

**BIRCHILL INVESTMENT
COMPANY LIMITED**

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

for the year ended 31 March 1995

Company number 1201437

BINDER HAMLYN



BIRCHILL INVESTMENT COMPANY LIMITED

DIRECTORS AND ADVISORS

DIRECTORS

EAS Porter
P Rose

SECRETARY

J Allen

REGISTERED OFFICE

Badminton Court
Church Street
Amersham
Bucks HP7 0DD

AUDITORS

Binder Hamlyn
Chartered Accountants
20 Old Bailey
London EC4M 7BH

BIRCHILL INVESTMENT COMPANY LIMITED

DIRECTORS' REPORT for the year ended 31 March 1995

FINANCIAL STATEMENTS

The directors present their report and financial statements for the year ended 31 March 1995.

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 ACTIVITIES AND BUSINESS REVIEW

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

The results for the year are set out in the profit and loss account on page 4.

At 31 March 1995 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.

DIVIDENDS

The directors do not recommend the payment of a dividend.

BIRCHILL INVESTMENT COMPANY LIMITED

DIRECTORS' REPORT for the year ended 31 March 1995

DIRECTORS

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

EAS Porter

P Rose

MR Frost (Resigned 1 December 1994)

RJ Wetherall (Resigned 30 June 1994)

P Rose was appointed a director of the company on 7 February 1995.

No director has any beneficial interest in the company's own shares. At 31 March 1995 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 interests of the other directors in the shares of Babcock International Group PLC, the company's ultimate parent company, were as follows:-

	Ordinary shares 31 March 1995	Ordinary shares 31 March 1994	Share options 31 March 1995	Share options 31 March 1994
P Rose	-	-	200,103	50,103

AUDITORS

On 1 October 1994 our auditors, BDO Binder Hamlyn, joined the Arthur Andersen worldwide organisation and now practise in the name, Binder Hamlyn. They have signed their audit report in their new name. 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 22 June 1995.



Secretary

BINDER HAMLYN

20 Old Bailey
London EC4M 7BH

AUDITORS' REPORT

to the members of Birchill Investment Company Limited

We have audited the financial statements on pages 4 to 7 which have been prepared on the basis of 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 company's circumstances, 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 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
Registered Auditors

29 June 1995

BIRCHILL INVESTMENT COMPANY LIMITED**PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1995**

	Notes	1995	1994
		£	£
Income from fixed asset investments	1	145	45
Tax on profit on ordinary activities	3	(17)	(11)
Profit on ordinary activities after taxation		128	34

STATEMENT OF ACCUMULATED LOSSES

Accumulated losses at 1 April	(500,015)	(500,049)
Profit for the year	128	34
Accumulated losses at 31 March	(499,887)	(500,015)

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.

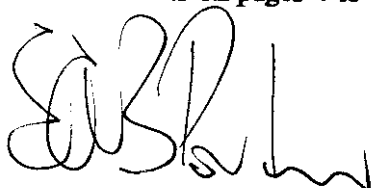
BIRCHILL INVESTMENT COMPANY LIMITED

BALANCE SHEET
as at 31 March 1995

	Notes	1995	1994
		£	£
FIXED ASSETS			
Investment in subsidiary undertakings	4	1	1
Other Investments	5	490	412
		491	413
CREDITORS: amounts falling due within one year	6	(500,376)	(500,426)
Net liabilities		(499,885)	(500,013)
CAPITAL AND RESERVES			
Share capital	7	2	2
Profit and loss account		(499,887)	(500,015)
Shareholders' funds		(499,885)	(500,013)

The financial statements on pages 4 to 7 were approved by the Board on 22 June 1995.

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 (1994 : £Nil).

3 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1995	1994
	£	£
UK Corporation tax based on the profit for the year at 33 % (1994 : 33 %)	17	11

4 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	1995 and 1994
	£
Cost	
At 1 April	1
Accumulated provisions	-
Net book value at 31 March	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
Mikemanda Limited
St. Helen's Securities Limited

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 Treasury Stock which is stated at cost. The 9% Treasury Stock 1994 was repaid at par on 17 November 1994, with the profit arising taken to the profit and loss account, and the proceeds reinvested in 9¼% Treasury Stock 2002. Market value at 31 March 1995 £485 (1994: £510).

6 CREDITORS: amounts falling due within one year	1995 £	1994 £
Amounts owed to fellow subsidiary undertakings	500,376	500,426

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

7 SHARE CAPITAL	1995 £	1994 £
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 ODD