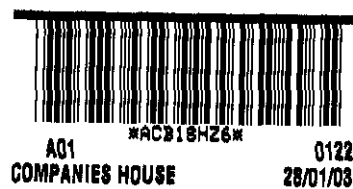


# **CMR CONSULTANTS LIMITED**

**Accounts for the year ended 31 March 2002  
together with directors' and auditors' reports**

**Registered Number: 3192206**



## **Directors and advisors**

### **Directors**

C M Rodrigues

W A Cramond

### **Company Secretary**

J D T Greig

### **Registered Office**

2 Cavendish Square

London

W1G 0PX

### **Auditors**

Deloitte & Touche

Glasgow

## **Directors' report**

### **For the year ended 31 March 2002**

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report for the year ended 31 March 2002.

### **Principal Activities**

The principal activity of the company is that of energy and environmental consultancy services, the company is engaged in the set up of energy and environmental contracts.

### **Results and dividends**

The audited accounts for the year ended 31 March 2002 are set out on pages 7 to 18. The loss for the year after tax was £22,000 (year to 31 March 2001: profit of £39,000).

The directors recommend that no dividend is paid (year to 31 March 2001: £nil)

The directors consider that results for the current year are satisfactory and that the company is well positioned to take advantage of the current returning confidence in the market.

### **Directors and their Interests**

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

C M Rodrigues

W A Cramond

T D Richmond (Resigned 3 May 2002)

None of the directors hold any interests in the shares of the company. The interests in the shares of Babcock International Group PLC of Mr W A Cramond are shown in the accounts of Babcock Rosyth Industries Limited, a fellow group undertaking. According to the register of directors' interests maintained under the Companies Act, Dr C M Rodrigues and his immediate family have no interests in the shares of Babcock International Group PLC. T D Richmond and his immediate family have the following shares in, and options to subscribe for, shares in Babcock International Group PLC:

## Directors' report (continued)

For the year ended 31 March 2002

### Directors and their Interests (continued)

	31 March 2002	Granted (exercised) during the year	31 March 2001
<b>Number of options over ordinary shares</b>			
T D Richmond	<u>-</u>	<u>(15,000)</u>	<u>15,000</u>
<b>Ordinary shares</b>			
T D Richmond	<u>-</u>	<u>(17,223)</u>	<u>17,223</u>
<b>Ordinary shares held in trust under an employee share participation scheme</b>			
T D Richmond	<u>-</u>	<u>(220)</u>	<u>220</u>

### Statement of Directors' Responsibilities

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and 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 company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

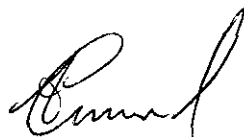
### Auditors

In the UK an agreement for the partners and personnel of Arthur Andersen to join Deloitte & Touche has now been concluded. Arthur Andersen has resigned as auditors. The Board has therefore appointed Deloitte & Touche as auditors. It is the intention of the Board to review the appointment during the forthcoming year.

## Directors' report (continued)

For the year ended 31 March 2002

Signed of behalf of the Board

A handwritten signature in black ink, appearing to read 'W A Cramond', written in a cursive style.

W A Cramond

Director

20 December 2002

## **Independent auditors' report**

### **To the Shareholders of CMR Consultants Limited**

We have audited the financial statements of CMR Consultants Limited for the year ended 31 March 2002 which comprise the profit and loss account, balance sheet, and the related notes numbered 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom 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.

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 with the company is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of opinion**

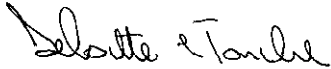
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, 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 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.

## **Independent auditors' report (continued)**

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 2002 and of the company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Deloitte & Touche**

**Chartered Accountants and Registered Auditors**

Glasgow

20 December 2002

## Profit and loss account

For the year ended 31 March 2002

	Notes	Year to 31 March 2002	Year to 31 March 2001
		£'000s	£'000s
Turnover	1b	1,343	667
Cost of sales		(947)	(399)
Gross profit		396	268
Administrative expenses		(405)	(225)
Operating (loss)/ profit		(9)	43
Net interest and similar charges	3	(13)	2
(Loss)/ profit on ordinary activities before taxation	2	(22)	45
Taxation on (loss)/ profit on ordinary activities	6	-	(6)
Retained (loss)/ profit for the financial period		(22)	39
Retained profit at beginning of period		121	82
Retained profit at end of period		99	121

All the profit and loss items relate to continuing operations.

There are no recognised gains or losses other than the results for each year.

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



# Balance Sheet

As at 31 March 2002

	Notes	31 March 2002 £'000s	31 March 2001 £'000s
<b>Fixed assets</b>			
Tangible assets	7	185	165
Investments	8	-	-
		<u>185</u>	<u>165</u>
<b>Current assets</b>			
Stocks		2	-
Debtors	9	495	60
Cash at bank		-	9
		<u>497</u>	<u>69</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(576)</u>	<u>(103)</u>
<b>Net current liabilities</b>		<u>(79)</u>	<u>(34)</u>
<b>Total assets less current liabilities</b>		106	131
<b>Creditors: due after more than one year</b>	11	(1)	(4)
<b>Provisions for liabilities and charges</b>	12	(6)	(6)
<b>Net assets</b>		<u>99</u>	<u>121</u>
<b>Capital and reserves</b>			
Called-up equity share capital	13	-	-
Profit and loss account		99	121
<b>Equity shareholders' funds</b>	15	<u>99</u>	<u>121</u>

Signed on behalf of the Board



W A Cramond

Director

20 December 2002

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

# Notes to the financial statements

For the year ended 31 March 2002

## 1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and preceding period with the exception of the policy for deferred taxation which is explained in note d) below, are set out below.

### a) *Basis of accounting*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

The company has taken advantage of the exemption from preparing consolidated accounts afforded by section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of the ultimate parent company Babcock International Group PLC, which prepares consolidated accounts which are publicly available. The company is also, on that basis, exempt from the requirement of FRS1 to present a cash flow statement.

### b) *Turnover*

Turnover, which excludes value added tax and similar taxes, comprises the invoiced value of services derived from the company's principal activity carried out in the UK.

### c) *Tangible fixed assets*

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Leasehold Improvements	- over term of lease
Motor Vehicles	- 4 years (25 % per annum)
IT Equipment	- 4 years (25 % per annum)
Office Equipment	- 4 years (25 % per annum)

## Notes to the financial statements (continued)

For the year ended 31 March 2002

### d) *Taxation*

During the year, the Babcock International Group PLC group of companies has continued its policy of surrendering group relief for no consideration except where there is a minority interest.

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

The policy for accounting for deferred taxation has changed during the year to comply with FRS 19 Deferred Tax. The policy that has now been adopted is as set out below. No restatement of the comparative figures has been required as there is no impact on the profit or liabilities of the prior year resulting from implementation of this new policy.

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 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. Deferred tax is measured on a non-discounted basis.

### e) *Leases*

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis.

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

### f) *Investments*

Fixed asset investments are shown at cost less provision for impairment.

## Notes to the financial statements (continued)

For the year ended 31 March 2002

### 2. (Loss)/ profit on ordinary activities before taxation

(Loss)/ profit on ordinary activities before taxation is stated after charging:

	Year to 31 March 2002	Year to 31 March 2001
	£'000s	£'000s
Depreciation - owned assets	49	4
Depreciation - leased assets	4	10
Auditors' remuneration - audit services	7	6
Operating lease rentals		
- plant & machinery	10	-
- land and buildings	50	7
Loss on disposal of fixed assets	<u>3</u>	<u>2</u>

Auditors' remuneration for the year to 31 March 2002 was borne by a fellow group undertaking, Babcock Rosyth Defence Limited.

### 3. Net interest and similar charges

	Year to 31 March 2002	Year to March 2001
	£'000s	£'000s
Bank interest (payable)/ receivable	(12)	3
Hire purchase interest payable	<u>(1)</u>	<u>(1)</u>
	<u>(13)</u>	<u>2</u>

## Notes to the financial statements (continued)

For the year ended 31 March 2002

### 4. Staff costs

	Year to 31 March 2002	Year to 31 March 2001
The average monthly number of employees (including directors) was:	Number	Number
Management	6	3
Administration	15	8
	<u>21</u>	<u>11</u>
	Year to 31 March 2002	Year to 31 March 2001
Their aggregate remuneration comprised:	£'000s	£'000s
Wages and salaries	486	268
Social security costs	44	25
	<u>530</u>	<u>293</u>

### 5. Directors' remuneration

	Year to 31 March 2002	Year to 31 March 2001
	£'000s	£'000s
Emoluments (including benefits-in-kind)	<u>82</u>	<u>65</u>

The emoluments of Mr W A Cramond and of Mr T D Richmond were paid by another Babcock group company. No part of their remuneration could be attributed to services in respect of CMR Consultants Limited.

The number of directors who were members of a defined benefit pension scheme within the group was 3 (2000 – 3).

## Notes to the financial statements (continued)

For the year ended 31 March 2002

### 6. Taxation

The tax (credit) / charge comprises:

	Year to 31 March 2002	Year to March 2001
	£'000s	£'000s
Current tax	-	-
Deferred tax (credit) / charge	-	6
	<u>-</u>	<u>6</u>

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

	Year to 31 March 2002	Year to 31 March 2001
	£'000s	£'000s
(Loss)/ profit before tax	(22)	43
Tax on (loss) / profit at 30%	7	(13)
Effects of:		
Expenses not deductible for tax purposes	(3)	(1)
Capital allowances in excess of depreciation	(2)	7
Group relief (surrendered)/claimed for nil consideration	(2)	7
Current tax charge	<u>-</u>	<u>-</u>

# Notes to the financial statements (continued)

For the year ended 31 March 2002

## 7. Tangible fixed assets

	Leasehold Improvements	Motor Vehicles	IT Equipment	Office Equipment	Total
Cost	£'000s	£'000s	£'000s	£'000s	£'000s
At 1st April 2001	37	91	32	19	179
Additions	10	44	43	3	100
Disposals	-	(32)	-	-	(32)
At 31 March 2002	<u>47</u>	<u>103</u>	<u>75</u>	<u>22</u>	<u>247</u>
Depreciation					
At 1st April 2001	1	11	1	1	14
Charge for the year	9	26	13	5	53
Disposals	-	(5)	-	-	(5)
At 31 March 2002	<u>10</u>	<u>32</u>	<u>14</u>	<u>6</u>	<u>62</u>
Net Book Value					
At 31 March 2002	<u>37</u>	<u>71</u>	<u>61</u>	<u>16</u>	<u>185</u>
At 31 March 2001	<u>36</u>	<u>80</u>	<u>31</u>	<u>18</u>	<u>165</u>

The net book value of assets on hire purchase which have been capitalised and included in the above total is £4,728 (31 March 2001: £8,525).

## 8. Fixed asset investments

	2002	2001
	£	£
Investment in subsidiary	<u>20</u>	<u>20</u>

The company owns 100% of the ordinary share capital of The Energy Services Company (GB) Limited which is a non-trading company registered in England and Wales.

## Notes to the financial statements (continued)

For the year ended 31 March 2002

### 9. Debtors

	31 March 2002	31 March 2001
	£'000s	£'000s
Trade debtors	385	57
Other debtors and prepayments	110	3
	<u>495</u>	<u>60</u>

### 10. Creditors: amounts falling due within one year

	31 March 2002	31 March 2001
	£'000s	£'000s
Bank overdraft	206	-
Trade creditors	186	53
Other Taxation and Social Security	15	11
Amounts due to group companies	68	13
Obligations under Hire Purchase Contracts	3	3
Other creditors, accruals and deferred income	98	23
	<u>576</u>	<u>103</u>

### 11. Creditors: due after more than one year

	31 March 2002	31 March 2001
	£'000s	£'000s
Obligations under Hire Purchase contracts	<u>1</u>	<u>4</u>



## Notes to the financial statements (continued)

For the year ended 31 March 2002

### 12. Provisions for liabilities and charges

	Deferred Taxation
	£'000s
At 1 April 2001	6
Credited to profit and loss account	-
At 31 March 2002	<u>6</u>

The deferred tax liability relates to timing differences between capital allowances and depreciation. There is no unprovided deferred tax at 31 March 2002 (31 March 2001 - £nil).

### 13. Share capital

	31 March 2002	31 March 2001
	£	£
<b>Authorised</b>		
100 Ordinary Shares of £1	<u>100</u>	<u>100</u>
<b>Allotted, Called-up and Fully Paid</b>		
10 Ordinary Shares of £1	<u>10</u>	<u>10</u>

## Notes to the financial statements (continued)

For the year ended 31 March 2002

### 14. Guarantees and financial commitments

	31 March 2002	31 March 2001
	£'000s	£'000s
<i>a) Operating Lease Commitments</i>		
Land and buildings		
Annual commitments expiring:		
- between two and five years	-	-
- after more than five years	<u>57</u>	<u>57</u>

### *b) Guarantees*

The company has granted cross-guarantees to secure certain borrowings of fellow group undertakings. The aggregate amount secured at 31 March 2002 was £5m (31 March 2001: £5m).

### 15. Reconciliation of movements in shareholders' funds

	Year to 31 March 2002	Year to 31 March 2001
	£'000s	£'000s
(Loss)/profit for the financial period	(22)	39
Opening Shareholders' Funds	<u>121</u>	<u>82</u>
Closing Shareholders' Funds	<u>99</u>	<u>121</u>

### 16. Related party disclosures

The company, as a wholly owned subsidiary, has taken advantage of the exemption, granted under the Financial Reporting Standard 8, Related Parties, by not disclosing details of sales and purchases with other members of the group headed up by Babcock International Group PLC. Details of balances with other group companies are disclosed in notes 10.

## **Notes to the financial statements (continued)**

**For the year ended 31 March 2002**

### **17. Ultimate parent undertaking**

The company's immediate parent company is Babcock Engineering Services Limited, a company registered in England and Wales.

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 accounts are available from the following address:

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