

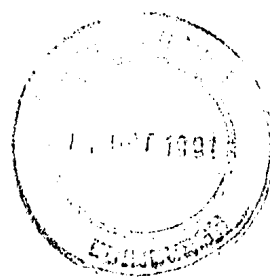
101959

ROSYTH ROYAL DOCKYARD plc

REPORT AND ACCOUNTS

31 MARCH 1991

COMPANY NO 101959



ROSYTH ROYAL DOCKYARD plc

DIRECTORS' REPORT

The Directors submit their report and the audited accounts of the Company for the financial year ended 31 March 1991.

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 fourth 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 three years.

DIVIDEND

The Directors recommend that no dividend should be granted in respect of the year ended 31 March 1991, and that the whole of the profit of £6149 be retained and transferred to reserves.

DIRECTORS

The Directors of the Company at 31 March 1991 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 G D Hilton | |
| Capt D M Johnson RN (Retired) | |
| Mr P G Davison | - appointed 24 September 1990 |
| Mr M N McKenna | - appointed 24 September 1990 |

The late Mr A S Soutar was a Director of the Company until his unfortunate death on 27 August 1990. The Directors wish to record their recognition of the contribution made by Mr Soutar to the management of the Company.

At the forthcoming Annual General Meeting, in accordance with the requirements of the Articles of the Company, Capt Johnson and Mr Hilton shall retire. Both, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The interests of the Directors and their families in the capital of the Company's holding company, Babcock International Group PLC, on 1 April 1990 or, on date of appointment, were as follows:

| | <u>Ordinary Shares</u> | <u>Options on Ordinary Shares</u> |
|-------------------------------|------------------------|-----------------------------------|
| Mr A K Smith | 100000 | 736000 |
| Mr D S Batty | 12500 | 45000 |
| Mr A R Midgley | - | 35000 |
| Mr A A Macpherson | 6331 | 35000 |
| Mr J B Robertson | 1000 | 35000 |
| Mr G D Hilton | - | 35000 |
| Capt D M Johnson RN (Retired) | - | 35000 |
| Mr P G Davison | - | 35000 |
| Mr M N McKenna | - | 35000 |

The interests of the Directors and their families in the capital of the Company's holding company, Babcock International Group PLC on 31 March 1991 were as follows:

| | <u>Ordinary Shares</u> | <u>Options on Ordinary Shares</u> |
|-------------------------------|------------------------|-----------------------------------|
| Mr A K Smith | 100000 | 786000 |
| Mr D S Batty | 12500 | 75000 |
| Mr A R Midgley | - | 50000 |
| Mr A A Macpherson | 6331 | 50000 |
| Mr J B Robertson | 1000 | 50000 |
| Mr G D Hilton | - | 60000 |
| Capt D M Johnson RN (Retired) | - | 50000 |
| Mr P G Davison | - | 50000 |
| Mr M N McKenna | - | 50000 |

At 19 September 1991, the numbers of Directors' options had increased as follows - Mr A K Smith 200,000, Mr D S Batty 25,000, and all other Directors 15,000.

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.

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 monthly newspaper "Profile" and the weekly bulletin "Newsweek".

The Company routinely discusses issues affecting the employees with the employees' trades union representatives.

The Company has a continuing programme to improve the commercial awareness of all its employees.

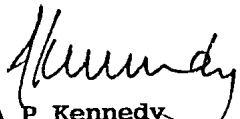
CLOSE COMPANY PROVISIONS

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

A resolution to reappoint BDO Binder Hamlyn as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

This Report was approved by the Board on 19 September 1991


A P Kennedy
Company Secretary



BDO Binder Hamlyn
Chartered Accountants

Ballantine House 168 West George Street
Glasgow G2 2PT

AUDITORS' REPORT
to the members of Rosyth Royal Dockyard plc

We have audited the accounts on pages 6 to 13 in accordance with Auditing Standards.

In our opinion, the accounts give a true and fair view of the state of the company's affairs at 31 March 1991, and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Binder Hamlyn

19 September 1991

ROSYTH ROYAL DOCKYARD plc

PROFIT AND LOSS ACCOUNT

YEAR TO 31 MARCH 1991

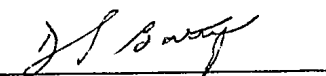
| | Note | 1991 £ | 1990 £ |
|--|------|------------------|-----------------|
| TURNOVER | 2 | 101289152 | 95673074 |
| Cost of Sales | | <u>101289152</u> | <u>95673074</u> |
| GROSS PROFIT | | - | - |
| Bank interest receivable | | <u>9316</u> | <u>8194</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 9316 | 8194 |
| Tax on profit on ordinary activities | 4 | <u>3167</u> | <u>2868</u> |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION TRANSFERRED TO RESERVES | | <u>6149</u> | <u>5326</u> |

ROSYTH ROYAL DOCKYARD plc

BALANCE SHEET 31 MARCH 1991

| | Note | 1991 £ | 1990 £ |
|--|------|----------------|----------------|
| FIXED ASSETS | | | |
| Investments | 5 | <u>99</u> | <u>99</u> |
| CURRENT ASSETS | | | |
| Debtors - Amounts owed by parent undertaking | | 3913420 | 3223342 |
| Cash at bank and in hand | | 74636 | 236705 |
| | | <u>3988056</u> | <u>3460047</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 6 | <u>3920683</u> | <u>3398823</u> |
| NET CURRENT ASSETS | | <u>67373</u> | <u>61224</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>67472</u> | <u>61323</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 7 | 50001 | 50001 |
| Profit and Loss account | 8 | <u>17471</u> | <u>11322</u> |
| | | <u>67472</u> | <u>61323</u> |

The financial statement
Board of Directors on 1
by:



D S Batty

pages 6 to 13 were approved by the
September 1991 and signed on its behalf

Director

ROSYTH ROYAL DOCKYARD plc
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
YEAR TO 31 MARCH 1991

| | 1991 £ | 1990 £ |
|--|-----------------|-----------------|
| SOURCE OF FUNDS | | |
| Profit on ordinary activities before taxation | 9316 | 8194 |
| APPLICATION OF FUNDS | | |
| Taxation paid | <u>2869</u> | <u>2049</u> |
| | <u>6447</u> | <u>6145</u> |
| INCREASE/(DECREASE) IN WORKING CAPITAL | | |
| Creditors (excluding taxation) | (521562) | (3394776) |
| Debtors - Amount owed by parent undertaking | 690078 | 3223342 |
| MOVEMENT IN NET LIQUID FUNDS | | |
| Cash at bank | <u>(162069)</u> | <u>(177579)</u> |
| | <u>6447</u> | <u>6145</u> |

ROSYTH ROYAL DOCKYARD plc

NOTES TO THE ACCOUNTS

YEAR TO 31 MARCH 1991

1. ACCOUNTING POLICIES

- a) **Accounting convention**
The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.
- b) **Investments**
Investments held as fixed assets are stated at cost.
- c) **Deferred taxation**
Provision is made for deferred taxation, using the liability method, on all timing differences where it is considered that a liability may arise in the foreseeable future.
- d) **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.

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.

3. EMPLOYEES

a) **Staff Costs**

| | <u>1991</u> <u>£000</u> | <u>1990</u> <u>£000</u> |
|-----------------------|----------------------------|----------------------------|
| Wages and salaries | 77,056 | 75,084 |
| Social security costs | 5,897 | 5,538 |
| Other pension costs | <u>8,865</u> | <u>8,051</u> |
| | <u>91,818</u> | <u>88,673</u> |

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

| | <u>1991</u> | <u>1990</u> |
|------------|--------------|--------------|
| Production | <u>5,156</u> | <u>5,263</u> |

ROSYTH ROYAL DOCKYARD plc

NOTES TO THE ACCOUNTS

YEAR TO 31 MARCH 1991

3. EMPLOYEES (CONTINUED)

b) Directors' Emoluments

| | <u>1991</u> £ | <u>1990</u> £ |
|--|------------------|------------------|
| Fees | - | - |
| Other emoluments (including pension contributions) | <u>502,595</u> | <u>402,955</u> |
| | <u>502,595</u> | <u>402,955</u> |

The emoluments,
excluding pension
contributions,
of:

| | | |
|---------------------------|---------------|---------------|
| The Chairman | <u>-</u> | <u>-</u> |
| The highest paid director | <u>60,721</u> | <u>60,452</u> |

The emoluments of other
Directors, excluding
pension contributions,
fell within the
following bands:

| | <u>Number</u> | <u>Number</u> |
|------------------|---------------|---------------|
| £0 to £ 5000 | 1 | 1 |
| £20001 to £25000 | - | 1 |
| £30001 to £35000 | 1 | - |
| £50001 to £55000 | 1 | 5 |
| £55001 to £60000 | <u>5</u> | <u>-</u> |

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

Based upon the profit for the year:

Corporation tax at 34% (1990 - 35%)

| | |
|--------------|--------------|
| <u>£3167</u> | <u>£2868</u> |
|--------------|--------------|

ROSYTH ROYAL DOCKYARD plc

NOTES TO THE ACCOUNTS

YEAR TO 31 MARCH 1991

5. INVESTMENTS 1991 1990

Shares in subsidiary company £ 99 £ 99

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

Consolidated accounts have not been produced as the Company is part of Babcock International Group PLC for which group accounts are prepared.

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 these accounts.

6. CREDITORS

Amounts falling due within one year:

| | <u>1991</u> £ | <u>1990</u> £ |
|---------------------------------|------------------|------------------|
| Corporation tax | 4344 | 4047 |
| Other taxes and social security | 3912840 | 3390222 |
| Accruals | <u>3499</u> | <u>4554</u> |
| | <u>3920683</u> | <u>3398823</u> |

7. CALLED UP SHARE CAPITAL

| | <u>£</u> | <u>£</u> |
|------------------------------------|---------------|---------------|
| Authorised allotted and fully paid | | |
| 50000 Ordinary shares of £1 each | 50,000 | 50,000 |
| 1 Special share of £1 each | <u>1</u> | <u>1</u> |
| | <u>50,001</u> | <u>50,001</u> |

8. PROFIT AND LOSS ACCOUNT

| | <u>£</u> |
|--------------------------|--------------|
| Balance at 1 April 1990 | 11322 |
| Profit retained for year | <u>6149</u> |
| Balance at 31 March 1991 | <u>17471</u> |

ROSYTH ROYAL DOCKYARD plc

NOTES TO THE ACCOUNTS

YEAR TO 31 MARCH 1991

9. FINANCIAL COMMITMENTS

Capital Commitments

The company had no capital commitments at 31 March 1991.

Licence Fee Commitment

The annual commitment under a non-cancellable licence agreement was as follows:

| | Land & Buildings | | Plant, Machinery & Vehicles | |
|----------------------------|---------------------|--------------|--------------------------------|--------------|
| | 1991 £000 | 1990 £000 | 1991 £000 | 1990 £000 |
| Between two and five years | 6238 | 5200 | 3362 | 3100 |

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

10. PENSIONS COSTS

The company operates Rosyth Royal Dockyard Pension Scheme for the benefit of employees. This defined benefit scheme is funded in advance by contributions, from the members at rates set in the scheme rules, and from the employer to meet the balance of the costs, at a rate assessed by the actuary of the scheme in regular funding reviews. The scheme's assets are held in funds separate from the company.

The pension cost is assessed in accordance with the advice of an independent qualified actuary, and the most recent actuarial valuation was carried out at 31 March 1990. Details of the valuation are as follows:

| | |
|---|----------------|
| Method of valuation | Attained age |
| Results of last valuation: | |
| - market value of assets | £113 million |
| - level of funding | 100% |
| Principal valuation assumptions: | |
| - excess of investment returns over earnings increases | 1.50% |
| - excess of investment returns over pension increases | 3.00% to 6.00% |
| - annual rate of dividend growth | 4.50% |

ROSVTH ROYAL DOCKYARD plc

NOTES TO THE ACCOUNTS

YEAR TO 31 MARCH 1991

10. PENSIONS COSTS (CONTINUED)

The net pension cost in the scheme in the year was equal to the contributions payable of £8,865,000 (1990 - £8,051,000).

11. ULTIMATE PARENT COMPANY

The directors consider Babcock International Group PLC to be the company's ultimate parent company. This company is registered in England and Wales and is the largest group of companies for which group accounts are drawn up. The smallest such group is Babcock Thorn Limited, a company registered in Scotland.

Copies of Babcock International Group PLC accounts are available from the following address:

The Lodge
Badminton Court
Church Street
AMERSHAM
Bucks
HP7 0DD.