

REPORT AND ACCOUNTS

British Maritime Technology  
Limited

30 SEPTEMBER 1996



# British Maritime Technology Limited

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A COMPANY LIMITED BY GUARANTEE  
COMPANY NUMBER: 1887373

## **DIRECTORS**

Mr R N Quartano CBE  
Mr W Ferguson  
Mr G H Fuller  
Mr D Goodrich  
Sir Gordon Higginson  
Mr O Roith CB  
Dr B G Smith OBE  
Mr B A Smouha  
Vice Admiral Sir Peter Woodhead

## **LIFE PRESIDENT**

Dr J Birks CBE

## **SECRETARY**

Mr G Turner

## **AUDITORS**

Baker Tilly

## **BANKERS**

Barclays Bank plc

National Westminster Bank plc

## **SOLICITORS**

Freshfields

Rakisons

## **REGISTERED OFFICE**

Orlando House  
1 Waldegrave Road  
Teddington  
Middlesex, TW11 8LZ

# British Maritime Technology Limited

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## REPORT AND ACCOUNTS

for the year ended 30 September 1996

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British Maritime Technology Limited  
Orlando House  
1 Waldegrave Road  
Teddington  
Middlesex  
TW11 8LZ

# British Maritime Technology Limited

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## DIRECTORS' REPORT

The directors present their report together with the accounts of the company and the Group for the year ended 30 September 1996. The company is limited by guarantee without share capital.

### PRINCIPAL ACTIVITIES

The principal activities of the Group continue to be research, development and the transfer of technology mainly in the maritime, defence, transport and civil engineering industries. The Group's technology is transferred to industry by the provision of design guidance, risk management studies, experimentation and consultancy.

### REVIEW OF THE BUSINESS

The Group increased the level of its turnover to over £28.8 million (1995 restated: £24.4 million - see note 2).

Two new subsidiary companies were formed at the beginning of the financial year; BMT Marine Information Systems Limited and BMT Marine Procurement Limited. Both companies have had a successful first year, with BMT Marine Information Systems Limited providing oil spill contingency models to Pacific Rim countries and specialist expertise on the Sea Empress incident and BMT Marine Procurement Limited being awarded its first significant order by the UK Ministry of Defence.

During the year Babbie BMT (Asia) Limited was formed as the management company for our joint venture with Babbie Group Limited in the Pacific Rim. This jointly owned management company will be responsible for companies or offices established in Hong Kong, Thailand, Malaysia and Indonesia.

During the year it was decided to sell BMT Quality Assessors Limited to TTL (Chiltern) Limited to become part of a larger group specialising in third party assessment.

During the year the Group's Research & Development activity continued with the management of a number of significant projects partially funded by the European Commission. Of the £28.8 million turnover, over £11 million related to fee income and grants for work which came under the broad definition of Research & Development as used by the OECD.

### RESULTS

The profit for the year on ordinary activities was £1.3 million after taxation, minority interests and a profit share payment of £0.4 million to staff of profitable subsidiary companies. The £1.3 million profit will be carried to reserves.

This result was pleasing, given the investment in the two new subsidiary companies and following an expenditure of £1.2 million by the company in funding its own Research & Development programme.

### MARKET VALUE OF LAND AND BUILDINGS

The market value in aggregate of the Group's UK premises at 30 September 1996 is considered to be materially the same as that included in the Group balance sheet.

### TAXATION

The company is exempt from corporation tax under the provisions of Section 508 of the Income and Corporation Taxes Act 1988.

## DIRECTORS' REPORT

### DIRECTORS

The Board accepted the retirement of Mr P M Fraenkel at the Annual General Meeting in March and thanked him for his services. They were pleased to welcome two new directors during the year. Dr B G Smith OBE and Vice Admiral Sir Peter Woodhead were appointed on 9 July 1996.

The directors during the year were:

Mr R N Quartano CBE	Chairman
Mr W Ferguson	
Mr P M Fraenkel	Retired from the Board 28.3.96
Mr G H Fuller	
Mr D Goodrich	Deputy Chairman & Chief Executive
Sir Gordon Higginson	
Mr O Roith CB	
Dr B G Smith OBE	Appointed to the Board 9.7.96
Mr B A Smouha	
Vice Admiral Sir Peter Woodhead	Appointed to the Board 9.7.96

During the year membership of the Sub-Committees of the Board has been:-

i)	Audit Sub-Committee:	Mr R N Quartano CBE (Chairman)
		Mr B A Smouha
		Mr D Goodrich
ii)	Remuneration Sub-Committee:	Mr R N Quartano CBE (Chairman)
		Mr O Roith CB
		Mr D Goodrich
iii)	Research & Development Sub-Committee:	Mr D Goodrich (Chairman)
		Mr G H Fuller
		Mr O Roith CB
		Dr B G Smith OBE (From 23.7.96)
		Dr F Caldeira-Saraiva (From 23.7.96 - not a Board member)

No director held a beneficial interest in the shares of any Group companies during the year.

### HEALTH AND SAFETY POLICY

The Group's policy is to comply with both the requirements and spirit of all relevant British and overseas health and safety legislation.

DIRECTORS' REPORT

**EMPLOYMENT OF DISABLED PERSONS**

The Group gives proper consideration to applications for employment from disabled persons. Where an employee becomes disabled, the Group endeavours to continue employment, provided there are duties the employee is capable of performing. Where this is not possible, the employee's earnings are protected by an insurance policy up to his or her normal retirement date. Training, career development and promotion are available to disabled persons. Furthermore, when acquiring new property, the Group endeavours to make the property accessible to individuals with a disability.

**EMPLOYEE INVOLVEMENT**

The Group companies operate a number of methods (including briefing sessions and newsletters) whereby all staff are briefed on matters of concern to them as employees, including financial and economic factors which affect the performance of the company and the Group. Most of the UK subsidiary undertakings have registered and operate an Inland Revenue approved profit sharing scheme.

**AUDITORS**

Ernst & Young tendered their resignation as auditors with effect from 19th April 1996. They indicated that there were no circumstances connected with their ceasing to hold office which should be brought to the attention of the members or creditors of the company.

During the year new auditors, Baker Tilly, were appointed and have expressed their willingness to continue in office as auditors. The Directors wish to express their appreciation of the previous auditors, Ernst & Young, for their services during the company's first ten years.

**FUTURE DEVELOPMENTS**

The Group intends to continue to build on its present strengths in design and risk management. Investment will continue in the Pacific Rim which is seen as a key growth area in which to sell technology developed in the Group and also in new market initiatives worldwide. Investment will also continue in research and development to support the Group's technology transfer activities.

By order of the Board



G Turner  
Secretary

19 December 1996

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors confirm that the accounts comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and Group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE AUDITORS**

to the members of British Maritime Technology Limited

We have audited the accounts on pages 9 to 37.

**Respective responsibilities of directors and auditors**

As described on page 7 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

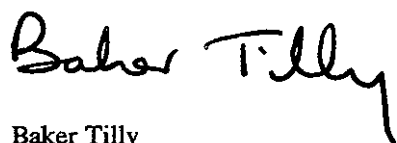
**Basis of opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Group'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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the Group as at 30 September 1996 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Baker Tilly  
Chartered Accountants  
and Registered Auditors  
The Clock House  
140 London Road  
Guildford

19 December 1996



# British Maritime Technology Limited

## GROUP PROFIT AND LOSS ACCOUNT

for the year ended 30 September 1996

	Notes	1996 £000	Restated 1995 £000
<b>TURNOVER</b>			
Continuing operations		28,620	23,366
Discontinued operations		218	1,002
		<hr/>	<hr/>
	2	28,838	24,368
Costs less other income	3	28,497	24,321
		<hr/>	<hr/>
Operating profit/(loss):			
Continuing operations		453	232
Discontinued operations		(112)	(185)
		<hr/>	<hr/>
<b>OPERATING PROFIT</b>	4	341	47
Continuing operations:			
Profit on disposal of interest in subsidiary	7a	97	-
Discontinued operations:			
Profit on disposal of discontinued operations	7b&c	71	119
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		509	166
Loss from interests in associated undertakings		(130)	(17)
Income from unlisted fixed asset investments		828	939
Interest receivable and similar income	8	357	332
Interest payable	9	(84)	(134)
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,480	1,286
Tax on profit on ordinary activities	10	(57)	(140)
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		1,423	1,146
Minority interests		(87)	(49)
		<hr/>	<hr/>
<b>RETAINED PROFIT FOR THE YEAR</b>	21	1,336	1,097
		<hr/>	<hr/>

# British Maritime Technology Limited

## GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 30 September 1996

	<i>1996</i> <i>£000</i>	<i>Restated</i> <i>1995</i> <i>£000</i>
Profit for the year	1,336	1,097
Exchange loss on foreign currency hedging loan	(4)	-
Net exchange (loss)/gain on foreign equity investments	(30)	13
Goodwill on disposal	138	-
	<u>1,440</u>	<u>1,110</u>
Total recognised gains and losses relating to the year	<u>1,440</u>	<u>1,110</u>

### NOTE OF HISTORICAL COST PROFITS AND LOSSES

	<i>1996</i> <i>£000</i>	<i>1995</i> <i>£000</i>
Reported profit on ordinary activities before taxation	1,480	1,286
Difference between historical cost depreciation charge and the actual charge calculated on the revalued amount	7	7
	<u>1,487</u>	<u>1,293</u>
Historical cost profit on ordinary activities before taxation	<u>1,487</u>	<u>1,293</u>
Historical cost profit for the year retained after taxation and minority interests	<u>1,343</u>	<u>1,104</u>

# British Maritime Technology Limited

## GROUP BALANCE SHEET

at 30 September 1996

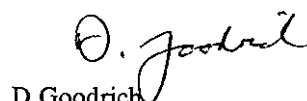
	Notes	1996 £000	Restated 1995 £000
<b>FIXED ASSETS</b>			
Tangible assets	11	5,639	5,639
Investments	12	15,652	14,168
		<u>21,291</u>	<u>19,807</u>
<b>CURRENT ASSETS</b>			
Stocks and work in progress	13	2,315	2,687
Debtors	14	7,126	7,081
Investments		1,782	1,765
Cash at bank and in hand	15	4,297	2,535
		<u>15,520</u>	<u>14,068</u>
<b>CREDITORS : amounts falling due within one year</b>	16	9,330	8,239
<b>NET CURRENT ASSETS</b>		<u>6,190</u>	<u>5,829</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>27,481</u>	<u>25,636</u>
<b>CREDITORS: amounts falling due after more than one year</b>	17	286	-
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	19	144	111
<b>ACCRUALS AND DEFERRED INCOME</b>	20	1,668	1,743
		<u>25,383</u>	<u>23,782</u>
<b>CAPITAL AND RESERVES</b>			
Revaluation reserve	21	163	170
Profit and loss account	21	24,991	23,612
<b>TOTAL FUNDS</b>	22	25,154	23,782
Minority Interests		229	-
		<u>25,383</u>	<u>23,782</u>

Approved by the Board



R N Quartano CBE

Chairman



D Goodrich

Director

19 December 1996

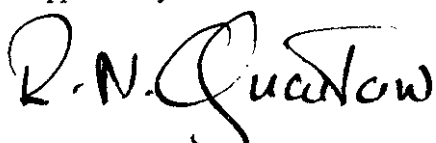
# British Maritime Technology Limited

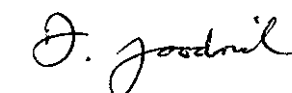
## COMPANY BALANCE SHEET

at 30 September 1996

	Notes	1996 £000	Restated 1995 £000
<b>FIXED ASSETS</b>			
Tangible assets	11	4,515	4,566
Investments	12	17,389	15,787
		<u>21,904</u>	<u>20,353</u>
<b>CURRENT ASSETS</b>			
Debtors:	14		
Amounts falling due within one year		2,120	1,620
Amounts falling due after one year		2,168	2,329
Investments		1,782	1,765
Cash at bank and in hand		2,314	1,905
		<u>8,384</u>	<u>7,619</u>
<b>CREDITORS : amounts falling due within one year</b>	16	3,482	2,447
		<u>4,902</u>	<u>5,172</u>
<b>NET CURRENT ASSETS</b>			
		<u>26,806</u>	<u>25,525</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>26,806</u>	<u>25,525</u>
<b>ACCRUALS AND DEFERRED INCOME</b>	20	1,668	1,743
		<u>25,138</u>	<u>23,782</u>
<b>CAPITAL AND RESERVES</b>			
Revaluation reserve	21	163	170
Profit and loss account	21	24,975	23,612
		<u>25,138</u>	<u>23,782</u>
<b>TOTAL FUNDS</b>			
		<u>25,138</u>	<u>23,782</u>

Approved by the Board

  
R N Quartano CBE Chairman

  
D Goodrich Director

19 December 1996

# British Maritime Technology Limited

## GROUP STATEMENT OF CASH FLOWS

for the year ended 30 September 1996

	<i>Notes</i>	<i>1996</i> <i>£000</i>	<i>1995</i> <i>£000</i>
<b>NET CASH INFLOW</b>			
<b>FROM OPERATING ACTIVITIES</b>			
Reconciliation to operating profit on page 14		2,526	790
<b>RETURNS ON INVESTMENTS AND SERVICING</b>			
<b>OF FINANCE</b>			
Interest and similar income received		283	285
Interest paid		(83)	(177)
Interest paid on finance leases		(1)	-
Fixed asset investment income received		1,119	644
<b>NET CASH INFLOW FROM RETURNS ON</b>			
<b>INVESTMENTS AND SERVICING OF FINANCE</b>		1,318	752
<b>TAXATION</b>			
Overseas tax paid (net)		(77)	(66)
<b>TAX PAID</b>		(77)	(66)
<b>INVESTING ACTIVITIES</b>			
Payments to acquire tangible fixed assets		(725)	(559)
Purchase of associated undertakings		(50)	(25)
Payments to acquire investments		(25,043)	(12,155)
Purchase of shares in subsidiary undertakings			
(net of cash acquired)	12	(8)	(132)
Receipts from sale of subsidiary undertakings	7a	298	-
Receipt from sale of discontinued activity	7b&c	71	119
Receipts from sale of investments		23,245	11,649
Receipts from sales of tangible fixed assets		97	149
<b>NET CASH OUTFLOW FROM</b>			
<b>INVESTING ACTIVITIES</b>		(2,115)	(954)
<b>NET CASH INFLOW BEFORE FINANCING</b>		1,652	522
<b>FINANCING</b>			
Repayments of capital element of finance lease rentals		4	-
Repayment of short term loan	18	-	1,041
<b>NET CASH OUTFLOW FROM FINANCING</b>		4	1,041
<b>INCREASE/(DECREASE) IN CASH</b>			
<b>AND CASH EQUIVALENTS</b>	15	1,648	(519)
		1,652	522

# British Maritime Technology Limited

## GROUP STATEMENT OF CASH FLOWS

for the year ended 30 September 1996

### RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1996	1995
	£000	£000
Operating profit	341	47
Depreciation	676	642
Amortisation of Government grants	(120)	(102)
Decrease/(Increase) in stocks	384	(37)
Decrease/(Increase) in debtors	510	(1,305)
Increase in amounts due from associates	(34)	-
Increase in creditors	823	1,393
(Profit)/loss on sale of tangible fixed assets	(47)	11
Exchange differences	(40)	30
Increase in provisions for liabilities and charges	33	111
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>2,526</b>	<b>790</b>

NOTES TO THE ACCOUNTS

at 30 September 1996

**1. PRINCIPAL ACCOUNTING POLICIES**

*Basis of accounting*

The accounts have been prepared under the historical cost convention modified to include the revaluation of certain fixed assets and in accordance with applicable accounting standards.

*Basis of consolidation*

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 September 1996. The results of subsidiaries sold or acquired are included in the consolidated profit and loss account up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses, that arise after the group has gained control of the subsidiary are charged to the post acquisition profit and loss account.

No profit and loss account is presented for British Maritime Technology Limited as provided by Section 230 of the Companies Act 1985.

*Goodwill*

Purchased goodwill is written off directly against reserves immediately on acquisition.

*Turnover*

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties, except in respect of the marine litigation consultancy business where turnover represents the sales value of work done in the period, including estimates in respect of amounts not invoiced.

European Union grant income in respect of research and development activity has been included in turnover, which in the opinion of the directors more fully reflects the nature of the revenue and the comparatives have been restated accordingly.

*Research and development expenditure*

Expenditure on research and development is written off against profits in the period in which it is incurred.

*Investments*

Investments held as fixed assets are stated in the balance sheet on the basis of cost adjusted so as to amortise to redemption value any premium paid or discount received on acquisition over the period to maturity. If, in the opinion of the directors, there has been a permanent diminution in value of a fixed asset investment, an appropriate adjustment is made.

Unlisted current asset investments are stated at the lower of cost or net realisable value.

NOTES TO THE ACCOUNTS

at 30 September 1996

1. **PRINCIPAL ACCOUNTING POLICIES** (*continued*)

***Depreciation***

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation of each asset evenly over its expected useful life to the business, as follows:

Freehold and leasehold buildings	- 20 to 50 years
Leasehold improvements	- 20 years or life of lease when shorter
Test facilities	- 10 to 30 years
Computers and instruments	- 3 to 5 years
Motor vehicles	- 4 years
Demonstration computer equipment	- 1 to 2 years
Scientific equipment used in harsh environments	- 3 years
Other equipment	- 4 to 10 years

***Stocks and work in progress***

Stocks and work in progress are stated at the lower of cost and net realisable value as follows:

Cost incurred in bringing each product to its present location and condition:

Raw materials	-	purchase cost on a first-in, first-out basis
Work in progress	-	cost of direct materials and labour plus attributable overheads based on the normal level of activity

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

***Work carried out under marine litigation consultancy contracts***

The uninvoiced value of services provided under contracts at the balance sheet date is included in 'amounts recoverable under contracts' in the debtors note.

***Provision for liabilities and charges***

Provisions for property costs relating to financing and maintenance are charged to profit based on an annual assessment of the planned maintenance schedules for the properties managed.

***Accruals and deferred income***

Government grants on capital expenditure are credited to a deferred income account and are released to profit over the expected useful life of the relevant asset by equal annual instalments. Government grants to fund the business' liabilities inherited on formation are credited to a deferred income account and are released to profit as the related costs are incurred or on evidence that the liabilities will not crystallise. Project grants are released to profit over the life of the project to which they relate.

***Taxation***

The company is exempt from corporation tax under the provisions of Section 508 of the Income and Corporation Taxes Act 1988.



NOTES TO THE ACCOUNTS

at 30 September 1996

1. PRINCIPAL ACCOUNTING POLICIES (*continued*)

*Finance and operating leases*

Rentals paid under operating leases are charged to income as incurred over the term of the lease.

Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over their useful economic life.

*Foreign currencies*

*Company*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves together with the exchange difference on the carrying amount of the related investment.

*Group*

On consolidation the assets and liabilities of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The results and cash flows for the period are translated at an average rate of exchange. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against group equity investments in foreign enterprises, which are taken directly to the reserves together with the exchange difference on the carrying amount of the related investments.

*Redundancy costs*

These are accounted for on a cash basis. The cost of future on-going support payments and annuities purchased to meet future support payments are written off as incurred, and matched where appropriate by the release of deferred working capital grant funding.

*Pension costs*

The Group operated two defined benefit pension schemes which were merged during the year. These were funded by the payment of contributions to separately administered funds.

The contributions to the schemes were determined using the projected accrued benefits method.

Variations in pension costs, which are identified as a result of actuarial valuations, are amortised over the expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

Subsidiaries which operate defined contribution pension schemes charge contributions to the profit and loss account as they become payable.

## NOTES TO THE ACCOUNTS

at 30 September 1996

## 2. TURNOVER

Turnover is attributable to one activity, being research, development and the transfer of technology in the maritime, defence, transport and civil engineering industries. An analysis of turnover by geographical market is given below:

	1996			Restated 1995		
	<i>Contin- uing</i>	<i>Discon- tinued</i>	<i>Total</i>	<i>Contin- uing</i>	<i>Discon- tinued</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
UK	13,233	218	13,451	13,667	870	14,537
USA	7,281	-	7,281	4,751	7	4,758
Far East	5,489	-	5,489	3,110	54	3,164
Other European Union	2,124	-	2,124	1,235	13	1,248
Rest of World	493	-	493	603	58	661
	<u>28,620</u>	<u>218</u>	<u>28,838</u>	<u>23,366</u>	<u>1,002</u>	<u>24,368</u>

The discontinued operations in 1996 comprise the sale of BMT Quality Assessors Limited, a third party quality certification business.

European Union grant income in respect of research and development activity has been included in turnover, which in the opinion of the directors more fully reflects the nature of the revenue and the comparatives which previously included this item in other operating income have been restated accordingly.

## 3. COSTS LESS OTHER INCOME

	1996			Restated 1995		
	<i>Contin- uing</i>	<i>Discon- tinued</i>	<i>Total</i>	<i>Contin- uing</i>	<i>Discon- tinued</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Changes in stocks and work in progress	315	-	315	(37)	-	(37)
Raw materials and consumables	4,709	-	4,709	3,581	28	3,609
Other external charges	3,582	99	3,681	2,565	646	3,211
Staff costs (note 6)	15,078	108	15,186	12,479	266	12,745
Depreciation	671	5	676	631	11	642
Other operating charges	4,437	118	4,555	4,438	241	4,679
Other operating income	(625)	-	(625)	(523)	(5)	(528)
	<u>28,167</u>	<u>330</u>	<u>28,497</u>	<u>23,134</u>	<u>1,187</u>	<u>24,321</u>

# British Maritime Technology Limited

## NOTES TO THE ACCOUNTS

at 30 September 1996

### 4. OPERATING PROFIT

This is stated after charging/(crediting):	1996	1995
	£000	£000
Group:		
Auditors' remuneration:		
- audit services	72	92
- non-audit services	12	55
Hire of plant and machinery	17	27
Operating lease rentals receivable:		
- buildings	(224)	(240)
Operating lease rentals payable:		
- other equipment	185	222
- buildings	772	779
Exchange (profit)/loss on foreign currency borrowings less deposits	(19)	20
Amortisation of Government grants	(120)	(102)
Depreciation on owned assets	671	642
Depreciation on assets held under finance leases	5	-
(Profit)/loss on disposal of tangible fixed assets	(47)	11
Company:		
Auditors' remuneration:		
- audit services	13	28
- non-audit services	-	22

### 5. DIRECTORS' REMUNERATION

	1996	1995
	£000	£000
Fees	61	40
Other emoluments (including pension contributions)	197	242
	258	282

The emoluments, including bonuses and benefits in kind, of the Chairman, who did not receive pension contributions, were £20,000 for Mr R N Quartano (1995: £56,069, of which £10,000 was for Mr R N Quartano and £46,069 was for Dr J Birks). The emoluments, excluding pension contributions, of the highest paid director were £164,149 (1995: £158,901). Directors' emoluments (excluding pension contributions) fell within the following ranges:

	1996	1995
	No.	No.
£Nil - £5,000	4	2
£5,001 - £10,000	1	2
£10,001 - £15,000	2	2
£15,001 - £20,000	1	1
£20,001 - £25,000	1	-
£45,001 - £50,000	-	1
£155,001 - £160,000	-	1
£160,001 - £165,000	1	-

NOTES TO THE ACCOUNTS

at 30 September 1996

6. STAFF COSTS (INCLUDING EXECUTIVE AND NON EXECUTIVE DIRECTORS)

	1996			Restated 1995		
	<i>Contin- uing</i>	<i>Discon- tinued</i>	<i>Total</i>	<i>Contin- uing</i>	<i>Discon- tinued</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Wages and salaries	13,782	96	13,878	11,068	229	11,297
Social security costs	855	8	863	986	19	1,005
Pensions and post retirement benefits	441	4	445	425	18	443
	<u>15,078</u>	<u>108</u>	<u>15,186</u>	<u>12,479</u>	<u>266</u>	<u>12,745</u>

Staff costs have been restated in 1995 to include the remuneration of non executive directors and reflect better the nature of the cost. This was previously shown within other operating charges.

The average weekly number of employees during the year was made up as follows:

	1996			1995		
	<i>Contin- uing</i>	<i>Discon- tinued</i>	<i>Total</i>	<i>Contin- uing</i>	<i>Discon- tinued</i>	<i>Total</i>
	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>
Scientific and technical	421	2	423	365	9	374
Administrative and support	95	3	98	92	5	97
	<u>516</u>	<u>5</u>	<u>521</u>	<u>457</u>	<u>14</u>	<u>471</u>

# British Maritime Technology Limited

## NOTES TO THE ACCOUNTS

at 30 September 1996

### 7. EXCEPTIONAL PROFITS ON DISPOSAL

- a) During the year the company acquired a controlling 50% interest in Babbie BMT (Hong Kong) Limited ("BBHK"), as part of a partnership with Babbie Group Limited relating to activities in the Pacific Rim. Under this transaction all of the shares in Peter Fraenkel BMT (Asia) Limited ("PFA") were transferred to BBHK. The substance of this transaction was that 50% of the shares in PFA were sold to Babbie Group Limited. The following summarises the transactions:

	1996 £000
Cash received from Babbie Group Limited in consideration for 50% of share capital of Peter Fraenkel BMT (Asia) Limited	300
Earnout receivable	75
	<u>375</u>
Cash paid for disposal costs	(2)
Goodwill realised on disposal	(138)
Net assets sold	(138)
	<u>(278)</u>
Profit on disposal	<u>97</u>
	<u>97</u>
Net cash received from disposal	<u>298</u>

Future earnout income will be recognised as it becomes receivable.

As a part of the above transactions, the group acquired a controlling interest in Babbie Oakervee Limited ("BOK") for nil consideration.

	Balance sheet of BOK at acquisition 1996 £000
Fixed assets	14
Debtors	504
Cash at bank and in hand	60
Creditors due in less than one year	(319)
Creditors due in more than one year	(259)
	<u>-</u>
Net assets	<u>-</u>
	<u>-</u>
Net cash acquired	<u>60</u>

# British Maritime Technology Limited

## NOTES TO THE ACCOUNTS

at 30 September 1996

### 7. EXCEPTIONAL PROFITS ON DISPOSAL (*continued*)

- b) During the year the company disposed of all of the share capital of BMT Quality Assessors Limited ("QA"). The following summarises the transactions:

	1996 £000
Cash received	104
Cash expenses	(33)
Net assets sold	-
Profit and net cash received on disposal	<u>71</u>

Balance sheet of QA on disposal:

	1996 £000
Fixed assets	10
Trade debtors	51
Other debtors	22
Trade creditors	(28)
Accruals	(55)
Net assets	<u>-</u>

- c) In 1995 the profit on disposal of discontinued operations arose on the sale of a number of ongoing marine and underwater services contracts by BMT Offshore Limited, a subsidiary undertaking.

	1995 £000
Sale proceeds	202
Net assets sold	(54)
Gross profit on disposal	<u>148</u>
Costs associated with the disposal	(29)
Net profit on disposal of discontinued operations	<u>119</u>

# British Maritime Technology Limited

## NOTES TO THE ACCOUNTS

at 30 September 1996

### 8. INTEREST RECEIVABLE AND SIMILAR INCOME

	<i>1996</i>	<i>1995</i>
	<i>£000</i>	<i>£000</i>
Other interest receivable and similar income	340	263
Gains on disposals of current asset investments	-	4
Release of provision to adjust current asset investments to net realisable value	17	65
	<u>357</u>	<u>332</u>

### 9. INTEREST PAYABLE

	<i>1996</i>	<i>1995</i>
	<i>£000</i>	<i>£000</i>
Bank loans and overdrafts and other loans wholly repayable within five years	83	134
On finance leases	1	-
	<u>84</u>	<u>134</u>

### 10. TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge based on the results for the year is made up as follows:

	<i>1996</i>	<i>1995</i>
	<i>£000</i>	<i>£000</i>
Corporate tax on overseas subsidiaries	57	140
	<u>57</u>	<u>140</u>

The company is exempt from UK Corporation Tax under the provisions of Section 508 of the Income and Corporation Taxes Act 1988.

# British Maritime Technology Limited

## NOTES TO THE ACCOUNTS

at 30 September 1996

### 11. TANGIBLE FIXED ASSETS

#### Group

	<i>Freehold land and buildings</i>	<i>Long leasehold buildings</i>	<i>Leasehold buildings &amp; improve- ments less than 20 years</i>	<i>Test facilities</i>	<i>Motor vehicles</i>	<i>Computers and instru- ments</i>	<i>Other equipment</i>	<i>Total</i>
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:								
At 1.10.95	3,568	1,574	295	245	255	2,166	1,411	9,514
Additions	96	-	3	10	91	388	138	726
Disposals	-	-	-	(95)	(97)	(325)	(219)	(736)
Exchange fluct- uations	-	-	(2)	-	-	5	-	3
In respect of new subsidiary	-	-	19	-	6	26	31	82
At 30.9.96	3,664	1,574	315	160	255	2,260	1,361	9,589
Depreciation:								
At 1.10.95	762	132	108	185	125	1,658	905	3,875
Provided during year	45	32	48	26	61	321	143	676
Disposals	-	-	-	(67)	(80)	(316)	(213)	(676)
Exchange fluct- uations	-	-	1	-	-	2	4	7
In respect of new subsidiary	-	-	19	-	3	17	29	68
At 30.9.96	807	164	176	144	109	1,682	868	3,950
Net book value:								
At 30.9.96	2,857	1,410	139	16	146	578	493	5,639
At 30.9.95	2,806	1,442	187	60	130	508	506	5,639

The net book value of tangible fixed assets includes an amount of £23,000 (1995: nil) in respect of assets held under finance leases.



# British Maritime Technology Limited

## NOTES TO THE ACCOUNTS

at 30 September 1996

### 11. TANGIBLE FIXED ASSETS (continued)

Company

	Freehold land and buildings £000	Long leasehold buildings £000	Leasehold buildings and improve- ments less than 20 years £000	Motor vehicles £000	Computers and instru- ments £000	Other equipment £000	Total £000
Cost or valuation:							
At 1 October 1995	3,568	1,574	131	110	166	402	5,951
Additions	96	-	-	10	3	8	117
Disposals	-	-	-	(25)	-	-	(25)
At 30 September 1996	<u>3,664</u>	<u>1,574</u>	<u>131</u>	<u>95</u>	<u>169</u>	<u>410</u>	<u>6,043</u>
Depreciation:							
At 1 October 1995	762	132	36	46	149	260	1,385
Provided during year	45	32	9	31	7	43	167
Disposals	-	-	-	(24)	-	-	(24)
At 30 September 1996	<u>807</u>	<u>164</u>	<u>45</u>	<u>53</u>	<u>156</u>	<u>303</u>	<u>1,528</u>
Net book value:							
At 30 September 1996	<u>2,857</u>	<u>1,410</u>	<u>86</u>	<u>42</u>	<u>13</u>	<u>107</u>	<u>4,515</u>
At 30 September 1995	<u>2,806</u>	<u>1,442</u>	<u>95</u>	<u>64</u>	<u>17</u>	<u>142</u>	<u>4,566</u>

The only fixed asset carried at a valuation was the Hythe site (freehold land and buildings) which was acquired for no cost and was revalued on 1 October 1982 based upon existing use and open market value. The revalued amount was £325,000. Part of this was released as a result of part disposal of the site during 1994.

The net book value of freehold land and buildings at 30 September 1996 is £163,000 greater than the historical cost (1995: £170,000). (See note 21).

# British Maritime Technology Limited

## NOTES TO THE ACCOUNTS

at 30 September 1996

### 12. FIXED ASSET INVESTMENTS

#### Group

	<i>Unlisted</i>	<i>Bank</i>	<i>Associated</i>	<i>Total</i>
	<i>£000</i>	<i>deposit</i>	<i>undertakings</i>	<i>£000</i>
		<i>£000</i>	<i>£000</i>	
Cost:				
At 1 October 1995	13,437	919	8	14,364
Additions	25,043	57	50	25,150
Disposals	(23,449)	-	-	(23,449)
At 30 September 1996	15,031	976	58	16,065
Provisions:				
At 1 October 1995	196	-	-	196
Charge for year	291	-	-	291
Share of losses in associates	-	-	130	130
Disposals	(204)	-	-	(204)
At 30 September 1996	283	-	130	413
Net book value:				
At 30 September 1996	14,748	976	(72)	15,652
At 30 September 1995	13,241	919	8	14,168

The unlisted investments represent a portfolio of readily marketable interest bearing securities held under management by Schroder Investment Management Limited and BZW Barclays Global Investors Limited.

## NOTES TO THE ACCOUNTS

at 30 September 1996

12. FIXED ASSET INVESTMENTS (*continued*)

## Company

	<i>Unlisted £000</i>	<i>Bank deposit £000</i>	<i>Subsidiary undertakings £000</i>	<i>Associated undertaking £000</i>	<i>Total £000</i>
Cost:					
At 1 October 1995	13,437	919	5,229	-	19,585
Additions	25,043	57	394	50	25,544
Disposals	(23,449)	-	(672)	-	(24,121)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 30 September 1996	15,031	976	4,951	50	21,008
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Provisions:					
At 1 October 1995	196	-	3,602	-	3,798
Charge for year	291	-	336	20	647
Disposals	(204)	-	(622)	-	(826)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 30 September 1996	283	-	3,316	20	3,619
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net book value:					
At 30 September 1996	14,748	976	1,635	30	17,389
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 30 September 1995	13,241	919	1,627	-	15,787
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The unlisted investments represent a portfolio of readily marketable interest bearing securities held under management by Schroder Investment Management Limited and BZW Barclays Global Investors Limited.

## NOTES TO THE ACCOUNTS

at 30 September 1996

**12. FIXED ASSET INVESTMENTS** *(continued)*

The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. The following information relates to those subsidiary undertakings whose results or financial position, in the opinion of the directors, principally affected the figures of the Group:

<i>Name of Company</i>	<i>Country of registration (or incorporation)</i>	<i>Holding</i>	<i>Proportion held</i>	<i>Nature of business</i>
<b>Subsidiary undertakings</b>				
<b>United Kingdom</b>				
BMT Defence Services Limited	England and Wales	Ordinary shares	100%	Services to the defence industry
BMT Reliability Consultants Limited	England and Wales	Ordinary shares	100%	Reliability life cycle costing and safety services
BMT Group Limited	England and Wales	Ordinary shares	100%	Project and asset management
BMT Fluid Mechanics Limited	England and Wales	Ordinary shares	100%	Fluid and structural mechanics
BMT SeaTech Limited	England and Wales	Ordinary shares	100%	Specialist consultancy services for commercial shipping
BMT Edon Liddiard Vince Limited	England and Wales	Ordinary shares	100%	Maritime litigation consultancy services
BMT SHIPDESIGN Limited	England and Wales	Ordinary shares	100%	Naval architectural and marine engineering services for commercial shipping

# British Maritime Technology Limited

## NOTES TO THE ACCOUNTS

at 30 September 1996

### 12. FIXED ASSET INVESTMENTS (continued)

<i>Name of Company</i>	<i>Country of registration (or incorporation)</i>	<i>Holding</i>	<i>Proportion held</i>	<i>Nature of business</i>
<b>Subsidiary undertakings (continued)</b>				
BMT Marine Information Systems Limited	England and Wales	Ordinary shares	100 %	Research and development of technology in environmental and marine services
BMT Marine Procurement Limited	England and Wales	Ordinary shares	100 %	Procurement and contract management services for the marine industry
<b>Overseas</b>				
Babtie BMT (Hong Kong) Limited	Hong Kong	Ordinary shares	50 %	Civil engineering consultancy
Designers & Planners, Inc	USA	Common stock	100 % *	Ship engineering and environmental services
BMT-IBW Polska Sp zoo	Poland	Ordinary shares	80 %	Port and coastal management services
BMT Defence Services Pty Limited	Australia	Ordinary shares	100 % *	Services to the defence industry

# British Maritime Technology Limited

## NOTES TO THE ACCOUNTS

at 30 September 1996

### 12. FIXED ASSET INVESTMENTS (continued)

#### Associated undertakings

BMT Skipskonsulent Forsvarstjenester AS	Norway	Ordinary shares	49 %*	Services to the defence industry
Babtie BMT (Asia) Limited	Hong Kong	Ordinary shares	50 %	Project and asset management

\* held by subsidiary undertaking.

All companies acquired during the year are treated under the acquisition accounting method.

During the year the company paid £68,000 in respect of professional fees associated with the purchase of 50 % of the ordinary share capital of Babtie BMT (Hong Kong) Limited, a company with nil net assets. This amount has been written off against reserves as goodwill, see note 21.

The net cash effect of purchases of shares in subsidiary undertakings is:

	<i>Note</i>	<i>1996</i> <i>£000</i>
Babtie BMT (Hong Kong) Limited		(68)
Babtie Oakervee Limited	7a	60
		<u>(8)</u>

### 13. STOCKS AND WORK IN PROGRESS

#### Group

	<i>1996</i> <i>£000</i>	<i>1995</i> <i>£000</i>
Raw materials	24	12
Work in progress	2,291	2,675
	<u>2,315</u>	<u>2,687</u>

# British Maritime Technology Limited

## NOTES TO THE ACCOUNTS

at 30 September 1996

### 14. DEBTORS

	1996 £000	Group 1995 £000	1996 £000	Company 1995 £000
<b>Amounts falling due within one year</b>				
Trade debtors	5,741	5,419	8	3
Amounts owed by subsidiary undertakings	-	-	1,632	1,119
Amounts owed by associated undertakings	34	-	-	-
Other debtors	545	756	277	330
Prepayments and accrued income	602	663	203	168
Amounts recoverable on contracts	204	243	-	-
	<u>7,126</u>	<u>7,081</u>	<u>2,120</u>	<u>1,620</u>
<b>Amounts falling due after more than one year</b>				
Amounts owed by subsidiary undertakings	-	-	2,168	2,329
	<u>-</u>	<u>-</u>	<u>2,168</u>	<u>2,329</u>

### 15. CASH AND CASH EQUIVALENTS

	1996 £000	1995 £000
<b>Changes during the year</b>		
At 1 October 1995	1,375	1,908
Net cash inflow/(outflow) before adjustments for the effects of foreign exchange rates	1,648	(519)
Effect of foreign exchange rates	6	(14)
At 30 September 1996	<u>3,029</u>	<u>1,375</u>

	1996 £000	1996 change in year £000	1995 £000	1995 change in year £000	1994 £000
<b>Analysis of balances</b>					
Cash at bank and in hand	4,297	1,762	2,535	(1,083)	3,618
Bank overdrafts	(1,268)	(108)	(1,160)	550	(1,710)
At 30 September 1996	<u>3,029</u>	<u>1,654</u>	<u>1,375</u>	<u>(533)</u>	<u>1,908</u>

# British Maritime Technology Limited

## NOTES TO THE ACCOUNTS

at 30 September 1996

### 16. CREDITORS : Amounts falling due within one year

		<i>Group</i>		<i>Company</i>	
		1996	1995	1996	1995
	<i>Notes</i>	£000	£000	£000	£000
Bank overdraft	28	1,268	1,160	1,028	2
Short term bank loan	18	640	632	640	632
Other loans	18	269	-	-	-
Obligations under finance leases		8	-	-	-
Income in advance of work in progress		1,294	974	763	586
Trade creditors		2,004	1,821	6	61
Amounts owed to subsidiary undertakings		-	-	266	445
Corporation tax		68	190	-	-
Other taxation and social security		743	624	-	-
Other creditors		318	440	206	266
Accrued charges and deferred income		2,718	2,398	573	455
		<u>9,330</u>	<u>8,239</u>	<u>3,482</u>	<u>2,447</u>

The pension accrual has been analysed between that falling due within one year and that due after more than one year to reflect more fully the nature of the accrual and the comparatives have been restated accordingly.

### 17. CREDITORS: Amounts falling due after more than one year

		<i>Group</i>		<i>Company</i>	
		1996	1995	1996	1995
		£000	£000	£000	£000
Obligations under finance leases		17	-	-	-
Other loans	18	269	-	-	-
		<u>286</u>	<u>-</u>	<u>-</u>	<u>-</u>

The net finance lease obligations to which the group is committed are:

	1996	1995
	£000	£000
In one year or less	8	-
Between two and five years	17	-
	<u>25</u>	<u>-</u>



# British Maritime Technology Limited

## NOTES TO THE ACCOUNTS

at 30 September 1996

### 18. LOANS

		<i>1996</i>	<i>Group</i>	<i>1996</i>	<i>Company</i>
	<i>Notes</i>	<i>£000</i>	<i>1995</i>	<i>£000</i>	<i>1995</i>
			<i>£000</i>	<i>£000</i>	<i>£000</i>
Repayable as follows:					
Within 1 year	16	909	632	640	632
Between 2 and 5 years	17	269	-	-	-
		<u>1,178</u>	<u>632</u>	<u>640</u>	<u>632</u>

Analysis of changes in group loan financing during the year:

	<i>1996</i>	<i>1995</i>
	<i>£000</i>	<i>£000</i>
At 1 October 1995	632	1,667
In respect of new subsidiary	538	-
Repayment of short term loans	-	(1,041)
Exchange fluctuation	8	6
At 30 September 1996	<u>1,178</u>	<u>632</u>

### 19. PROVISIONS FOR LIABILITIES AND CHARGES

	<i>1996</i>	<i>1995</i>
	<i>£000</i>	<i>£000</i>
At 1 October 1995	111	97
Charge for the year	61	37
Utilised in year	(28)	(23)
At 30 September 1996	<u>144</u>	<u>111</u>

This provision is for the purpose of financing maintenance against a planned maintenance schedule for the properties owned or leased by the Group.

## NOTES TO THE ACCOUNTS

at 30 September 1996

## 20. ACCRUALS AND DEFERRED INCOME

Accruals and deferred income comprise pension accrual, cash grants for fixed asset additions and working capital grant funding upon formation of British Maritime Technology Limited from the Department of Trade and Industry. The movements during the year have been as follows:

**Group**

	<i>Pension accrual £000</i>	<i>Fixed assets £000</i>	<i>Working capital £000</i>	<i>Total £000</i>
<b>Group</b>				
At 1 October 1995	674	199	870	1,743
Amounts charged/(released) to profit and loss account	45	(76)	(44)	(75)
At 30 September 1996	<u>719</u>	<u>123</u>	<u>826</u>	<u>1,668</u>

	<i>Pension accrual £000</i>	<i>Fixed assets £000</i>	<i>Working capital £000</i>	<i>Total £000</i>
<b>Company</b>				
At 1 October 1995	674	199	870	1,743
Amounts charged/(released) to profit and loss account	45	(76)	(44)	(75)
At 30 September 1996	<u>719</u>	<u>123</u>	<u>826</u>	<u>1,668</u>

The pension accrual has been analysed between that falling due within one year and that due after more than one year to reflect more fully the nature of the accrual and the comparatives have been restated accordingly.

# British Maritime Technology Limited

## NOTES TO THE ACCOUNTS

at 30 September 1996

### 21. RESERVES

Group	Notes	Profit and loss £000	Revaluation reserve £000
At 1 October 1995		23,612	170
Goodwill on acquisition of shares in subsidiary	12	(68)	-
Goodwill on disposal	7a	138	-
Exchange loss on foreign currency hedging loan		(4)	-
Exchange loss on foreign equity investment		(30)	-
Amortisation of revaluation surplus		7	(7)
Profit for the year		1,336	-
At 30 September 1996		<u>24,991</u>	<u>163</u>
<b>Company</b>			
At 1 October 1995		23,612	170
Exchange loss on foreign currency hedging loan		(4)	-
Exchange gain on foreign equity investment		5	-
Amortisation of revaluation surplus		7	(7)
Profit for the year		1,355	-
At 30 September 1996		<u>24,975</u>	<u>163</u>

Goodwill amounting to £698,000 relates to an adjustment on the cessation of trading of Peter Fraenkel BMT Limited in the year ended 30 September 1994 which was not charged to the profit and loss account in that year. This omission had no impact on the total reserves and the comparative for net goodwill written off has been restated accordingly. There remains an accumulated amount of goodwill written off directly to reserves of £2,087,000 (1995 restated: £2,157,000).

### 22. RECONCILIATION OF FUNDS

	1996 £000	1995 £000
Profit for the year	1,336	1,097
Other recognised gains and losses in the period (net)	104	(160)
Total recognised gains	<u>1,440</u>	<u>937</u>
Goodwill on acquisition of shares in subsidiary undertaking	(68)	-
Net addition to funds	<u>1,372</u>	<u>937</u>
At 1 October 1995	23,782	22,845
At 30 September 1996	<u>25,154</u>	<u>23,782</u>

## NOTES TO THE ACCOUNTS

at 30 September 1996

**23. CAPITAL COMMITMENTS**

	<i>Group</i>		<i>Company</i>	
	<i>1996</i>	<i>1995</i>	<i>1996</i>	<i>1995</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Contracted	69	-	-	-

**24. SHARE CAPITAL**

The company is limited by guarantee without share capital.

**25. LEASING COMMITMENTS**

The annual commitments under non-cancellable operating leases are as follows:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>1996</i>	<i>Restated 1995</i>	<i>1996</i>	<i>1995</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<b>Group</b>				
Operating leases which expire:				
Within one year	131	215	64	42
In the second to fifth years inclusive	298	173	110	100
Over five years	370	374	-	-
	<u>799</u>	<u>762</u>	<u>174</u>	<u>142</u>
<b>Company</b>				
Operating leases which expire:				
Within one year	-	101	-	2
In the second to fifth years inclusive	44	16	13	1
Over five years	370	374	-	-
	<u>414</u>	<u>491</u>	<u>13</u>	<u>3</u>

**26. PENSION COMMITMENTS****Defined benefit schemes**

A significant number of employees contributed to the British Maritime Technology Pension and Life Assurance Scheme (the "BMT Scheme") and the British Ship Research Association Staff Pension Scheme (the "BSRA Scheme") which are funded by the payment of contributions to separately administered funds. The trustees of the schemes include employee representatives.

The contributions payable are determined on the advice of an independent qualified actuary on the basis of triennial valuations using the projected accrued benefits method.

NOTES TO THE ACCOUNTS

at 30 September 1996

**26. PENSION COMMITMENTS** *(continued)*

The latest triennial valuations were conducted as at 8 April 1995 on the BSRA Scheme and at 6 April 1995 on the BMT Scheme. The main assumptions are that the rate of return on investments would be 9% and would exceed salary increases by 2½%.

The latest valuations showed that the actuarial value of the schemes' assets amounted to £4,225,000 for the BSRA Scheme and £9,052,000 with respect to the BMT Scheme.

The actuarial value of the schemes was sufficient to cover 116% of the schemes' liabilities.

From 1 October 1990 to March 1996 there was a contribution payments holiday. On the advice of the actuary, the company recommenced making contributions from April 1996 onwards.

Pension costs have been calculated in accordance with SSAP 24. The pension charge for the defined benefit schemes is the annual regular cost of providing pension benefits for current employees, as adjusted by the actuarial surpluses which are spread over the prospective service lives of members. The net charge is £270,000 (1995: £224,000) after deducting interest arising on the surplus.

A provision of £770,000 (1995: £722,000) is included in accruals and deferred income.

On 1 January 1996 the BMT Scheme and the BSRA Scheme were combined in the BMT Scheme.

**Defined contribution schemes**

Employees of certain subsidiary undertakings which operate defined contribution pension schemes can contribute to those schemes.

**27. OTHER COMMITMENTS**

The company has commitments to make on-going support payments to ex-civil servants who have been made redundant.

The charge for the year comprised cash payments of £23,548 (1995: £21,094).

The deferred working capital government grant funding as shown in note 20 will be sufficient to offset the cost of future payments.

**28. CONTINGENT LIABILITIES**

**Company**

British Maritime Technology Limited has provided a guarantee to Barclays Bank plc in respect of overdraft facilities granted to the subsidiary undertakings. The guarantee is unsecured.

**29. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption provided by FRS 8 and has not disclosed transactions with subsidiary companies where over 90% of the voting rights of that subsidiary are controlled within the Group. Any such transactions have been eliminated on consolidation in the Group accounts.