-	2,762
		<u>-</u>	<u>11,237</u>
CURRENT ASSETS			
Stocks	9	-	10,455
Debtors	10	1	14,508
Cash in hand		-	3,203
		<u>1</u>	<u>28,166</u>
CREDITORS (amounts due within one year)	11	-	(40,943)
NET CURRENT ASSETS (LIABILITIES)		<u>1</u>	<u>(12,777)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1	(1,540)
CREDITORS (amounts due after more than one year)	12	-	(4,872)
PROVISIONS FOR LIABILITIES AND CHARGES	13	-	(4,230)
		<u>1</u>	<u>(10,642)</u>
CAPITAL AND RESERVES			
Called up share capital	15	745	745
Share premium account	16	2,723	2,723
Revaluation reserve	16	-	1,527
Other reserves	16	62	62
Profit and loss account	16	(3,529)	(15,699)
		<u>1</u>	<u>(10,642)</u>

Signed on behalf of the board



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Directors

BABCOCK MINING U.K. LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31 MARCH 1989

	Year ended 31 March 1989		Fifteen months ended 31 March 1988	
	£'000	£'000	£'000	£'000
Profit (loss) on ordinary activities before taxation		415		(15,590)
Items not involving the movement of funds:				
Depreciation	118		2,224	
Extraordinary items	10,318		-	
Increase in provisions for liabilities and charges	-		4,230	
		10,436		6,454
Net funds generated from (absorbed by) operations		10,851		(9,136)
Funds from other sources:				
Proceeds of disposal of fixed assets		8,384		1,687
		19,235		(7,449)
Application of funds:				
Purchase of fixed assets	27		2,264	
Purchase of fixed asset investments	1,490		-	
Reorganisation provision transferred to fellow group company	4,230		-	
Group relief transferred to fellow group company	(2,470)		-	
Investments in subsidiaries transferred to fellow group company	(4,252)		-	
		975		(2,264)
		20,210		(9,713)
Increase (decrease) in working capital:				
Decrease in stocks	(10,455)		(2,793)	
Decrease in debtors	(11,947)		(4,094)	
Increase in creditors	25,536		653	
		3,134		(6,234)
Increase (decrease) in net liquid funds		17,076		(3,479)

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

(a) Basis of accounting

The accounts are prepared under the historical cost convention. In view of the fact that the company is wholly owned, it has taken advantage of Section 229 of the Companies Act 1985, and has not prepared consolidated accounts.

(b) Depreciation

Depreciation is provided on a straight line basis to write off the cost or valuation, less residual value, of tangible fixed assets over their estimated useful lives at the following annual rates:-

Freehold land	nil
Freehold buildings	1/2% - 1%
Leasehold properties - long	2%
Leasehold properties - short	over period of lease
Plant and machinery	10%
Office equipment	10%
Motor vehicles	20% - 33 1/3%

(c) Stocks and work in progress

Stocks are valued on a first in, first out basis at the lower of cost and net realisable value, after making due allowance for any obsolete or slow moving items. In the case of finished goods and work in progress, cost comprises direct materials, direct labour and an appropriate proportion of manufacturing overheads, based on normal levels of activity.

(d) Leasing and hire purchase commitments

Assets held under leasing and hire purchase arrangements that transfer substantially all the risks and rewards of ownership to the company are capitalised. The capital element of the related rental obligation is included in creditors. The interest element of the obligation is charged to the profit and loss account so as to produce a periodic rate of return on the capital outstanding.

Rentals in respect of all other leases are charged to the profit and loss account as incurred.

(e) Warranty provisions

Where appropriate, provision is made for liabilities arising in respect of specific warranty claims. General provisions are not normally made, except where the scale or nature of the contract makes it prudent to do so.

NOTES TO THE ACCOUNTS

ACCOUNTING POLICIES Continued

(f) Deferred taxation

Provision is made for deferred taxation using the liability method on all timing differences, except to the extent that it is considered that a liability will not arise in the foreseeable future.

(g) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling on the date of the transaction.

(h) Research and development

Research and development expenditure is written off in the year in which it is incurred.

(i) Pension benefits

Pension benefits are funded over the employees period of service. The company's contributions are based on the most recent triennial actuarial valuation of the fund and are charged to the profit and loss accounts as incurred.

2 TURNOVER

Turnover is derived from a single class of business, that of the design, manufacture and sale of engineering products for the mining and other industries, and comprises amounts invoiced by the company to third parties in respect of goods and services sold during the year, excluding value added tax.

An analysis of turnover by market is given below:

	Year ended 31 March 1989 £'000	Fifteen months ended 31 March 1988 £'000
United Kingdom	3,153	54,609
Europe	346	4,779
Rest of the world	242	3,985
	<u>3,741</u>	<u>63,373</u>

NOTES TO THE ACCOUNTS

3 PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year ended 31 March 1989 £'000	Fifteen months ended 31 March 1988 £'000
After charging:		
Depreciation	118	2,224
Operating lease rentals - plant and equipment	6	158
other	-	45
Auditors' remuneration	2	31
Loss on disposal of fixed assets	-	-
Redundancy, re-organisation and rationalisation costs	-	7,039
	<u> </u>	<u> </u>

4 INTEREST PAYABLE

	£'000	£'000
Interest payable on variable rate loan stock	-	634
Bank loans and overdrafts, repayable within five years	2	1,119
	<u> </u>	<u> </u>
	2	1,753
	<u> </u>	<u> </u>

5 TAX CHARGE (CREDIT) ON PROFIT (LOSS) ON ORDINARY ACTIVITIES

	1989 £'000	1988 £'000
Deferred taxation	-	(1,000)
Advance corporation tax written off	90	-
	<u> </u>	<u> </u>
	90	(1,000)
	<u> </u>	<u> </u>

6 EXTRAORDINARY ITEM

	£'000	£'000
Profit on sale of net assets to fellow group company	10,318	-
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS

7 TANGIBLE FIXED ASSETS

Cost or valuation	Freehold property £'000	Long leasehold property £'000	Short leasehold property £'000	Plant, machinery and equipment £'000	Total £'000
At 1 April 1988	2,665	969	100	16,082	19,816
Additions at cost	-	-	-	27	27
Disposals	-	-	-	(9)	(9)
Transfers to group companies	(2,517)	(969)	(100)	(16,100)	(19,686)
Reclassifications	(148)	-	-	-	(148)
At 31 March 1989	-	-	-	-	-
Accumulated depreciation					
At 1 April 1988	600	134	100	10,507	11,341
Provided during the year	5	1	-	112	118
Disposals	-	-	-	(7)	(7)
Transfers to group companies	(457)	(135)	(100)	(10,612)	(11,304)
Reclassifications	(148)	-	-	-	(148)
At 31 March 1989	-	-	-	-	-
Net book value at 31 March 1989	-	-	-	-	-
Net book value at 31 March 1988	2,065	835	-	5,575	8,475
Capital commitments:			1989 £'000		1988 £'000
Contracted for			-		22
Authorised but not contracted for			-		892
			-		914

NOTES TO THE ACCOUNTS

9	INVESTMENTS IN SUBSIDIARIES	£'000
	Cost and net book value	
	At 1 April 1988	2,762
	Additions	1,490
	Transferred to fellow group company	(4,252)
		<hr/>
	At 31 March 1989	-
		<hr/> <hr/>

On 30 April 1988, the company sold its investments in the following companies to Stone International plc, a fellow group company. All of these subsidiary companies had been dormant:

Acco Industries U.K. Limited
 Babcock Mining Services Limited
 Huwood Limited
 Huwood Electric Limited
 Huwood-Irwin Company Limited
 Huwood Mining Supports Limited
 Magco Limited
 Parsons Chain Company Limited

On 17 November 1988, the company sold its investment in Brake Cables Limited to Acco Cable Controls Limited (a fellow group company).

On 17 November 1988, the company sold the trade, assets and liabilities of the Acco Industries Division (consisting of the businesses of Brake Cables and Acco Cable Controls) to Acco Cable Controls Limited, with beneficial ownership being transferred on 30 April 1988. The consideration for this transaction was 6,400 'A' ordinary shares and 4,250 'B' ordinary shares in Acco Cables Controls Limited, with a value of £1,490,000. Also on 17 November 1988, the company sold its investment in Acco Cable Controls Limited for a consideration of £1,490,000 to Babcock International Holdings Limited (a fellow group company).

9	STOCKS	1989 £'000	1988 £'000
	Materials, components and consumables	-	4,022
	Work in progress	-	4,442
	Finished goods and goods for resale	-	1,991
		<hr/>	<hr/>
		-	10,455
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE ACCOUNTS

10	DEBTORS	1989 £'000	1988 £'000
	Trade debtors	-	8,307
	Amounts owed by fellow group companies	1	2,222
	Group relief and advance corporation tax recoverable	-	2,560
	Prepayments	-	1,415
		<u>1</u>	<u>14,508</u>

11	CREDITORS (amounts due within one year)	£'000	£'000
	Bank overdrafts	-	20,279
	Trade creditors	-	9,292
	Amounts owed to fellow group companies	-	8,180
	Other creditors	-	3,192
		<u>-</u>	<u>40,943</u>

12	CREDITORS (amounts due after more than one year)	£'000	£'000
	Amounts owed to fellow group company	<u>-</u>	<u>4,872</u>

13	PROVISIONS FOR LIABILITIES AND CHARGES	£'000
	Re-organisation provisions:	
	At 1 April 1988	4,230
	Transferred to fellow group company	(4,230)
	At 31 March 1989	<u>-</u>

14 DEFERRED TAXATION

The balance at 31 March 1989 is made up as follows:

	Provided		Potential	
	1989 £'000	1988 £'000	1989 £'000	1988 £'000
Accelerated capital allowances	-	-	-	1,222
Other timing differences	-	-	-	(1,222)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE ACCOUNTS

15	CALLED UP SHARE CAPITAL	1989 £'000	1988 £'000
	Authorised:		
	Ordinary shares of £1 each	750	750
	Issued, called up and fully paid:		
	Ordinary shares of £1 each	745	745

16	RESERVES	Share premium account £'000	Revaluation reserve £'000	Other reserves £'000	Profit and loss account £'000
	At 1 April 1988	2,723	1,527	62	(15,699)
	Profit for the year	-	-	-	10,643
	Release in respect of depreciation of revalued amounts transferred to fellow group company	-	(1,527)	-	1,527
	At 31 March 1989	2,723	-	62	(3,529)

17 OBLIGATIONS UNDER OPERATING LEASE CONTRACTS

The company is committed to make payments on operating leases as follows:

	Land and buildings		Other	
	1989 £'000	1988 £'000	1989 £'000	1988 £'000
On contracts which expire within one year	-	16	-	12
On contracts which expire between two and five years	-	-	-	97
On contracts which expire after five years	-	46	-	27
	-	62	-	136

NOTES TO THE ACCOUNTS

18 ULTIMATE HOLDING COMPANY

At 31 March 1989 the ultimate holding company is FRI Babcock PLC, a company incorporated in Great Britain.

19 EMOLUMENTS OF DIRECTORS

No director received any emoluments from the company during the year (1988: £nil).

20 PARTICULARS OF EMPLOYEES

The average weekly number of employees during the year was:

	Year ended 31 March 1989	Fifteen months ended 31 March 1988
Category: Production	64	1,128
Administration and management	6	165
Distribution and sales	10	57
	<u>80</u>	<u>1,350</u>
Staff costs during the year amounted to:	£'000	£'000
Wages and salaries	731	16,830
Social security costs	53	1,119
Other pension costs	33	966
	<u>817</u>	<u>18,915</u>

21 APPROVAL OF ACCOUNTS

These accounts were approved at a directors' meeting held on 28 June 1989.