

J O H N

CONSTRUCTORS JOHN BROWN LIMITED
AND SUBSIDIARY COMPANIES

ANNUAL REPORT AND ACCOUNTS

31ST MARCH 1981



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AND SUBSIDIARY COMPANIES

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CONSTRUCTORS JOHN BROWN LIMITEDREPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 1981DIRECTORS

✓ Mr. J.R. Mayhew-Sanders, Chairman	- Resigned 31.7.1980
✓ Mr. J.C. Melbourne, Chairman	- Resigned 31.12.1980
✓ Lord Aberconway	- Retired 31.7.1980
✓ Mr. F.D. Banks	- Retired 31.7.1980
Mr. E.J. Bavister	
Mr. W.R. Beaven	
Mr. H.W.J. Connor	
✓ Mr. D.C.P. Gamberoni	- Resigned 25.7.1980
Mr. B. Goldthorp	
Mr. A.G. Gormly	
Mr. D. Hanson	
Mr. B. Knight	
✓ Mr. F.P. Korn	- Retired 31.7.1980
✓ Mr. P.A. Norman	- Resigned 25.7.1980
✓ Mr. J.A.R. Staniforth	- Retired 31.7.1980
Mr. D.R. Twist	- Appointed 1.11.1980

All the Directors served throughout the year, except where otherwise stated.

ACTIVITY

The principal activity of the Company and of its subsidiaries is that of Engineering Contractors to Industry.

BUSINESS CHANGES

Aegis Insurance Services Limited has been transferred to the ownership of the ultimate parent company with effect from 1st April 1980.

A 50% interest has been taken in Alcon Biotechnology Limited with effect from 5th September 1980.

ACCOUNTS

The results for the period are shown in the Consolidated Profit and Loss Account on Page 4.

The Directors propose a second interim dividend of £1.44 per Ordinary Share.

CHANGES IN FIXED ASSETS

The movements in fixed assets during the period are set out in Note 7 to the accounts.

EXPORTS

The value of direct exports during the period was £37,000,000. (1979/80 £35,900,000 (15 months)).

MARKET VALUE OF FREEHOLD PROPERTIES

In the opinion of the Directors, the market value of freehold properties exceeds the net book value but the excess is not material in the context of the accounts.

DIRECTORS

Mr. D.R. Twist retires in accordance with the Articles of Association and, being eligible, offers himself for re-election.

Mr. W.R. Beaven and Mr. B. Goldthorp retire by rotation and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

All the Directors who are Directors of the ultimate holding company are exempted by Statutory Instrument 1968 No. 1533 from disclosing their interest in the capital of the ultimate holding company. According to the register required to be kept under Section 29 of The Companies Act 1967, none of the other Directors had, either at the beginning or at the end of the period ended 31st March 1981, any interests in the shares of the Company or any other group company, except as follows :-

<u>John Brown and Company Limited</u> <u>Ordinary Shares of 25p</u>	<u>Date of</u> <u>Appointment</u>	<u>31st March</u> <u>1981</u>
Mr. D.R. Twist	NIL	2,000

AUDITORS

A resolution to re-appoint the Auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting. A further resolution will be proposed authorising the Directors to fix the Auditors' remuneration.

BY ORDER OF THE BOARD



M.R.K. GARNETT
SECRETARY

REPORT OF THE AUDITORS TO THE MEMBERSOF CONSTRUCTORS JOHN BROWN LIMITED

We have audited the accounts on pages 4 to 17 in accordance with approved Auditing Standards. The accounts have been prepared under the historical cost convention, modified as explained in note 1(a) on page 6.

In our opinion the accounts give a true and fair view of the state of affairs of the Group and the Company at 31st March 1981 and of the profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1980.

Casper & Lybrand

LONDON

17/6 JUL 1981

CHARTERED ACCOUNTANTS

CONSTRUCTORS JOHN BROWN LIMITED
AND SUBSIDIARY COMPANIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1981

	<u>Note</u>	12 months ended 31st March 1981 <u>£000</u>	15 months ended 31st March 1980 <u>£000</u>
Turnover	1	<u>252,986</u>	<u>219,763</u>
Profit before taxation	3	9,399	9,728
Taxation	4	<u>9,217</u>	(<u>4,471</u>)
Profit after taxation		18,616	5,257
Extraordinary Items	6	(<u>131</u>)	<u>-</u>
Profit after extraordinary item		18,485	5,257
Dividend	15	(<u>1,896</u>)	(<u>1,338</u>)
Profit retained		<u>16,589</u>	<u>3,919</u>
By the Company		14,581	3,577
By subsidiaries		2,150	344
In associated companies		(<u>142</u>)	(<u>2</u>)
		<u>16,589</u>	<u>3,919</u>

STATEMENT OF RETAINED PROFITS AND RESERVES

31st March 1980			
As previously reported		10,893	7,274
Prior year - investment grants written back on change in policy	14	<u>-</u>	(<u>256</u>)
As restated		10,893	7,018
Goodwill on acquisition		-	(<u>44</u>)
Exchange rate adjustments		(<u>21</u>)	-
Profit retained		<u>16,589</u>	<u>3,919</u>
31st March 1981		<u>27,461</u>	<u>10,893</u>
Attributable to :-			
The Company		23,009	8,397
Subsidiaries		4,468	2,370
Associated companies		(<u>16</u>)	<u>126</u>
		<u>27,461</u>	<u>10,893</u>

CONSTRUCTORS JOHN BROWN LIMITED
AND SUBSIDIARY COMPANIES
BALANCE SHEETS
AT 31ST MARCH 1981

<u>COMPANY</u>				<u>GROUP</u>	
31st March 1980 <u>£000</u>	31st March 1981 <u>£000</u>		<u>Note</u>	31st March 1981 <u>£000</u>	31st March 1980 <u>£000</u>
<u>ASSETS EMPLOYED</u>					
2,694	2,466	Fixed Assets	7	8,249	8,052
3,613	5,230	Interest in Subsidiary Companies	8	-	-
190	158	Associated Companies	9	571	446
<u>73,705</u>	<u>96,197</u>	Current Assets	10	<u>107,208</u>	<u>83,358</u>
80,202	104,051			116,028	91,856
<u>58,867</u>	<u>79,792</u>	Current Liabilities	11	<u>86,703</u>	<u>67,780</u>
<u>21,335</u>	<u>24,259</u>			<u>29,325</u>	<u>24,076</u>
<u>FINANCED BY</u>					
1,250	1,250	Ordinary Share Capital	12	1,250	1,250
<u>8,397</u>	<u>23,009</u>	Reserves		<u>27,461</u>	<u>10,893</u>
9,647	24,259			28,711	12,143
-	-	Investment Grant Reserve	14	145	154
<u>11,688</u>	<u>-</u>	Deferred Taxation	4	<u>469</u>	<u>11,779</u>
<u>21,335</u>	<u>24,259</u>			<u>29,325</u>	<u>24,076</u>



DIRECTORS

CONSTRUCTORS JOHN BROWN LIMITEDAND SUBSIDIARY COMPANIESNOTES ON AND FORMING PART OF THE ACCOUNTS 31ST MARCH 19811. ACCOUNTING POLICIES(a) Accounting Basis

The accounts are prepared using the historical cost convention, including the revaluation of certain freehold properties.

(b) Basis of Consolidation

The group accounts consolidate the accounts of the parent company and all subsidiary companies. These are made up to the 31st March, except that the accounts of certain overseas subsidiaries are made up to 31st December in order to lessen the risk of delay in presenting the company's accounts.

(c) Turnover

Turnover on long term contracts, other than "engineering only" and technical assistance contracts secured at rates or on a cost plus basis represents the estimated sales value of work done in the period. In all other cases, turnover represents the sales value invoiced. Inter company turnover has been excluded.

(d) Long Term Contracts

Where the outcome of long term contracts cannot be assessed with reasonable certainty until completion, profits are brought in only when the contracts are completed; in all other cases profits are taken in the period in which they arise. Any losses expected are, however, provided for as soon as they appear likely. Thus profits for the period are not necessarily related to turnover.

(e) Stocks and Short Term Work in Progress

Stocks and Short Term Work in Progress are valued at cost (including an appropriate proportion of overhead expenses) or net realisable value, whichever is the lower. Where appropriate, profits and losses arising on short term work in progress are dealt with as explained in Note 1(d).

(f) Fixed Assets and their Depreciation

Fixed Assets are stated at cost, or at valuation with subsequent additions at cost (see note 1(m)); depreciation is calculated to write off the assets over their expected normal lives by equal annual instalments.

The principal annual rates used for this purpose, which are consistent with those of previous years, are:-

	%
Freehold Buildings and long leasehold land and buildings	2 & 4
Plant and Machinery	10 - 33 $\frac{1}{3}$
Motor Vehicles	33 $\frac{1}{3}$
Office Furniture and Equipment	10
Computer Equipment	14 - 25

Short term leasehold land and buildings are amortised over the period of the lease.

Freehold Land is not depreciated.

CONSTRUCTORS JOHN BROWN LIMITED

AND SUBSIDIARY COMPANIES

NOTES ON AND FORMING PART OF THE ACCOUNTS 31ST MARCH 1981 (Continued)

1. ACCOUNTING POLICIES (Continued)

(g) Foreign Currencies

The accounts of overseas subsidiaries and the overseas currency assets and liabilities of U.K. companies are expressed in sterling at the rates of exchange ruling at the end of the Company's financial year; any adjustments are made through the reserves.

(h) Research and Development

Research and Development expenditure is written off in the year in which it is incurred.

(i) Goodwill

Goodwill, being the excess of the purchase price over the value of the net tangible assets of subsidiary companies at the date of acquisition, is written off against reserves in the year in which it arises.

(j) Deferred Taxation

Deferred taxation represents tax at year end rates upon the excess of the book value of plant and industrial buildings over their written down value for taxation purposes and upon other timing differences. Provision in these cases is made only where there is a reasonable expectation that the amount will be required to be paid in the foreseeable future.

(k) Subsidiary Companies

Shares in and loans to subsidiary companies are stated in the balance sheet of the parent company at cost less amounts written off.

(l) Associated Companies

The Group's share of the profits and losses of associated companies is dealt with in the Accounts.

(m) Investment Grants

Investment grants are credited to the profit and loss account in equal annual instalments over the expected lives of the relevant assets. The balance outstanding at any time is the Investment Grant Reserve, which is treated as a deferred credit in the accounts. Fixed assets are shown in the accounts at their full cost or valuation (excluding investment grants) and depreciation is based on the full cost or valuation.

2. HOLDING COMPANY

The ultimate holding company is John Brown and Company Limited incorporated in England.

CONSTRUCTORS JOHN BROWN LIMITEDAND SUBSIDIARY COMPANIESNOTES ON AND FORMING PART OF THE ACCOUNTS 31ST MARCH 1981 (Continued)3. PROFIT AND LOSS ACCOUNT

	1981 12 months <u>£000</u>	1980 15 months <u>£000</u>
The profit for the period is stated after charging :-		
Depreciation	2,839	3,097
Auditors' remuneration	81	82
Hire of plant and machinery	1,783	2,124
Interest on bank overdrafts and loans and lease purchase agreements repayable within 5 years	417	479
Interest on lease purchase agreements and loans repayable over periods exceeding 5 years	8	447
and after crediting :-		
Share of profits, less losses, of associated companies including dividends of £ 100,000 (1980: £ 100,000)	107	263

4. TAXATION

The taxation charge/(credit) on the results
for the period comprises :-

Corporation Tax at 52% (1980 52%)	1,428	442
Deferred Tax	(10,000)	3,759
Tax on Franked Investment Income	-	43
Overseas Taxes	139	282
Tax on Profits of Associated Companies	150	165
Prior year adjustments	(934)	(220)
	<u>(9,217)</u>	<u>4,471</u>

The charge for the period has been reduced by £272,000 (1980 £626,000) in
respect of taxation deferred and not payable in the foreseeable future. This
excludes the effects of Stock Appreciation Relief, which are explained below.

There are also tax losses of approximately £500,000 brought forward from previous
years, which can only be carried forward against the future trading profits
assessable to Corporation Tax of the companies involved.

CONSTRUCTORS JOHN BROWN LIMITEDAND SUBSIDIARY COMPANIESNOTES ON AND FORMING PART OF THE ACCOUNTS 31ST MARCH 1981 (Continued)4. TAXATION (Continued)Deferred Taxation

The accounting policy for deferred taxation is explained in Note 1(j)

Deferred Taxation - Provision at 31st March 1981

The analysis of the provision and potential liability is :-

	31st March 1981		31st March 1980	
	Provision	Full Potential Liability	Provision	Full Potential Liability
	£000	£000	£000	£000
Accelerated capital allowances	722	2,856	884	1,837
Stock appreciation relief	-	-	10,919	13,687
Other timing differences	-	(1,258)	(15)	(70)
Unutilised losses	(253)	(326)	(9)	(376)
	<u>469</u>	<u>1,272</u>	<u>11,779</u>	<u>15,078</u>
<u>Movement in provision for deferred taxation</u>			31st March 1981	31st March 1980
			£000	£000
31st March 1980			11,779	8,017
Prior year adjustment			(1,310)	-
On acquisition			-	3
Charge/(credit) to profit and loss account			(10,000)	3,759
31st March 1981			<u>469</u>	<u>11,779</u>

The deferred tax credit represents amounts no longer required as a result of the provisions relating to Stock Appreciation Relief of the Finance Bill 1981.

CONSTRUCTORS JOHN BROWN LIMITEDAND SUBSIDIARY COMPANIESNOTES ON AND FORMING PART OF THE ACCOUNTS 31ST MARCH 1981 (Continued)5. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of the Directors of the company were:-

	12 months ended 31st March 1981 £	15 months ended 31st March 1980 £
Management Services including pension premiums	180,146	307,505

In addition £2,801 has been charged in respect of former Executive Directors for the 12 months ended 31st March 1981 (1980 (15 months) £2,801)

Details of emoluments payable to Directors and Employees working mainly in the United Kingdom are:-

	12 months ended 31st March 1981 £	12 months ended 31st March 1980 £
--	--	--

The emoluments of the Chairmen
were

NIL

NIL

The emoluments of the highest
paid director were

86,888

30,952

The total emoluments of any Director who is also a Director of the ultimate holding company are dealt with in that company's accounts.

The total emoluments of any Director who is also a Director of the immediate parent company, John Brown Process Engineering and Construction Limited, are dealt with in that company's accounts. These emoluments are in respect of their services to the group as a whole.

The emoluments, excluding pension premiums, of the Directors and of Employees who earned in excess of £ 20,000 were within the following ranges :-

		<u>DIRECTORS</u>		<u>EMPLOYEES</u>	
		1980/81	1979/80	1980/81	1979/80
		<u>12 months</u>	<u>12 months</u>	<u>12 months</u>	<u>12 months</u>
NIL	- £ 5,000	10	6		
£ 5,001	- £10,000		1		
£10,001	- £15,000	1			
£15,001	- £20,000		1		
£20,001	- £25,000		3	21	12
£25,001	- £30,000	5	3		
£30,001	- £35,000		1		

6. EXTRAORDINARY ITEMS

Expenditure totalling £131,000 has been incurred by certain group companies in rationalising and restructuring their operations.

CONSTRUCTORS JOHN BROWN LIMITEDAND SUBSIDIARY COMPANIESNOTES ON AND FORMING PART OF THE ACCOUNTS 31ST MARCH 1981 (Continued)7. FIXED ASSETS

<u>THE GROUP</u>	<u>TOTAL</u>	<u>PROPERTIES</u>		<u>PLANT</u>	
		<u>FREEHOLD</u>	<u>LEASEHOLD</u>		
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£ 000</u>
			<u>LONG</u> <u>TERM</u>	<u>SHORT</u> <u>TERM</u>	
Cost					
31st March 1980	13,867	694	251	147	12,775
Additions	3,190	132	235	-	2,823
Transfers	-	(78)	78	-	-
Disposals	<u>(856)</u>	<u>(5)</u>	<u>-</u>	<u>(45)</u>	<u>(806)</u>
	16,201	743	564	102	14,792
Aggregate Depreciation	<u>(7,952)</u>	<u>(75)</u>	<u>(25)</u>	<u>(92)</u>	<u>(7,760)</u>
Net Book Value at 31st March 1981	<u>8,249</u>	<u>668</u>	<u>539</u>	<u>10</u>	<u>7,032</u>
Net Book Value at 31st March 1980	<u>8,052</u>	<u>629</u>	<u>238</u>	<u>54</u>	<u>7,131</u>

Freehold Property includes property at the following valuations:-

	<u>31st March</u> <u>1981</u> <u>£</u>	<u>31st March</u> <u>1980</u> <u>£</u>
At professional valuation in 1964	8,500	8,500

Capital expenditure approved and not provided for in the accounts amounted to £3,820,000 (1980 : £3,993,000), for which contracts have been placed to the extent of £33,000 (1980 : £165,000).

CONSTRUCTORS JOHN BROWN LIMITEDAND SUBSIDIARY COMPANIESNOTES ON AND FORMING PART OF THE ACCOUNTS 31ST MARCH 1981 (Continued)7. FIXED ASSETS (Continued)

<u>THE COMPANY</u>	<u>PROPERTIES</u>			
	<u>TOTAL</u> <u>£000</u>	<u>FREEHOLD</u> <u>£000</u>	<u>LONG TERM</u> <u>LEASEHOLD</u> <u>£000</u>	<u>PLANT</u> <u>£000</u>
Cost				
31st March 1980	3,698	100	-	3,598
Additions	362	-	-	362
Transfers	-	(78)	78	-
Disposals	(2)	-	-	(2)
	4,058	22	78	3,958
Aggregate Depreciation	(1,592)	(10)	(4)	(1,578)
Net Book Value at 31st March 1981	<u>2,466</u>	<u>12</u>	<u>74</u>	<u>2,380</u>
Net Book Value at 31st March 1980	<u>2,694</u>	<u>82</u>	<u>-</u>	<u>2,612</u>

Capital expenditure approved and not provided for in the accounts amounted to £1,277,000 (1980 : £501,000), for which contracts have been placed to the extent of £111,000 (1980 : £ NIL).

CONSTRUCTORS JOHN BROWN LIMITEDAND SUBSIDIARY COMPANIESNOTES ON AND FORMING PART OF THE ACCOUNTS 31ST MARCH 1981 (Continued)8. INTEREST IN SUBSIDIARY COMPANIES

	31st March 1981 <u>£000</u>	31st March 1980 <u>£000</u>
Shares at cost less amounts written off	823	959
Amounts Due less amounts written off	6,674	5,432
	<u>7,497</u>	<u>6,391</u>
Amounts Owing	2,267	2,778
	<u>5,230</u>	<u>3,613</u>

The accounts of subsidiaries which have not been audited by the parent company's auditors embrace approximately 1% of the turnover of the Group.

The principal subsidiary companies are:-

Unless otherwise indicated the equity consists of Ordinary Shares of £1 each and is wholly owned, and the country of incorporation is England.

The Group

Eric Johnson, Stubbs and Company Limited	
Eric Johnson, Stubbs (Scotland) Limited	
A.H. Ball and Company Limited	
Constructors John Brown (Aberdeen) Limited	Scotland
Brecon Construction Company Limited	
Shield Plant Hire Limited	
UDI Group Limited	Scotland
Roxby Engineering International Limited	
Wickman Services Pty. Limited	Australia

The Company

The following subsidiaries are Management Agency Companies and their results, assets and liabilities are dealt with in the accounts of the Company.

CJB Developments Limited
CJB (Pipelines) Limited
CJB (Projects) Limited
CJB Offshore Limited

CONSTRUCTORS JOHN BROWN LIMITEDAND SUBSIDIARY COMPANIESNOTES ON AND FORMING PART OF THE ACCOUNTS 31ST MARCH 1981 (Continued)9. ASSOCIATED COMPANIES

	<u>GROUP</u>		<u>COMPANY</u>	
	31st March 1981 <u>£000</u>	31st March 1980 <u>£000</u>	31st March 1981 <u>£000</u>	31st March 1980 <u>£000</u>
Associated Companies:				
Shares and Loans at cost, less amounts written off	537	270	108	140
Share of retained profits less losses	(16)	126	-	-
Dividends receivable	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>
	<u>571</u>	<u>446</u>	<u>158</u>	<u>190</u>

Investment by the group in its principal associated companies :-

	<u>% of Capital Held</u>	
	<u>31st March 1981</u>	<u>31st March 1980</u>
By the Company :-		
CJB - Earl & Wright Limited (incorporated in England) Ordinary Shares	50%	50%
Eurabia Engineering and Construction Company (registered in Saudi Arabia) Common Stock	40%	40%
Charter-CJB Mineral Services Limited (incorporated in England) Ordinary Shares	50%	50%
Alcon Biotechnology Limited (incorporated in England) Ordinary Shares	50%	-
By a Subsidiary Company :-		
SSS/UDI Operations Inc (incorporated in U.S.A.) Ordinary Stock	50%	-

CONSTRUCTORS JOHN BROWN LIMITEDAND SUBSIDIARY COMPANIESNOTES ON AND FORMING PART OF THE ACCOUNTS 31ST MARCH 1981 (continued).10. CURRENT ASSETS

	<u>GROUP</u>		<u>COMPANY</u>	
	31st March 1981 <u>£000</u>	31st March 1980 <u>£000</u>	31st March 1981 <u>£000</u>	31st March 1980 <u>£000</u>
Stocks and Work in Progress				
Long Term contract work in progress	527,661	339,223	524,497	337,909
Less: Instalments received and receivable	<u>495,841</u>	<u>313,442</u>	<u>493,068</u>	<u>312,343</u>
	31,820	25,781	31,429	25,566
Raw materials and short term work in progress	3,042	3,350	703	587
Finished products and completed contracts	<u>1,186</u>	<u>933</u>	<u>774</u>	<u>614</u>
	36,048	30,064	32,906	26,767
Contract debtors	18,726	14,877	13,680	11,400
Debtors and prepayments	6,337	5,521	4,229	2,742
Group relief receivable	-	-	27	683
Bank balances and Cash	17,408	4,754	16,701	4,147
Deposit with ultimate holding company	25,600	27,100	25,600	27,100
Amounts due from ultimate holding company	989	672	989	664
Amounts due from parent company	1,333	-	1,333	-
Amounts due from fellow subsidiary companies	<u>767</u>	<u>370</u>	<u>732</u>	<u>202</u>
	<u>107,208</u>	<u>83,358</u>	<u>96,197</u>	<u>73,705</u>

11. CURRENT LIABILITIES

Creditors, provisions and instalments in excess of contract valuations	80,401	62,456	73,311	55,013
Outstanding instalments on lease purchase agreements	2,232	2,312	2,232	2,312
Bank overdrafts and other borrowings	159	196	117	-
Current taxation	1,814	1,154	2,214	202
Amounts due to fellow subsidiary companies	301	324	122	2
Proposed Dividend	<u>1,796</u>	<u>1,338</u>	<u>1,796</u>	<u>1,338</u>
	<u>86,703</u>	<u>67,780</u>	<u>79,792</u>	<u>58,867</u>

CONSTRUCTORS JOHN BROWN LIMITED
AND SUBSIDIARY COMPANIES

NOTES ON AND FORMING PART OF THE ACCOUNTS 31ST MARCH 1981 (continued)

12. SHARE CAPITAL

	31st March 1981 <u>£000</u>	31st March 1980 <u>£000</u>
Issued ordinary shares of £1 each, fully paid	1,250	1,250
Unissued ordinary shares of £1 each	<u>750</u>	<u>750</u>
Authorised Share Capital	<u>2,000</u>	<u>2,000</u>

13. GUARANTEES

Guarantees have been given in respect of bank overdrafts, promissory notes, and the due performance of contracts. It is not envisaged that any liability will arise under these guarantees. The Company holds partly paid shares on which the uncalled liability is £99,000 (1980 : £99,000): Group £ NIL (1980 : £ NIL).

The Company jointly and severally with certain other subsidiary companies of the ultimate holding company, John Brown and Company Limited, has guaranteed that company's issue of:-

- (a) £2,213,922 6 1/2% Debenture Stock 1984/89 and has secured such guarantee by a first floating charge on the Company's undertaking and assets.
- (b) £2,416,915 5 5/8% Unsecured Loan Stock 1998/2003
- (c) £742,000 4 7/8% Unsecured Loan Stock 1998/2003

The Company jointly and severally with certain other subsidiary companies of the ultimate holding company, John Brown and Company Limited, has given guarantees in respect of bank loans amounting to £5,222,222 to that Company. It is not expected that any liability will arise under the above transactions.

14. INVESTMENT GRANT RESERVE

	31st March 1981 <u>£000</u>	31st March 1980 <u>£000</u>
31st March 1980		
As previously reported	154	-
Adjustment on change in policy in prior year	<u>-</u>	<u>256</u>
As restated	154	256
Grants received/(repaid) during period (net)	(3)	133
Credit to profit and loss account	<u>(6)</u>	<u>(235)</u>
31st March 1981	<u>145</u>	<u>154</u>

15. DIVIDENDS

Interim dividend of £0.08p per share - paid	100	-
Proposed Interim dividend of £1.44 per share	1,796	-
Proposed final dividend	<u>-</u>	<u>1,338</u>
	<u>1,896</u>	<u>1,338</u>

CONSTRUCTORS JOHN BROWN LIMITED
AND SUBSIDIARY COMPANIES
SOURCE AND APPLICATION OF FUNDS STATEMENT
FOR THE YEAR ENDED 31ST MARCH 1981

		1981 12 months <u>£000</u>	1980 15 months <u>£000</u>
<u>SOURCE OF FUNDS</u>			
Profit before taxation		9,399	9,728
Less extraordinary items		(131)	<u>-</u>
		9,268	9,728
Adjustments for items not involving the movement of funds:-			
Exchange rate adjustments	(21)	-	
Profit retained in associated companies	(92)	(213)	
(Profit)/Loss on disposal of fixed assets	(222)	46	
Depreciation	2,839	3,097	
Investment Grants credit	(6)	(235)	
Tax on Franked Investment Income	-	(43)	
Deferred Tax on Acquisitions	<u>-</u>	<u>2,498</u>	<u>3</u>
TOTAL GENERATED FROM OPERATIONS		11,766	12,383
GOODWILL, written off		-	(44)
<u>FUNDS FROM OTHER SOURCES</u>			
Loan repayment	-	10	
Disposal of fixed assets	307	938	
Dividends Received	126	15	
Disposal of Investments	19	5	
Group Relief Received	105	-	
Investment grants receivable/ (payable) (net)	<u>(3)</u>	<u>554</u>	<u>133</u>
		12,320	13,440
<u>APPLICATION OF FUNDS</u>			
Dividends paid	(1,438)	(1,750)	
Purchase of fixed assets	(3,190)	(4,454)	
Long term loan repaid	-	(5,000)	
Purchase of investments	(283)	(105)	
Group relief paid (net)	-	(635)	
Overseas Taxation paid	<u>(296)</u>	<u>(5,207)</u>	<u>-</u>
		<u>7,113</u>	<u>1,496</u>
<u>NET INCREASE/(DECREASE) IN WORKING CAPITAL</u>			
Stocks and Work in progress	5,984	16,543	
Debtors	10,136	(1,635)	
Creditors	(20,316)	(23,916)	
Net liquid funds	<u>11,309</u>	<u>10,504</u>	
		<u>7,113</u>	<u>1,496</u>