

# **First Engineering Holdings Limited**

## **Annual report and financial statements**

**For the year ended 31 March 2012**

**Company registration number:**

**SC154605**

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**First Engineering Holdings Limited**

**Directors and advisors**

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**Directors**

F Martinelli  
P L Rogers  
W L Tame  
R F Whiley

**Company Secretary**

V Teller

**Registered office**

Kintail House  
3 Lister Way, Hamilton Technology Park  
Glasgow  
G72 0FT

**Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
141 Bothwell Street  
Glasgow  
G2 7EQ

The directors present the audited financial statements of the Company, for the year ended 31 March 2012.

**Principal activities**

The company's principal activity is that of an investment holding company.

**Future developments**

The directors do not envisage any change in the activities of the company.

**Results and dividends**

The company profit after taxation for the year was £1,195,000 (2011 : £1,190,000). A dividend of £nil (2011: £nil) was paid during the year leaving a retained profit for the year of £1,195,000 (2011 : £1,190,000).

**Directors of the company**

The directors who held office during the year and up to the date of signing the financial statements were as follows:

F Martinelli  
P L Rogers  
W L Tame  
R F Whiley

**Directors' liabilities**

The Company's Articles of Association provide that, subject to the provisions of the Companies Act, but without prejudice to any protection from liability which might otherwise apply, every director of the Company shall be indemnified out of the assets of the Company against any loss or liability incurred by him in defending any proceedings in which judgement is given in his favour, or in which he is acquitted or in connection with any application in which relief is granted to him by the court for any negligence, default, breach of duty or breach of trust by him in relation to the Company or otherwise in connection with his duties or powers of office.

**Statement of directors' responsibilities**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

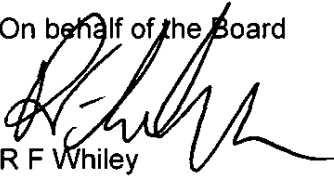
**Auditors and the disclosure of information**

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of this information.

**Reappointment of auditors**

A resolution proposing to reappoint PricewaterhouseCoopers LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

  
R F Whiley  
Director

29 August 2012

**Independent auditors' report to the members of First Engineering Holdings Limited**

We have audited the financial statements of First Engineering Holdings Limited for the year ended 31 March 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditors' report to the members of First Engineering Holdings Limited**  
**(continued)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Kenneth Wilson*

Kenneth Wilson (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow, United Kingdom

29 August 2012

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**First Engineering Holdings Limited****Profit and loss account  
For the year ended 31 March 2012**

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	Notes	2012 £'000	2011 £'000
Interest receivable and similar income	2	<u>1,195</u>	1,190
Profit on ordinary activities before taxation		<b>1,195</b>	1,190
Tax on profit on ordinary activities	4	<u>-</u>	-
Profit for the financial year	8	<u><b>1,195</b></u>	1,190

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical costs equivalents.

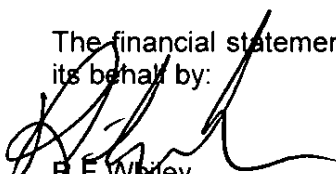
All results derive from continuing operations.

**First Engineering Holdings Limited**  
**Company registration number: SC154605**

**Balance sheet as at 31 March 2012**

	Notes	2012 £'000	2011 £'000
<b>Current assets</b>			
Debtors	5	59,221	51,596
Cash at bank and in hand		824	7,363
		<b>60,045</b>	<b>58,959</b>
<b>Creditors – amounts falling due within one year</b>	6	<b>(394)</b>	<b>(503)</b>
<b>Net current assets</b>		<b>59,651</b>	<b>58,456</b>
<b>Total assets less current liabilities</b>		<b>59,651</b>	<b>58,456</b>
<b>Net assets</b>		<b>59,651</b>	<b>58,456</b>
<b>Capital and reserves</b>			
Called-up share capital	7	371	371
Share premium account	8	36	36
Capital redemption reserve	8	10,800	10,800
Profit and loss account	8	48,444	47,249
<b>Total shareholder's funds</b>	8	<b>59,651</b>	<b>58,456</b>

The financial statements on pages 6-11 were approved by the board of directors and signed on its behalf by:

  
R F Whitley  
Director  
29 August 2012



## 1. Accounting policies

### *Basis of preparation*

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

### *Income*

Income generally represents the value of interest receivable during the year and is generated wholly within the United Kingdom from continuing activities.

### *Taxation*

In accordance with FRS 16, corporation tax is provided on taxable profits at the current rate. Tax charges and credits are accounted for through the same primary statement (either the profit and loss account or statement of total recognised gains and losses) as the pre-tax item.

Tax, current and deferred, is calculated using tax rates and laws enacted or substantively enacted at the balance sheet date.

### *Group financial statements*

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by the Companies Act 2006 because it is a wholly owned subsidiary of Babcock International Group PLC which prepares consolidated financial statements which are publicly available.

### *Cash flow statement*

The Company has taken advantage of the exemption in Financial Reporting Standard 1 (revised 1996) 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 financial statements of the ultimate parent company.

## 2. Interest receivable and similar income

	2012 £'000	2011 £'000
Interest receivable and similar income:		
Bank interest	54	144
Loan interest receivable from group undertaking	1,141	1,046
	<b>1,195</b>	<b>1,190</b>

## 3. Directors and Employees

Other than the directors, the company had no employees during the year (2011 - none). The directors did not receive any remuneration for their services as directors of the company (2011 - £nil).

**4. Tax on profit on ordinary activities**

	<b>2012</b> <b>£'000</b>	2011 £'000
Current tax		
UK Corporation tax on profits of the year	-	-

The tax assessed for the year is lower (2011: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 March 2012 of 26% (2011: 28%). The differences are explained below:

	<b>2012</b> <b>£'000</b>	2011 £'000
Profit on ordinary activities before tax	<b>1,195</b>	1,190
Tax on profit on ordinary activities at standard UK corporation tax rate of 26% (2011: 28%)	<b>311</b>	333
Effects of:		
Group relief for nil consideration	(311)	(333)
Current tax charged for the year	-	-

**5. Debtors**

	<b>2012</b> <b>£'000</b>	2011 £'000
Due within one year:		
Amounts owed by group undertakings	<b>59,125</b>	51,500
Prepayments and accrued income	<b>96</b>	96
	<b>59,221</b>	51,596

The amounts due from group companies, which represent the outstanding consideration, are repayable on demand. Interest is charged on these amounts at a floating rate linked to LIBOR

## Notes to the financial statements (continued)

**6. Creditors - amounts falling due within one year**

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Amounts owed to group undertakings	<b>350</b>	460
Accruals and deferred income	<b>44</b>	43
	<b>394</b>	<b>503</b>

**7. Called-up share capital**

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
<b>Allotted, issued and fully paid</b>		
371,319 (2011: 371,319) ordinary shares of £1 each	<b>371</b>	371

**8. Reconciliation of movement in shareholders funds and reserves**

	Called up share capital £'000	Share premium account £'000	Capital Redemption Reserve £'000	Profit and loss account £'000	Total £'000
At 1 April 2011	371	36	10,800	47,249	58,456
Profit for the year	-	-	-	1,195	1,195
<b>At 31 March 2012</b>	<b>371</b>	<b>36</b>	<b>10,800</b>	<b>48,444</b>	<b>59,651</b>
	Called up share capital £'000	Share premium account £'000	Capital Reserve £'000	Profit and loss account £'000	Total £'000
At 1 April 2010	371	36	10,800	46,059	57,266
Profit for the year	-	-	-	1,190	1,190
<b>At 31 March 2011</b>	<b>371</b>	<b>36</b>	<b>10,800</b>	<b>47,249</b>	<b>58,456</b>

**9. Guarantees and financial commitments**

*Contingent liabilities*

The company at the year end had joint and several liabilities for drawn bank overdraft facilities of other group companies for the value of £nil (2011 : £2,400,000).

**10. 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, from disclosing details of sales and purchases with other members of the group headed up by Babcock International Group PLC.

**11. Ultimate parent undertaking**

The immediate parent undertaking is Babcock Holdings Limited, a company incorporated in England and Wales.

The ultimate parent undertaking and controlling party is Babcock International Group PLC, a company incorporated in England and Wales. The only Group in which the results of the Company are consolidated is that headed by Babcock International Group PLC.

The consolidated financial statements of Babcock International Group PLC are available from the following address:

The Company Secretary  
Babcock International Group PLC  
33 Wigmore Street  
London W1U 1QX