

BAKER/OTS LIMITED

DIRECTORS REPORT AND ACCOUNTS

31 DECEMBER 1996

Registered Number: 1579234



BAKER/OTS LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 December 1996.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company ceased trading on 8 April 1988.

RESULTS AND DIVIDENDS

The loss for the year ended 31 December 1996 was £52 (12 months ended 31 December 1995 - £53), which was transferred from reserves.

The directors do not recommend payment of a dividend (12 months ended 31 December 1995 - nil).

The directors who served during the year were as follows:

DS Hall

JP Prendergast

RA Rudin

DP Fusilli

JR White

CR Homan

None of the directors has a direct interest in the shares of the company. The interests of the directors in the shares of the ultimate parent, Michael Baker Corporation, were as follows:

	<u>As at 1 January 1996</u>		<u>As at 31 December 1996</u>	
		Series B		Series B
	Common	common	Common	common
	<u>stock</u>	<u>stock</u>	<u>stock</u>	<u>stock</u>
DP Fusilli	16,046	6,766	16,046	6,766
JR White	9,620	92	9,620	92
CR Homan	38,246	19,562	38,246	19,562

BAKER/OTS LIMITED

DIRECTORS' REPORT (Continued)

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit and loss for the financial year.

The Directors consider that in preparing the financial statements on pages 4 to 8, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board

A handwritten signature in black ink, appearing to read 'DS Hall', with a horizontal line drawn underneath it.

DS Hall
Director

100 College Road
Harrow
Middlesex
HA1 1BQ

27 June 1997

Price Waterhouse



**AUDITORS' REPORT TO THE SHAREHOLDERS OF
BAKER/OTS LIMITED**

We have audited the accounts on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with 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 judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances 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.

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the company at 31 December 1996 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse
Chartered Accountants
and Registered Auditors
London

27 June 1997

BAKER/OTS LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1996**

		Year ended 31 December 1996 £	Year ended 31 December 1995 £
	Notes		
Administrative expenses		<u>(52)</u>	<u>(53)</u>
Operating loss		(52)	(53)
LOSS ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION	2	(52)	(53)
Retained profit brought forward		<u>697</u>	<u>750</u>
RETAINED PROFIT CARRIED FORWARD		<u>645</u>	<u>697</u>

There were no recognised gains or losses in the current or prior period other than those reported within the profit and loss account for the year.

There have been no acquisitions or discontinued operations during the year; the results shown above for this year and the prior period therefore relate to continuing operations.

The notes on pages 6 to 8 form an integral part of these accounts.

BAKER/OTS LIMITED**BALANCE SHEET - 31 DECEMBER 1996**

	Notes	31 December <u>1996</u> £	31 December <u>1995</u> £
CURRENT ASSETS			
Debtors - amounts owed by subsidiary undertakings		1,350	1,350
Cash at bank and in hand		<u>59</u>	<u>111</u>
		1,409	1,461
CREDITORS : Amounts falling due within one year	3	<u>(664)</u>	<u>(664)</u>
NET ASSETS		<u>745</u>	<u>797</u>
CAPITAL AND RESERVES			
Called up share capital	4	100	100
Profit and loss account		<u>645</u>	<u>697</u>
Shareholders' funds - all attributable to equity interests	5	<u>745</u>	<u>797</u>

Signed on behalf of the Board



DS Hall
Director

27 June 1997

The notes on pages 6 to 8 form an integral part of these accounts.

BAKER/OTS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1996

1 ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout the year to 31 December 1996 and the preceding period are:

a) Basis of accounting

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

b) Taxation

The taxation liabilities of certain group companies are reduced in part by the surrender of losses by fellow group companies. No compensation is paid within the group for losses surrendered.

c) Cashflow statement

The company is not required to prepare a cashflow statement under Financial Reporting Standard No 1 as it meets the small company definition and is entitled to the exemptions available in S.248-9 of the Companies Act 1985.

2 LOSS ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION

Loss on ordinary activities before and after taxation is stated after charging:

	Year ended 31 December <u>1996</u> £	Year ended 31 December <u>1995</u> £
Bank charges	<u>52</u>	<u>35</u>

No emoluments were paid to directors in respect of their services to the company during the year.

BAKER/OTS LIMITED**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1996 (Continued)****3 CREDITORS: Amounts falling due within one year**

	31 December 1996 £	31 December 1995 £
Other creditors	<u>664</u>	<u>664</u>

4 SHARE CAPITAL

Share capital comprises 100 authorised, allotted, issued and fully paid ordinary shares of £1 each.

5 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	12 months ended 31 December 1996 £	12 months ended 31 December 1995 £
Loss attributable to members of the company	(52)	(53)
Opening shareholders' funds	<u>797</u>	<u>850</u>
Closing shareholders' funds	<u>745</u>	<u>797</u>

BAKER/OTS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1996 (Continued)

6 ULTIMATE PARENT COMPANY

The company is a subsidiary undertaking of SD FortyFive Limited, a company incorporated in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Michael Baker Corporation, a company incorporated in the US. The consolidated accounts of this group are available to the public and may be obtained from Michael Baker Corporation, PO Box 12259, Pittsburgh, PA 15231.

The smallest group in which the results of the company are consolidated is that headed by Baker/OTS Inc, a company incorporated in the US. The consolidated accounts of this group are not available to the public.