

Rosyth Royal Dockyard Limited

**Financial statements for the year ended 31 March 2003
together with directors' and auditors' reports**

Registered Number: SC101959



SCT SP7QGQXH 0704
COMPANIES HOUSE 16/12/03

Royal Rosyth Dockyard Limited

Directors and advisers

Directors

M N McKenna

A A MacPherson

Company secretary

J D T Greig

Registered office

Rosyth Business Park

Rosyth

Dunfermline

Fife

KY11 2YD

Auditors

PricewaterhouseCoopers LLP

Kintyre House

209 West George Street

Glasgow

G2 2LW

Bankers

The Royal Bank of Scotland plc

Dunfermline Branch

52-54 East Port

Dunfermline

KY12 7HB

Royal Rosyth Dockyard Limited

Directors' report

For the year ended 31 March 2003

The directors present their Annual Report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 31 March 2003.

Principal activities and review of business

The company continued to make its employees and assets available to other Babcock group companies. In addition it also purchased some of the materials and services required by Babcock Support Services Limited and its turnover reflects this.

Results and dividends

The audited Financial Statements for the year ended 31 March 2003 are set out on pages 7 to 23. The profit for the year after taxation was £1,000 (2002: £1,000).

The Directors recommend that no final dividend is paid (2002: £nil).

Directors and their interests

The Directors who served during the year and subsequent to the year end were as follows:

M N McKenna

A A MacPherson

M S Easton (resigned 31 May 2002)

The interests of M N McKenna who is also a Director of the immediate parent company, Babcock Support Services Limited, are shown in that company's financial statements. According to the register of directors' interests maintained under the Companies Act, the remaining director who held office at 31 March 2003 and his immediate family have the following shares, and options to subscribe for shares, in Babcock International Group PLC:

	1 April 2002	Movement during the year	31 March 2003
	Ordinary shares		
A A MacPherson	-	220	220
	Number of options over ordinary shares		
A A MacPherson	140,097	-	140,097
	Ordinary shares held in trust under an employee share participation scheme		
A A MacPherson	550	(220)	330

Royal Rosyth Dockyard Limited

Directors' report (continued)

For the year ended 31 March 2003

Safety policy

The company recognises the promotion of health and safety at work as an important objective. It is company policy to take steps to ensure, as far as reasonably practical, the health, safety and welfare of the employees of the company.

The company has developed and implemented an environmental policy to ensure that the impact of its activities on the environment is limited to the minimum practicable level.

Employment of disabled persons

We give full consideration to disabled applicants for employment, having regards to their particular aptitudes and abilities, and they share in the opportunities for training, career development and promotion. If an employee becomes disabled, our objective is the continued provision of suitable employment either in the same or an alternative position, appropriate training being given if necessary.

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 bulletin "Newsweek". The company routinely discusses issues affecting its employees with the employees' trade unions' representatives.

Employee involvement in the group's performance is also encouraged via a Sharesave Scheme, AESOP and profit share schemes which are generally adopted under United Kingdom laws.

Statement of 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 of the profit or loss of the company 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.

Rosyth Rosyth Dockyard Limited

Directors' report (continued)

For the year ended 31 March 2003

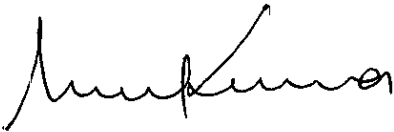
Statement of directors' responsibilities (continued)

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.

Auditors

During the year Deloitte & Touche resigned as auditors. The Board has therefore appointed PricewaterhouseCoopers LLP as auditors. A resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



M N McKenna
Director

Rosyth Business Park
Rosyth
Dunfermline
Fife
KY11 2YD

20 August 2003

Royal Rosyth Dockyard Limited

Independent auditors' report

Independent auditors' report to the members of Rosyth Royal Dockyard Limited

We have audited the financial statements on pages 7 to 23 which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit 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.

Royal Rosyth Dockyard Limited

Independent auditors' report (continued)

Basis of audit opinion (continued)

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 at 31 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Glasgow

20 August 2003

Royal Rosyth Dockyard Limited

Profit and loss account

For the year ended 31 March 2003

	Notes	2003 £'000	2002 £'000
Turnover	2	149,705	163,553
Cost of sales		(149,705)	(163,526)
Gross profit		-	27
Loss on disposal of fixed assets		-	(27)
Operating profit		-	-
Net interest	3	1	1
Profit on ordinary activities before taxation	4	1	1
Tax on profit on ordinary activities	7	-	-
Profit on ordinary activities after taxation	15	1	1
Retained profit at beginning of year		28	27
Retained profit at end of year	15	29	28

All the profit and loss items relate to continuing operations.

There are no recognised gains or losses in either year other than the profit for that year.

The accompanying notes are an integral part of this profit and loss account.

There is no difference between the profit on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalent.

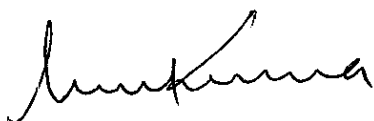
Royal Rosyth Dockyard Limited

Balance sheet

As at 31 March 2003

	Notes	2003 £'000	2002 £'000
Fixed assets			
Intangible fixed assets	8	38	74
Tangible fixed assets	9	4,432	8,417
		<u>4,470</u>	<u>8,491</u>
Current assets			
Debtors	11	29,160	23,038
Cash at bank and in hand		71	70
Net current assets		<u>29,231</u>	<u>23,108</u>
Total assets		<u>33,701</u>	<u>31,599</u>
Provisions for liabilities and charges	13	(21,122)	(19,021)
Net assets		<u>12,579</u>	<u>12,578</u>
Capital and reserves			
Called-up equity share capital	14	250	250
Share premium account		12,300	12,300
Profit and loss account	15	29	28
Equity shareholders' funds	16	<u>12,579</u>	<u>12,578</u>

Signed on behalf of the Board



M N McKenna

Director

20 August 2003

The accompanying notes are an integral part of this balance sheet.

Royal Rosyth Dockyard Limited
Notes to the financial statements
For the year ended 31 March 2003

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

a) Basis of accounting

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Tangible fixed assets

(i) Tangible fixed assets used in the allocated programme of work from the Ministry of Defence are stated at cost less depreciation and any provision for impairment in value. Depreciation is calculated on these fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over the life of the allocated programme of work from the Ministry of Defence to the company's immediate parent company, Babcock Support Services Limited, weighted according to the levels of work within that programme.

(ii) All other tangible fixed assets are stated at cost less depreciation and any provision for impairment in value. Depreciation is provided on a straight line basis to write off the cost of these tangible fixed assets over the course of their estimated useful lives, or contract period if shorter, to their estimated residual value as follows :

Land & buildings	- 10 to 20 years
Plant & machinery	- 3 to 8 years

c) Intangible fixed assets

Intangible fixed assets represent intellectual property rights acquired from the Ministry of Defence. Amortisation is provided on the same basis as the tangible fixed assets used as in the allocated programme of work from the Ministry of Defence (see note 1b).

d) Investments

Fixed asset investments are stated at cost less provisions for impairment in value.

e) Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted as at the balance sheet date.

Royal Rosyth Dockyard Limited

Notes to the financial statements (continued)

For the year ended 31 March 2003

1 Accounting policies (continued)

e) Taxation (continued)

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

f) Turnover

Turnover comprises the value of sales, excluding VAT, of goods and services supplied in the normal course of business.

Royal Rosyth Dockyard Limited

Notes to the financial statements (continued)

For the year ended 31 March 2003

1 Accounting policies (continued)

g) Pensions

The company operates a defined benefit pension scheme for the benefit of all its employees, and for employees of other Babcock companies. The funds of the scheme are administered by Trustees and are held separately from the company. Independent qualified actuaries complete valuations periodically and, in accordance with their recommendations, 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 contributions is charged against profits on a systematic basis over the service lives of the employees. Differences between amounts charged to the profit and loss account and amounts funded are shown as either provisions or prepayments in the balance sheet.

The company has adopted the transitional disclosure requirements of Financial Reporting Standard 17: 'Retirement benefits'. FRS17 adopts a market value approach to the measurement of retirement benefits. The Standard does not yet require full implementation of the change in measurement approach. Full implementation is therefore being adopted in line with the Standard's transitional timetable.

h) Leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis.

i) Group financial statements

The company has not prepared group financial statements as it is exempted from the requirement to do so by section 228 of the Companies Act 1985, as the company is a subsidiary undertaking of Babcock International Group PLC, a company registered in England and Wales, and is included in the consolidated financial statements of that company.

j) Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard 1 (Revised), to dispense with the requirement to prepare a cash flow statement in its financial statements, as a consolidated cash flow statement is included in the accounts of the ultimate parent company.

2 Turnover

Turnover is entirely attributable to the United Kingdom market and the sole activity described in the directors' report.

Royal Rosyth Dockyard Limited

Notes to the financial statements (continued)

For the year ended 31 March 2003

3 Net interest

	2003	2002
	£'000	£'000
Bank interest receivable	<u>1</u>	<u>1</u>

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2003	2002
	£'000	£'000
Depreciation - owned fixed assets	3,878	3,975
Amortisation - intangible assets	36	35
Operating lease rentals		
- land and buildings	<u>9</u>	<u>25</u>

The auditors' remuneration in both the current and prior year was borne by the immediate parent company.

5 Staff costs

Employee costs during the year amounted to:

	2003	2002
	£'000	£'000
Wages and salaries	43,076	52,401
Social security costs	2,952	3,810
Other pension costs (note 18)	1,799	2,384
	<u>47,827</u>	<u>58,595</u>

Royal Rosyth Dockyard Limited

Notes to the financial statements (continued)

For the year ended 31 March 2003

5 Staff costs (continued)

The average monthly number of persons (including directors) employed by the company during the year was as follows:

	2003	2002
	Number	Number
Production	1,775	2,073
Administration	67	68
	<u>1,842</u>	<u>2,141</u>

6 Directors' remuneration

Directors' remuneration was as follows:

	2003	2002
	£'000	£'000
Emoluments (including benefits in-kind)	<u>-</u>	<u>196</u>

The remuneration of M S Easton, M N McKenna and Allan McPherson was incurred by other Babcock Group companies. No part of their remuneration could be attributed to services in respect of Rosyth Royal Dockyard Limited.

Retirement benefits are accruing to 2 directors (2002: 3) under defined benefit pension schemes.

7 Tax on profit on ordinary activities

There is no corporation tax payable (2002 : nil) due to the application of group relief.

Royal Rosyth Dockyard Limited

Notes to the financial statements (continued)

For the year ended 31 March 2003

7 Tax on profit on ordinary activities (continued)

The differences between the total current year tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2003	2002
	£'000	£'000
Profit on ordinary activities before tax	<u>1</u>	<u>1</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2002: 30%)	-	-
Effects of:		
Accelerated capital allowances	442	463
Expenses not deductible for tax purposes	368	346
Group relief claimed for no consideration	(810)	(809)
Prior year adjustment	-	-
	<u>-</u>	<u>-</u>

8 Intangible fixed assets

	Intellectual property
	£'000
Cost	
At 1 April 2002 and March 2003	<u>300</u>
Amortisation	
At 1 April 2002	226
Charge for the year	36
At 31 March 2003	<u>262</u>
Net book value	
At 31 March 2003	<u>38</u>
At 1 April 2002	<u>74</u>

Royal Rosyth Dockyard Limited

Notes to the financial statements (continued)

For the year ended 31 March 2003

9 Tangible fixed assets

	Land & buildings	Plant & machinery	Total
Cost	£'000	£'000	£'000
At 1 April 2002	12,475	17,364	29,839
Disposals	(284)	(122)	(406)
At 31 March 2003	<u>12,191</u>	<u>17,242</u>	<u>29,433</u>
Depreciation			
At 1 April 2002	8,426	12,996	21,422
Charge for the year	1,372	2,506	3,878
Disposals	(284)	(15)	(299)
At 31 March 2003	<u>9,514</u>	<u>15,487</u>	<u>25,001</u>
Net book value			
At 31 March 2003	<u>2,677</u>	<u>1,755</u>	<u>4,432</u>
At 1 April 2002	<u>4,049</u>	<u>4,368</u>	<u>8,417</u>

10 Fixed asset investment

The company owns 100% of the allotted ordinary share capital of Rosyth Royal Dockyard Pension Trustees Limited, a company registered in Scotland. This subsidiary undertaking is the trustee of the Rosyth Royal Dockyard Pension Scheme. The carrying value of the investment is £100 (2002: £100).

11 Debtors

Amounts falling due within one year:

	2003	2002
	£'000	£'000
Amounts owed by other group undertakings	29,138	21,336
Other debtors	22	1,702
	<u>29,160</u>	<u>23,038</u>

Royal Rosyth Dockyard Limited

Notes to the financial statements (continued)

For the year ended 31 March 2003

12 Deferred tax

The deferred tax asset which is made up from accelerated capital allowances is as follows:

	2003	2002
	Potential	Potential
	£'000	£'000
Accelerated capital allowances	(1,856)	(1,322)

There is no deferred tax liability in the company. The directors have not recognised the potential deferred tax assets since, on the basis of all available evidence, it is considered unlikely that there will be suitable taxable profits against which the underlying timing differences can be deducted.

13 Provisions for liabilities and charges

	Pensions
	£'000
At 1 April 2002	19,021
Charged to profit and loss account - Rosyth Royal Dockyard Ltd.	1,799
- Babcock Design & Technology Ltd.	227
- Babcock Naval Services Ltd.	21
- Babcock Defence Systems Ltd.	54
At 31 March 2003	21,122

Details of pension benefits are set out in note 18.

Royal Rosyth Dockyard Limited

Notes to the financial statements (continued)

For the year ended 31 March 2003

14 Called-up equity share capital

	Authorised		Allotted, called-up and fully paid	
	2003	2002	2003	2002
	Number	Number	£	£
£1 ordinary shares	200,002	200,002	200,002	200,002
£1 "A" ordinary shares	49,998	49,998	49,998	49,998
£1 special share	1	1	1	1
	<u>250,001</u>	<u>250,001</u>	<u>250,001</u>	<u>250,001</u>

Share capital consists entirely of equity shares.

The Secretary of State for Defence retains a special share in the company, which empowers him to take control of the company under certain circumstances, particularly to safeguard national security. The "A" ordinary shares are non-voting and have a deferred right to the return of capital.

15 Reserves

	£'000
At 31 March 2002	28
Retained profit for the year	1
At 31 March 2003	<u>29</u>

16 Reconciliation of movements in shareholders' funds

	2003	2002
	£'000	£'000
Profit for the financial year	1	1
Net additions to shareholders' funds	<u>1</u>	<u>1</u>
Opening shareholders' funds	12,578	12,577
Closing shareholders' funds	<u>12,579</u>	<u>12,578</u>

Royal Rosyth Dockyard Limited

Notes to the financial statements (continued)

For the year ended 31 March 2003

17 Guarantees and financial commitments

a) Capital commitments

There were no capital commitments at the end of the year (2002: £nil).

b) Contingent liabilities

The company has guaranteed or has joint and several liability for bank facilities of £70 million provided to certain group companies.

Pursuant to the agreement for the acquisition of Rosyth Royal Dockyard, the following charge and security interest has been granted in favour of the Ministry of Defence ("MoD"):

(i) Development clawback

The MoD will share in the net proceeds of sale or development of the Dockyard following planning enhancement, on terms set out in the asset purchase agreement between the company and the MoD. By way of security for the MoD's rights to such share, the company has granted a fixed charge over the Dockyard in favour of the MoD.

c) Operating lease commitments

	Land and buildings	
	2003	2002
Annual commitments which expire:	£'000	£'000
- after five years	9	10

Royal Rosyth Dockyard Limited

Notes to the financial statements (continued)

For the year ended 31 March 2003

18 Pension commitments

The company has continued to account for pension costs in accordance with SSAP 24. Full adoption of the requirements of FRS17, Retirement Benefits, is not yet mandatory for the company. The transitional disclosures required by FRS17 are set out in part (b) of this note.

a) SSAP 24 disclosures

The pension cost calculated in accordance with SSAP 24 included as a charge in arriving at the company operating profit was £1,799,000 (2002: £2,384,000).

The company operates a pension scheme for the benefit of its employees and for employees of other Babcock group companies. The defined benefit scheme is funded in advance by contributions from the members at rates set out in the scheme rules, and from the employer to meet the balance of the costs, at a rate assessed by the actuaries of the scheme in regular funding reviews. The details of the latest formal actuarial valuation are as follows:

	Rosyth Royal Dockyard Pension Scheme
Date of last formal actuarial valuation	31 March 2000
Number of active members at 31 March 2003	1,948
Actuarial valuation method	Projected Unit
Results of last formal actuarial valuation:	
Market value of assets	£460 million
Level of funding	124%
Principal valuation assumptions:	
Excess of investment returns over earnings increases	1.5%
Excess of investment returns over pension increases	3.0%

Royal Rosyth Dockyard Limited

Notes to the financial statements (continued)

For the year ended 31 March 2003

18 Pension commitments (continued)

b) FRS17 additional disclosures

Under the transitional provisions of FRS17 certain additional disclosures are required on the basis of the valuation methodology adopted.

For defined benefit schemes the fair values of pension scheme assets at 31 March 2003 are compared with the pension liabilities calculated under the projected unit method. The latest full actuarial valuation of the Scheme has been updated to 31 March 2003 by qualified independent actuaries using the following assumptions:

	2003	2002
Rate of increase of future earnings	3.0%	3.9%
Discount rate	5.4%	6.1%
Expected pension increases	2.5%	2.9%
Inflation rate	2.5%	2.9%

The fair value of the assets, the present value of the liabilities and the expected rates of return of the Scheme at 31 March 2003 and 2002 were as follows:

	2003		2002	
	Expected rate of return	Fair value	Expected rate of return	Fair value
	%	£'000	%	£'000
Equities	7.0	184,697	7.9	273,000
Property	7.0	38,804	7.9	41,000
Bonds	4.8	70,037	6.1	65,000
Cash	3.75	2,224	4.0	-
Fair value of assets		295,762		379,000
Present value of scheme liabilities		(331,354)		(316,000)
Recognised pension (liability)/asset		(35,592)		63,000
Deferred tax asset/(liability)		10,678		(18,900)
Net pension (liability)/asset		(24,914)		44,100

Royal Rosyth Dockyard Limited

Notes to the financial statements (continued)

For the year ended 31 March 2003

18 Pension commitments (continued)

Analysis of the amount charged to operating profit :

	2003
	£'000
Current service cost	5,967
Past service cost	-
Settlement cost	-
Total Operating Charge	<hr/> 5,967 <hr/>

Analysis of the amount credited to other finance income :

	2003
	£'000
Expected return on pension scheme assets	28,329
Interest on pension scheme liabilities	(19,103)
Net Return	<hr/> 9,226 <hr/>

Analysis of amount recognised in Statement of Recognised Gains and Losses

	2003
	£'000
Actual return less expected return on pension scheme assets	(99,929)
Experience gains arising on scheme liabilities	5,136
Changes in assumptions underlying the present value of the scheme liabilities	(7,058)
Actual loss recognised in statement of recognised gains and losses	<hr/> (101,851) <hr/>

Royal Rosyth Dockyard Limited

Notes to the financial statements (continued)

For the year ended 31 March 2003

18 Pension commitments (continued)

Movements in surplus during the year :

	2003
	£'000
Surplus at 1 April 2002	63,000
Movement in the year:	
Current service cost	(5,967)
Other finance income	9,226
Actuarial loss	(101,851)
Deficit at 31 March 2003	(35,592)

History of experience gains and losses :

	2003
	£'000
Difference between the expected and actual return on scheme assets :	
Amount	(99,929)
Percentage of scheme assets	34%
Experience gains and losses on scheme liabilities :	
Amount	5,136
Percentage of the present value	2%
Total amount recognised in the statement of total recognised gains and losses :	
Amount	(101,851)
Percentage of the present value of scheme liabilities	31%

Royal Rosyth Dockyard Limited

Notes to the financial statements (continued)

For the year ended 31 March 2003

19 Related party disclosures

The company, as a wholly owned subsidiary, has taken advantage of the exemption, granted under Financial Reporting Standard 8, Related Party Disclosures, by not disclosing details of sales and purchases with other members of the group headed up by Babcock International Group PLC.

20 Ultimate parent undertaking

The company's immediate parent company is Babcock Support Services Limited, a company registered in Scotland. The company's ultimate parent company is Babcock International Group PLC, a company registered in England and Wales. The only Group in which the results of the company are consolidated is that headed by Babcock International Group PLC.

Copies of Babcock International Group PLC financial statements are available to the public from the following address:

The Company Secretary
Babcock International Group PLC
2 Cavendish Square
London
W1G 0PX

21 Comparative figures

The prior year comparatives were audited by a firm other than PricewaterhouseCoopers LLP. An unmodified audit report was issued.