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HUWOOD LIMITED  
REPORT OF THE DIRECTORS  
IN RESPECT OF THE FINANCIAL YEAR ENDED 3RD JANUARY 1982

The Directors present herewith the audited accounts of the company for the 53 weeks ended 3rd January 1982.

1. RESULTS AND PRINCIPAL ACTIVITIES OF THE COMPANY

With effect from 29th December 1980, the trading activity and all assets and liabilities of the company were transferred to its parent company, Babcock Industrial & Electrical Products Limited. The company has, since that date, traded solely as an agent on a non-profit making basis for its parent company and the relevant trading transactions are accordingly reflected in the books of that company.

2. DIVIDENDS

As a result of the transfer referred to in paragraph 1 above, a dividend was declared payable during the year of £4,000,000.

3. DIRECTORS

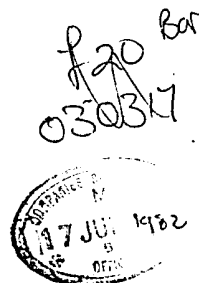
The directors of the company during the year were as follows:

- E. A. Madenski	(resigned 18th June 1981)
- R. Hicks	(resigned 17th March 1981)
- B. C. Jones	(appointed 17th March 1981)
- T. Fenton	(appointed 17th August 1981)
- D. A. Scott	(resigned 30th April 1981)
- G. W. Steele	
- B. D. Jordan	(appointed 17th August 1981, resigned 31st December 1981)

In accordance with the articles of association, the following directors retire and being eligible, offer themselves for re-election:

B. C. Jones  
T. Fenton  
G. W. Steele

No contract of material amount in relation to the Company's business in which any director had an interest subsisted at any time during the year.



#### 4. DIRECTORS' INTEREST IN SHARES OR DEBENTURES

No director has any beneficial interest in the company's own shares or debentures.

The interests of the directors and their families in the shares of the company's ultimate holding company at 29th December 1980 (or later date of appointment) and at 3rd January 1982 according to the register required to be kept in accordance with Section 29 of the Companies Act 1967, were as follows:-

Babcock International Limited Ordinary Shares of 25p each

29th December 1980 (or later date of appointment)	3rd January 1982
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NIL

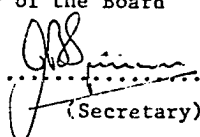
NIL

As permitted by Statutory Instrument, the Register of Directors' shares and debenture interests does not include any shareholdings of directors who were also directors of the ultimate holding company, Babcock International Limited, or any of its subsidiary companies.

#### 5. AUDITORS

A resolution to re-appoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By Order of the Board

Signed  .....

(Secretary)

Dated ...19th January 1982...

HUWOOD LIMITED  
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 3RD JANUARY, 1982

	<u>1981</u>	<u>1980</u>
	£	£
TURNOVER	<u>NIL</u>	<u>30,281,640</u>
PROFIT BEFORE TAXATION	NIL	295,877
TAXATION	<u>NIL</u>	<u>85,713</u>
PROFIT AFTER TAXATION	NIL	381,590
DIVIDENDS PAID	4,000,000	29,400
RETAINED PROFIT FOR THE YEAR	<u>£(4,000,000)</u>	<u>£352,190</u>

STATEMENT OF RETAINED PROFITS

	£	£
RETAINED PROFIT FOR THE YEAR	(4,000,000)	352,190
RETAINED PROFITS AT 29TH DECEMBER, 1980	5,900,338	6,148,148
TRANSFER TO CAPITAL REDEMPTION RESERVE FUND	-	(600,000)
RETAINED PROFITS AT 3RD JANUARY, 1982	<u>£1,900,338</u>	<u>£5,900,338</u>

The notes on page 5 form part of these accounts.

Auditors' Report page 6.

HUWOOD LIMITED

BALANCE SHEET - 3RD JANUARY 1982

28th December 1980

	<u>£000</u>	<u>£000</u>
NET ASSETS		
Fixed Assets	-	1,806
Associated Company	-	10
Amount due by Holding Company	4,305	2,338
Other net current assets	-	4,151
	<u>4,305</u>	<u>8,305</u>
CAPITAL EMPLOYED		
Share Capital (note 4)	1,800	1,800
Capital Redemption Reserve Fund	600	600
Other Capital Reserves	5	5
Retained Earnings	1,900	5,900
	<u>4,305</u>	<u>8,305</u>

*T Fenton* )  
T Fenton )  
)  
)  
) Directors  
*G W Steele* )  
G W Steele )

The notes on page 5 form part of these accounts.

Auditors' report - page 6.

HUWOOD LIMITED  
NOTES ON AND FORMING PART OF THE ACCOUNTS  
AT 3RD JANUARY 1982

1. Transfer of Assets and Undertaking to Babcock Industrial & Electrical Products Ltd.  
In accordance with an agreement with Babcock Industrial & Electrical Products Limited the assets, liabilities and undertaking of the Company were transferred on 29th December 1980 to the company at book values on that date.

2. Trading

The company has not traded during the period and has made neither profit nor loss, any expenses having been borne by Babcock Industrial & Electrical Products Limited.

3. Directors' Remuneration

No director received any remuneration during the period in respect of his services to the company.

4. Share Capital

	1981		1980	
	Authorised	Issued and Fully Paid	Authorised	Issued and Fully Paid
	£	£	£	£
Ordinary Shares of 25p each	1,800,000	1,800,000	1,800,000	1,800,000
4.9% Preference Shares of £1 each	600,000	-	600,000	-
	<u>2,400,000</u>	<u>1,800,000</u>	<u>2,400,000</u>	<u>1,800,000</u>

5. Ultimate Holding Company

The ultimate holding company of the company is Babcock International Limited which is incorporated in Great Britain.

6. Comparisons

Corresponding figures at 28th December 1980 are given for those items included in the accounts at 3rd January 1982. In addition, other accounts at 28th December 1980 have been stated under general balance sheet classifications. The remaining information included in the accounts at 28th December 1980 has not been reported in the accounts at 3rd January 1982. 1980 turnover was £30,282,000 and profit before taxation was £296,000.

7. Associated Company

The investment at 23th December 1980 comprised of 10,000 Ordinary Shares of £1 each, at cost, in Huwood Connectors Limited representing 50% of the issued ordinary share capital. The Directors estimated that on that date it had a market value of £15,000. The value of this investment has been transferred in accordance with the agreement referred to in note 1. above.

HUWOOD LIMITED

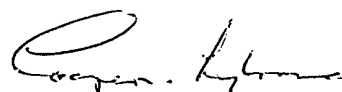
REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the accounts set out on pages 3 to 5 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 3rd January 1982 and of its results for the year then ended and comply with the Companies Acts 1948 to 1981.

NEWCASTLE UPON TYNE

Date 19 January 1982



Chartered Accountants