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BIRCHILL INVESTMENT CO. LIMITED

ACCOUNTS - 28TH DECEMBER 1980



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BIRCHILL INVESTMENT CO. LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and the audited accounts for the year ended 28th December 1980.

1. Results

The results for the year are set out in the profit and loss account on page 3. The directors do not recommend the payment of a dividend.

2. State of affairs

At 28th December 1980 the company's liabilities exceeded its assets. The directors consider the facilities available from the ultimate holding company are sufficient to ensure the continued existence of the company.

3. Principal activities

The principal activities of the company are those of investment.

4. Directors

The following directors of the company held office throughout the year:

T. Carlile
B. J. Knightley
E. G. W. Lunn

In accordance with the Articles of Association Mr. B. J. Knightley retires by rotation and, being eligible, offers himself for re-election.

5. Directors' interests

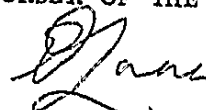
None of the directors held any interest in the shares of the company at any time during the year. The interests of the directors in the shares of other group companies according to the register required to be kept by section 29 of the Companies Act 1967 are given below. As permitted by Statutory Instrument the register does not include details of any shareholdings of directors who are also directors of the holding company.

<u>Director's name</u>	<u>Name of Company</u>	<u>At 28.12.80</u>	<u>At 31.12.79</u>
E. G. W. Lunn	Babcock International Ltd. (ordinary shares of .25p each)	3850	3850

6. Auditors

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

BY ORDER OF THE BOARD


Secretary

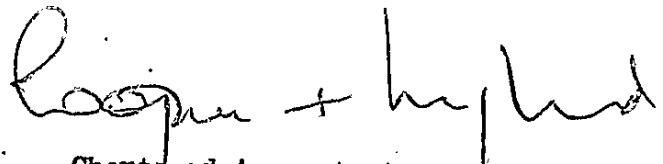
LONDON
31st March 1981

BIRCHILL INVESTMENT CO. LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the accounts on pages 3 to 6 in accordance with approved Auditing Standards. The accounts have been prepared under the historical cost convention.

In our opinion, the accounts give a true and fair view of the state of affairs of the company at 28th December 1980 and of its results for the year then ended and comply with the Companies Acts 1948 to 1980.


Chartered Accountants

LONDON
31st March 1981

BIRCHILL INVESTMENT CO. LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 28TH DECEMBER 1980

	Note	1980 £	1979 £
INCOME FROM LISTED INVESTMENT.	5	45	45
PROFIT BEFORE TAXATION		45	45
TAXATION		14	14
PROFIT AFTER TAXATION		31	31
Balance at 31st December 1979		(1,872,859)	(1,872,890)
Balance at 28th December 1980		(1,872,828)	(1,872,859)

The notes on pages 5 and 6 form part of these accounts

Auditors' report - page 2

BIRCHILL INVESTMENT CO. LIMITED

BALANCE SHEET - 28TH DECEMBER 1980

	Note	1980 £	1979 £
NET ASSETS:			
Subsidiary Companies	6	1	1
Listed Investments	5	412	412
		<u>413</u>	<u>413</u>
Current Asset:			
Balance at bank		77	46
Less:			
Current liabilities:			
Creditors		1,372,401	1,372,401
Net current liabilities		<u>(1,372,324)</u>	<u>(1,372,355)</u>
TOTAL NET LIABILITIES		<u>(1,371,911)</u>	<u>(1,371,942)</u>
SHARE CAPITAL (Authorised £100)			
Issued:			
Ordinary shares of £1 each fully paid		2	2
PROFIT AND LOSS ACCOUNT - DEFICIT		(1,872,828)	(1,872,859)
		<u>(1,872,826)</u>	<u>(1,872,857)</u>
LOAN FROM HOLDING COMPANY	7	500,915	500,915
NET DEFICIENCY		<u>(1,371,911)</u>	<u>(1,371,942)</u>

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The notes on pages 5 and 6 form part of these accounts.

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BIRCHILL INVESTMENT CO. LIMITED

ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

28TH DECEMBER 1980

1. Accounting policies

The accounting policies of the company are set out in the notes relating to the items concerned.

2. Form of accounts

In accordance with Section 150(2) of the Companies Act, 1948 group accounts are not submitted because the company is a wholly owned subsidiary of Babcock International Limited, a company incorporated in England.

3. Directors' emoluments

No emoluments have been received by the directors of the company or its subsidiaries during the year (1979-nil).

4. Auditors' remuneration

The remuneration of the auditors is included in the audit fee charged to the holding company, Babcock International Limited.

5. Listed investments

These comprise United Kingdom Government Securities and are stated at cost. Market value at 28th December 1980 was £376 (1979:£355). No provision is made for the shortfall of market value of investments below cost except where, in the opinion of the directors, a permanent diminution in value has arisen. Income from investments is included on the basis of interest received in the year.

6. Interest in subsidiary companies

(a)

	1980	1979
	£	£
Shares at cost	1,872,906	1,872,906
Less amounts written off	1,872,905	1,872,905
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(b) The company owns the whole of the issued equity share capital of the following subsidiary companies which are all registered in England:

Equacrest Ltd.
Mikemanda Ltd.
St. Helen's Securities Ltd.

7. Loan from holding company

The loan is free of interest. No repayment date has been fixed.

8. Holding company

The company's ultimate holding company is Babcock International Limited, which is incorporated in England. The directors have received an assurance of financial support from the ultimate holding company for the ensuing year.

BIRCHILL INVESTMENT CO. LIMITED

ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

28TH DECEMBER 1980

- continued

9. Taxation

Provision is carried in the accounts of the company's subsidiaries for taxation estimated to arise on the surplus on disposal of investments in 1975 but the precise liability will not be determined until the relative amounts of chargeable gains and allowable losses have been agreed with the Inland Revenue.