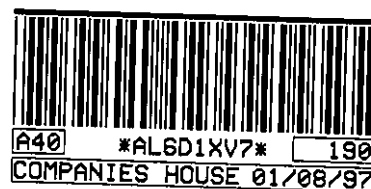


**BIRCHILL INVESTMENT  
COMPANY LIMITED**

**DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS**

**for the year ended 31 March 1997**

**Company number 1201437**



**BIRCHILL INVESTMENT COMPANY LIMITED**

**DIRECTORS AND ADVISORS**

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**DIRECTORS**

EAS Porter  
NG Campbell

**SECRETARY**

R Martin

**REGISTERED OFFICE**

Badminton Court  
Church Street  
Amersham  
Bucks HP7 ODD

**AUDITORS**

Binder Hamlyn  
Chartered Accountants  
20 Old Bailey  
London EC4M 7BH

# **BIRCHILL INVESTMENT COMPANY LIMITED**

## **DIRECTORS' REPORT for the year ended 31 March 1997**

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### **FINANCIAL STATEMENTS**

The directors present their report and financial statements for the year ended 31 March 1997.

### **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 and the profit or loss 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

### **PRINCIPAL ACTIVITY**

The principal activity of the company is that of an investment 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 results for the year are set out in the profit and loss account on page 4. The directors do not recommend the payment of a dividend.

At 31 March 1997 the company's liabilities exceeded its assets but the directors consider that the facilities available from the ultimate parent company are sufficient to ensure the continued existence of the company.

# BIRCHILL INVESTMENT COMPANY LIMITED

## DIRECTORS' REPORT for the year ended 31 March 1997

### DIRECTORS

The members of the Board during the year and since the year end were:

EAS Porter  
P Rose (resigned 20 June 1997)  
NG Campbell (appointed 20 June 1997)

None of the directors has any beneficial interest in the company's own shares. At 31 March 1997 Mr EAS Porter was also a director of the ultimate parent company and his interests in the shares of that company are disclosed in that company's accounts.

The interest of the other director in the shares of Babcock International Group PLC, the company's ultimate parent company, was as follows:-

	Ordinary shares 31 March 1997	Ordinary shares 31 March 1996	Share options 31 March 1997	Share options 31 March 1996
P Rose	-	-	40,019	40,019

### AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that 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 15 July 1997



R Martin  
Secretary

**BIRCHILL INVESTMENT COMPANY LIMITED**

**AUDITORS' REPORT**  
**for the year ended 31 March 1997**

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**AUDITORS' REPORT**

**to the shareholders of Birchill Investment Company Limited**

We have audited the financial statements on pages 4 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

**Respective responsibilities of directors and auditors**

As described on page 1, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 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 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 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Binder Hamlyn*

15 JULY 1997

**Binder Hamlyn**  
**Chartered Accountants and Registered Auditors**  
**20 Old Bailey**  
**London, EC4M 7BH**

**BIRCHILL INVESTMENT COMPANY LIMITED****PROFIT AND LOSS ACCOUNT**  
for the year ended 31 March 1997

	Notes	1997	1996
		£	£
Income from fixed asset investments	1	45	44
Gain on disposal of investment		48	
Tax on profit on ordinary activities	3	(11)	(11)
<b>Profit on ordinary activities after taxation</b>		<b>82</b>	<b>33</b>

**STATEMENT OF ACCUMULATED LOSSES**

Accumulated losses at 1 April	(499,854)	(499,887)
Profit for the year	82	33
<b>Accumulated losses at 31 March</b>	<b>(499,772)</b>	<b>(499,854)</b>

During the year there were no recognised gains and losses other than those dealt with in the profit and loss account. All the above results derive from continuing activities. The retained profit in both the current and prior years represent the only movements in shareholders' funds.

# BIRCHILL INVESTMENT COMPANY LIMITED

## BALANCE SHEET as at 31 March 1997

	Notes	1997	1996
		£	£
<b>FIXED ASSETS</b>			
Investment in subsidiary undertakings	4	-	1
Other Investments	5	490	490
		490	491
<b>CREDITORS: amounts falling due within one year</b>			
	6	(500,260)	(500,343)
<b>Net liabilities</b>		<b>(499,770)</b>	<b>(499,852)</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	7	2	2
Profit and loss account		(499,772)	(499,854)
<b>Shareholders' funds-equity interests</b>		<b>(499,770)</b>	<b>(499,852)</b>

The financial statements on pages 4 to 7 were approved by the Board on 15 July 1997



**E A S Porter**  
Director

# BIRCHILL INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 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.

#### Investment income

Income from fixed asset investments is recorded on a receipts basis.

#### Fixed asset investments

Fixed asset investments are recorded at cost less provision for permanent diminution in value.

### 2 DIRECTORS' REMUNERATION

No director received remuneration in respect of their services to the company during the year under review (1996 : £Nil).

3	TAX ON PROFIT ON ORDINARY ACTIVITIES	1997 £	1996 £
	UK Corporation tax based on the profit for the year at 24% (1996 : 25%)	11	11

### 4 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

#### Cost

At 1 April 1996

Disposals

Net book value at 31 March 1997

£

1

(1)

-

The company owns the whole of the issued equity share capital of the following subsidiary undertakings, all of which are investment holding companies registered in England:

Equacrest Limited

St. Helen's Securities Limited

As part of a group reorganisation the company transferred its investment in Babcock Defence Systems Ltd (formerly Mikemanda Limited) to its fellow subsidiary Babcock Facilities Management Ltd.

Group accounts have not been prepared because the company is a wholly owned subsidiary undertaking of Babcock International Group PLC, a company registered in England.

**BIRCHILL INVESTMENT COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS****5 OTHER INVESTMENTS**

These comprise 9½% Treasury Stock 2002 which is stated at cost. Market value at 31 March 1997 was £509 (1996: £499).

6	CREDITORS: amounts falling due within one year	1997 £	1996 £
	Amounts owed to fellow subsidiary undertakings	500,260	500,343

The amounts owed to fellow subsidiary undertakings are interest free and no date has been fixed for their repayment.

7	SHARE CAPITAL	1997 £	1996 £
	Issued, called up and fully paid		
	2 ordinary shares of £1 each	2	2
	Authorised		
	100 ordinary shares of £1 each	100	100

**8. ULTIMATE PARENT COMPANY**

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

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