

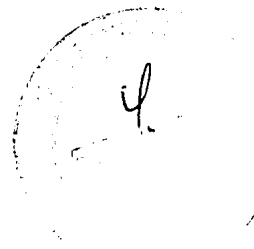
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ROSYTH ROYAL DOCKYARD plc

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS

for the year ended
31 March 1992

Company Number 101959



DIRECTORS

Mr. A.K. Smith
Mr. D.S. Batty
Mr. A.R. Midgley
Mr. A.A. MacPherson
Mr. J.B. Robertson
Mr. G.D. Hilton
Capt. D.M. Johnson, R.N. (Retired)
Mr. P.G. Davison
Mr. M.N. McKenna

SECRETARY

Mr. A.P. Kennedy

REGISTERED OFFICE

Rosyth Royal Dockyard
Rosyth
Fife KY11 2YD

AUDITORS

BDO Binder Hamlyn
Ballantine House
168 West George Street
Glasgow G2 2PT

BANKERS

The Royal Bank of Scotland plc
52/54 East Port
Dunfermline
Fife KY12 7HB

SOLICITORS

McGrigor Donald
Pacific House
70 Wellington Street
Glasgow G2 6SB

ROSYTH ROYAL DOCKYARD plc

DIRECTORS' REPORT
for the year ended 31 March 1992

FINANCIAL STATEMENTS

The directors present their report and the financial statements of the company for the year ended 31 March 1992.

PRINCIPAL ACTIVITIES

The company continued to enjoy the use of land, buildings and equipment situated at Rosyth Royal Dockyard under licence from the Secretary of State for Defence, for the fifth year of a seven year agreement.

The services of the employees of the company were, by agreement, made available to Babcock Thorn Limited.

It is anticipated that this pattern of business will continue for the next two years.

DIVIDEND

The directors recommend that no dividend is paid and that the profit for the year of £5,318 be retained and transferred to reserves.

FIXED ASSETS

The movements in fixed assets are shown in note 7 to the financial statements.

DIRECTORS

The directors of the company at 31 March 1992 were as follows. They have all been directors for the whole of the year ending on that date unless otherwise stated.

Mr. A.K. Smith
Mr. D.S. Batty
Mr. A.R. Midgley
Mr. A.A. MacPherson
Mr. J.B. Robertson
Mr. C.D. Hilton
Capt. D.M. Johnson, R.N. (Retired)
Mr. P.G. Davison
Mr. M.N. McKenna

At the forthcoming annual general meeting, in accordance with the requirements of the articles of the company, Messrs. Smith, Davison and McKenna shall retire. All, being eligible, offer themselves for re-election.

ROSYTH ROYAL DOCKYARD plc

DIRECTORS' REPORT
for the year ended 31 March 1992

DIRECTORS' INTERESTS

The interests of the directors and their families in the share capital of the company's parent company, Babcock International Group PLC, on 1 April 1991, or at the date of their appointment, if later, were as follows:

	Ordinary shares	Options on Ordinary shares
Mr. A.K. Smith	100,000	786,000
Mr. D.S. Batty	12,500	75,000
Mr. A.R. Midgley	-	50,000
Mr. A.A. MacPherson	6,331	50,000
Mr. J.B. Robertson	1,000	50,000
Mr. G.D. Hilton	-	60,000
Capt. D.M. Johnson, R.N. (Retired)	-	50,000
Mr. P.G. Davison	-	50,000
Mr. M.N. McKenna	-	50,000

The interests of the directors and their families in the share capital of Babcock International Group PLC on 31 March 1992 were as follows:

	Ordinary shares	Options on Ordinary shares
Mr. A.K. Smith	114,070	986,000
Mr. D.S. Batty	12,500	100,000
Mr. A.R. Midgley	-	65,000
Mr. A.A. MacPherson	6,331	65,000
Mr. J.B. Robertson	1,000	65,000
Mr. G.D. Hilton	-	85,000
Capt. D.M. Johnson, R.N. (Retired)	-	65,000
Mr. P.G. Davison	-	65,000
Mr. M.N. McKenna	-	65,000

Since the year end, there have been no changes in the interests of the directors and their families in the share capital of Babcock International Group PLC.

EMPLOYMENT OF DISABLED PERSONS

The policy and practice of the company is to seek to encourage and assist the employment of disabled persons who are able to perform their duties without exposing themselves or others to abnormal risks.

The training, career development and promotion opportunities of the company's disabled employees are equal to those of their able-bodied colleagues.

Arrangements are made, wherever possible, for the continued employment of employees becoming disabled whilst working for the company. If necessary, retraining is offered to such individuals to allow each of them to perform work suited to his aptitudes and abilities.

ROSYTH ROYAL DOCKYARD plc

DIRECTORS' REPORT
for the year ended 31 March 1992

EMPLOYEE INVOLVEMENT

The company communicates regularly with its employees in briefings and discussions, by written communications on specific topics and on more general issues, through the weekly bulletin "Newsweek".

The company routinely discusses issues affecting the employees with the employees' trades unions' representatives.

The company encourages the active involvement of all group employees in the Company Change Programme which has, as its objective, continuous improvement of performance to the mutual advantage of both company and employees.

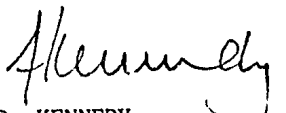
CLOSE COMPANY PROVISIONS

As far as the directors are aware, the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company; there has been no change in this respect since the end of the financial year.

AUDITORS

BDO Binder Hamlyn offer themselves for re-appointment in accordance with Section 384 of the Companies Act 1985.

This report was approved by the Board on 6 July 1992.


A.P. KENNEDY
Company secretary



BDO Binder Hamlyn
Chartered Accountants

Ballantine House 168 West George Street
Glasgow G2 2PT 5

AUDITORS' REPORT
to the members of Rosyth Royal Dockyard plc

We have audited the financial statements on pages 6 to 12 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 1992 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Binder Hamlyn

Chartered Accountants
Registered Auditor

6 July 1992



ROSYTH ROYAL DOCKYARD plc

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1992

	Notes	1992 £	1991 £
Turnover	2	94,777,093	101,289,152
Cost of sales		<u>(94,777,093)</u>	<u>(101,289,152)</u>
Gross profit		-	-
Other interest receivable and similar income	5	<u>7,937</u>	<u>9,316</u>
Profit on ordinary activities before taxation		7,937	9,316
Tax on profit on ordinary activities	6	<u>(2,619)</u>	<u>(3,167)</u>
Profit for the year transferred to reserves	12	<u>5,318</u>	<u>6,149</u>


ROSYTH ROYAL DOCKYARD plc

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BALANCE SHEET
as at 31 March 1992

	Notes	£	1992 £	1991 £
FIXED ASSETS				
Investments	7		99	99
CURRENT ASSETS				
Debtors	8	5,088,228		3,913,420
Cash at bank and in hand		<u>82,573</u>		<u>74,636</u>
		5,170,801		3,988,056
CREDITORS: amounts falling due within one year	9	(5,098,110)		(3,920,683)
Net current assets			<u>72,691</u>	<u>67,373</u>
Total assets less current liabilities			<u>72,790</u>	<u>67,472</u>
CAPITAL AND RESERVES				
Called up share capital	11		50,001	50,001
Profit and loss account	12		<u>22,789</u>	<u>17,471</u>
			<u>72,790</u>	<u>67,472</u>

The financial statements on pages 6 to 12 were approved by the Board on 6 July 1992.

D.S. BATTY..........Director

ROSYTH ROYAL DOCKYARD plc

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1992

1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards.

Investments

Investments held as fixed assets are stated at the lower of cost or net realisable value.

Deferred taxation

Provision is made for deferred taxation, using the liability method on all timing differences where it is considered that a liability or asset may arise in the foreseeable future.

Pensions

The company operates a pension scheme for the benefit of all its employees. The funds of the scheme are administered by Trustees and are separate from the company. An independent qualified actuary completes a valuation at least every three years and, in accordance with his recommendation, annual contributions from employees and employer are paid to the scheme so as to secure the benefits set out in the rules. The cost of these is charged against profits on a systematic basis over the service lives of the employees.

Group accounts

The group has not prepared group accounts as it is exempt from the requirement to do so by Section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Babcock International Group PLC, a company incorporated in United Kingdom, and is included in the consolidated accounts of that company.

2 TURNOVER

Turnover all of which was generated in the United Kingdom, represents the sales value excluding value added tax of services provided to the parent company.

ROSYTH ROYAL DOCKYARD plc

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1992

3 STAFF COSTS

	1992 £'000	1991 £'000
Wages and salaries	74,814	77,056
Social security costs	5,681	5,897
Other pension costs	8,582	8,865
	<u>89,077</u>	<u>91,818</u>

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

	1992	1991
Production	<u>4,491</u>	<u>5,156</u>

4 DIRECTORS' EMOLUMENTS

	1992 £	1991 £
Remuneration as executives (including pension contributions)	<u>564,966</u>	<u>502,595</u>

Details of directors' emoluments, excluding pension contributions, are:

The chairman	<u>-</u>	<u>-</u>
The highest paid director	<u>75,425</u>	<u>60,721</u>

Directors were in the following bands of emoluments:

	Number	Number
£ 0 to £ 5,000	2	2
£30,001 to £35,000	-	1
£50,001 to £55,000	-	1
£55,001 to £60,000	-	5
£60,001 to £65,000	-	1
£65,001 to £70,000	5	-
£70,001 to £75,000	1	-
£75,001 to £80,000	<u>1</u>	<u>-</u>

5 INTEREST

	1992 £	1991 £
Interest receivable		
From deposit account	<u>7,937</u>	<u>9,316</u>

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1992 £	1991 £
Based on the profit for the year:		
Corporation tax at 33% (1991 - 34%)	<u>2,619</u>	<u>3,167</u>

ROSYTH ROYAL DOCKYARD plc

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1992

7 FIXED ASSET INVESTMENTS

Investment in subsidiary undertakings	Shares £
Cost or valuation	
1 April 1991 and 31 March 1992	<u>99</u>
Provision	
1 April 1991 and 31 March 1992	<u>-</u>
Net book value	
31 March 1992	<u>99</u>
31 March 1991	<u>99</u>

The company owns 99% of the allotted Ordinary share capital of Rosyth Royal Dockyard Pension Trustees Limited, a company registered in Scotland. The subsidiary undertaking is the trustee of The Rosyth Royal Dockyard Pension Scheme.

The directors are of the opinion that the value of the assets of Rosyth Royal Dockyard Pension Trustees Limited is not less than the amount at which they are included in the financial statements.

8 DEBTORS

	1992 £	1991 £
Amounts owed by parent undertaking	<u>5,088,228</u>	<u>3,913,420</u>

9 CREDITORS: amounts falling due within one year

	1992 £	1991 £
Bank overdraft	54,364	-
Corporation tax	3,796	4,344
Other taxes and social security costs	5,018,912	3,912,840
Accruals and deferred income	<u>21,038</u>	<u>3,499</u>
	<u>5,098,110</u>	<u>3,920,683</u>

ROSYTH ROYAL DOCKYARD plc

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1992

10 FINANCIAL COMMITMENTS

Licence fee commitment

Land and buildings

Annual commitment which expires:

Between two and five years

1992
£1991
£2,680,0006,238,000Plant, machinery and
vehicles

Annual commitment which expires:

Between two and five years

1992
£1991
£1,509,0003,362,000

The licence fee commitment is undertaken for the benefit of Babcock Thorn Limited as a parent undertaking.

11 SHARE CAPITAL

Authorised and allotted
share capital

	Authorised		Allotted, called up and fully paid	
	1992 Number	1991 Number	1992 £	1991 £
£1 Ordinary	50,000	50,000	50,000	50,000
£1 Special	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
	<u>50,001</u>	<u>50,001</u>	<u>50,001</u>	<u>50,001</u>

12 RESERVES

Profit and
loss account
£

1 April 1991
Retained profit for the year
31 March 1992

17,471
5,318
22,789

13 CASH FLOW STATEMENT

In line with Financial Reporting Standard 1, the company is exempt from the requirement to publish a cash flow statement. A consolidated statement is dealt with in the financial statements of the immediate parent company.