

No. 122194

ANGLO-SWEDISH ENGINEERING & WELDING LIMITED

FINANCIAL STATEMENTS

AT

31st DECEMBER, 1988



ANGLO-SWEDISH ENGINEERING & WELDING LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31st December, 1988.

RESULTS AND DIVIDEND

The results for the year ended 31st December, 1988 are set out in the attached financial statements.

The directors do not recommend the payment of a dividend for 1988.

PRINCIPAL ACTIVITY

The company did not trade during the year, other than the receipt of rent on properties awaiting disposal.

DIRECTORS DURING THE YEAR

Mr. H.W. Denman and Mr. R.C. Cole served as directors until their resignations on 23rd June 1988 and 13th September 1988 respectively.

Mr. R.D. Thurston was appointed a director on 23rd June 1988.

Mrs. J.E. Harris-Jones was appointed a director on 29th June 1988.

Mr. M.J. Taylor was appointed a director on 13th September 1988.

DIRECTORS' INTERESTS

The directors are also directors of the immediate parent company, Sea Lion Investments Ltd., and their interests are disclosed in the directors report of that company.

AUDITORS

A resolution will be proposed at the annual general meeting to re-appoint Ernst & Whinney as auditors of the company and to authorise the directors to fix their remuneration.

By order of the board

MJ Taylor

M.J. Taylor
Secretary.

Milton Heath House,
Westcott Road,
Dorking, Surrey.
RH4 3NB

19th June 1989

ANGLO-SWEDISH ENGINEERING & WELDING LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF

ANGLO-SWEDISH ENGINEERING & WELDING LIMITED

We have audited the financial statements on pages 3 to 9 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31st December, 1988 and of its result and source and application of funds for the year then ended and comply with the Companies Act 1985.

Ernst & Young
19 June 1989

London

ANGLO-SWEDISH ENGINEERING & WELDING LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1988

			<u>1988</u>	<u>1987</u>
	Notes	£	£	£
TURNOVER	2		3,417	5,894
Raw materials and consumables				(4,664)
Depreciation of tangible fixed assets	1&7	-	(290)	
Other operating (charges)/credits		(5,919)	99,578	
			(5,919)	94,624
OPERATING(LOSS)/PROFIT	3		(2,502)	100,518
Income from investments	4	-	24,558	
Interest received		275	-	
			275	24,558
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			(2,227)	125,076
Tax charge on (loss)/profit on ordinary activities	5		(1,630)	(33,178)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			(3,857)	91,898
Extraordinary items	6		6,768	197,827
PROFIT AFTER EXTRAORDINARY ITEMS			2,911	289,725
Balance brought forward			730,993	441,273
Balance carried forward			733,909	730,998
			=====	=====

ANGLO-SWEDISH ENGINEERING & WELDING LIMITED

BALANCE SHEET AT 31ST DECEMBER, 1988

	<u>Notes</u>	<u>1988</u>		<u>1987</u>	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		1,500		17,597
Investment in subsidiaries at cost	8		184,535		199,876
			<u>186,035</u>		<u>217,473</u>
CURRENT ASSETS					
Debtors	9	1,238,719		1,215,958	
Cash at bank and in hand		12,849		10,316	
		<u>1,251,568</u>		<u>1,226,274</u>	
CREDITORS					
Amounts falling due within one year	10	203,694		211,892	
NET CURRENT ASSETS			1,047,874		1,014,382
TOTAL ASSETS LESS CURRENT LIABILITIES			1,233,909		1,231,855
Deferred taxation	11		—		857
NET ASSETS EMPLOYED			1,233,909		1,230,998
			=====		=====
FINANCED BY:					
CAPITAL AND RESERVES					
Called up share capital					
Authorised, allotted, issued and fully paid					
500,000 ordinary shares of £1 each			500,000		500,000
Profit and loss account			733,909		730,998
SHAREHOLDERS' FUNDS			1,233,909		1,230,998
			=====		=====

.....)
M. Taylor)
) Directors

...19 June 1989...

ANGLO-SWEDISH ENGINEERING & WELDING LIMITED

SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31ST DECEMBER 1988

	£	<u>1988</u> £	£	<u>1987</u> £
FUNDS GENERATED/(ABSORBED)				
Profit/(loss) on ordinary activities after taxation		(3,857)		91,898
Extraordinary items		6,768		197,827
		<u>2,911</u>		<u>289,725</u>
Adjustment for items not involving the movement of funds:				
Depreciation of tangible fixed assets	-		290	
Profit on disposal of tangible fixed assets	(22,109)		(217,465)	
Increase/(decrease) in deferred taxation	(857)		32,645	
Loss on liquidation of subsidiaries	-		7,166	
Provision against investment in subsidiary	<u>15,341</u>	<u>(7,625)</u>	<u>-</u>	<u>(177,364)</u>
TOTAL GENERATED FROM/(ABSORBED BY) OPERATIONS		<u>(4,714)</u>		<u>112,361</u>
Proceeds on disposal of tangible fixed assets	38,206		404,191	
Proceeds on liquidation of subsidiaries	<u>-</u>		<u>2,500</u>	
		<u>38,206</u>		<u>406,691</u>
TOTAL FUNDS GENERATED		<u>33,492</u>		<u>519,052</u>
APPLICATION OF FUNDS				
INCREASE IN WORKING CAPITAL				
Increase in debtors	(23,217)		(409,438)	
Decrease in creditors	<u>(7,742)</u>		<u>(105,917)</u>	
		<u>(30,959)</u>		<u>(515,355)</u>
		<u>2,533</u>		<u>3,697</u>
		=====		=====
Represented by:				
MOVEMENT IN LIQUID FUNDS				
Increase in cash at bank and in hand		2,533		3,697
INCREASE IN NET LIQUID FUNDS		<u>2,533</u>		<u>3,697</u>
		=====		=====

ANGLO-SWEDISH ENGINEERING & WELDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 31ST DECEMBER, 1988

1. ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The company prepares its financial statements on the historical cost basis of accounting.

GROUP FINANCIAL STATEMENTS

Group financial statements are not prepared as the company is a wholly-owned subsidiary of another company which is incorporated in Great Britain.

INCOME FROM INVESTMENTS

Dividends from subsidiaries are included on a received basis.

EXTRAORDINARY ITEMS

All items of income and expenditure arising in the course of the company's normal business are taken into account in arriving at the result on ordinary activities before taxation. Income and expenditure which is outside the definition of normal trading activities is treated as an extraordinary item.

DEPRECIATION OF TANGIBLE FIXED ASSETS

All properties are depreciated over 50 years with the exception of land which is not depreciated.

DEFERRED TAXATION

Provision is made at the year-end rate of corporation tax for taxation deferred by (a) allowances for expenditure on tangible fixed assets in excess of depreciation charged in the financial statements to the extent that it is probable that a liability will crystallise and (b) provisions and other timing differences.

2. TURNOVER

Turnover represents the value of goods and services, excluding value added tax, invoiced to outside customers during the year, less returns, before cash discounts and commissions.

Turnover is derived as follows from sources within the United Kingdom:

	<u>1988</u>	<u>1987</u>
Rental income	3,417	5,894
	=====	=====

ANGLO-SWEDISH ENGINEERING & WELDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS AT 31ST DECEMBER, 1988 (CONTD.)

3. OPERATING PROFIT/(LOSS)

	<u>1988</u>	<u>1987</u>
	£	£
Operating profit/(loss) is stated after charging:		
Auditors' remuneration	NIL	500
	===	===
Directors' remuneration	NIL	500
	===	===
and after crediting:		
Debt previously provided against, now recovered	-	128,139
	===	=====

4. INCOME FROM INVESTMENTS

Income from shares in group companies	-	24,558
	===	=====

5. TAX ON ORDINARY ACTIVITIES

In respect of the profit/(loss) for the year at 35% (1987:35%)		
Group relief receivable from another group company	-	(7,588)
Deferred taxation	(857)	42,869
	(857)	35,281
In respect of prior years	2,487	(2,103)
	1,630	33,178
	=====	=====

Capital losses estimated at £123,000 (1987: £144,500) are available
for set off against future capital gains.

6. EXTRAORDINARY ITEMS

Profit on disposal of freehold property	22,109	213,274
Profit on disposal of plant and equipment	-	4,191
	22,109	217,465
Provision against investment in subsidiary	(15,341)	-
Loss on liquidation of subsidiary	-	(7,166)
	6,768	210,299
Extraordinary profit for the year, before taxation		
Taxation on extraordinary profit		
Group relief (payable)/ receivable	-	(22,696)
Deferred taxation	-	10,224
	-	(12,472)
	6,768	197,827
	=====	=====

ANGLO-SWEDISH ENGINEERING & WELDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS AT 31ST DECEMBER, 1988 (CONTD.)

7. TANGIBLE FIXED ASSETS

	Freehold land and buildings
Cost	
At 1st January, 1988	26,246
Disposals	(24,746)
	<u>1,500</u>
	=====
Depreciation	
At 1st January 1988	8,649
Disposals	(8,649)
Charge for the year	-
	<u>-</u>
	=====
At 31st December 1988	-
	=====
Net book value	
At 31st December 1988	1,500
	=====
At 1st January 1988	17,597
	=====

	<u>1988</u> £	<u>1987</u> £
8. INVESTMENTS IN SUBSIDIARIES		
Cost:		
As at 1st January 1988	199,876	209,542
Subsidiaries liquidated	-	(9,666)
Less provision	(15,341)	-
	<u>184,535</u>	<u>199,876</u>
	=====	=====
At 31st December 1988	184,535	199,876
	=====	=====
None of the subsidiaries of the company, all of which are wholly-owned, conducted a trade during the year under review.		

9. DEBTORS

Amounts falling due within one year:

Trade debtors	-	17,175
Amounts owed by fellow subsidiaries	1,200,000	1,136,000
Amounts owed by parent company	38,125	-
Other debtors	594	62,783
	<u>1,238,719</u>	<u>1,215,958</u>
	=====	=====

10. CREDITORS

Amounts falling due within one year:

Amounts owed to subsidiaries	184,535	184,535
Provision for taxation	17,439	15,108
Other creditors	1,720	730
Accruals and deferred income	-	11,519
	<u>203,694</u>	<u>211,892</u>
	=====	=====

ANGLO-SWEDISH ENGINEERING & WELDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 31ST DECEMBER, 1988 (CONTD.)

	<u>1988</u> £	<u>1987</u> £
11. DEFERRED TAXATION		
At 1st January 1988	857	(31,788)
Transfer (to)/from profit and loss account:		
In respect of current year	(857)	42,869
In respect of extraordinary items	-	(10,224)
	—	—
At 31st December 1988	-	857
	===	=====
The balance at the year end is in respect of:		
Accelerated capital allowances	-	857
	===	=====

12. CONTINGENT LIABILITY

The Company is a party to a Guarantee and Debenture dated 1 July 1988 guaranteeing the obligations of The Bricom Group Limited ("Bricom") and other subsidiaries of Bricom and charging its undertaking and property as security for such guarantees or obligations which have or may arise pursuant to Medium Term Loan, Revolving and Guarantee facilities provided to Bricom and its subsidiaries by Standard Chartered Bank as principal and agent on behalf of syndicates of Banks in relation to each such facility.

At 31 December 1988 the amount of indebtedness due to the Banks and so secured amounted to £222,000,000.

In addition, the Company has pursuant to a guarantee dated 1 July 1988 guaranteed the obligations of Bricom arising out of a Mezzanine Loan Agreement dated 10 June 1988 and made between Bricom (then known as Stuntbrand Limited) and 3i plc (as Agent and Lender) for a Loan Facility of £30,000,000.

13. POST BALANCE SHEET EVENT

Subsequent to the year end, the company has received £78,000, net of taxation, on the closure of its retirement benefit scheme.

14. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is The Bricom Group Ltd. which is incorporated in Great Britain.