

FBM Babcock Marine Holdings (UK) Limited  
Annual report  
for the year ended 31 March 2004

Registered number: 2530482



# **FBM Babcock Marine Holdings (UK) Limited**

## **Annual report for the year ended 31 March 2004**

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# **FBM Babcock Marine Holdings (UK) Limited**

## **Directors and advisers**

### **Directors**

A Marsh	(Executive Director)
B Morse	(Executive Director) (Appointed 20 October 2003)
W A Cramond	(Resigned 20 October 2003)

### **Company secretary**

S A R Billiald

### **Registered office**

2 Cavendish Square  
London  
W1G 0PX

### **Auditors**

PricewaterhouseCoopers LLP  
Kintyre House  
209 West George Street  
Glasgow  
G2 2LW

### **Bankers**

The Royal Bank of Scotland plc  
Dunfermline Branch  
52-54 East Port  
Dunfermline  
KY12 7HB

# **FBM Babcock Marine Holdings (UK) Limited**

## **Directors' report for the year ended 31 March 2004**

### **Financial statements**

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the year ended 31 March 2004.

### **Principal activity**

The principal activity of the company is a holding company for a shipbuilding, design, repairs and marine engineering group.

### **Review of the business**

The profit and loss account for the year is set out on page 7.

Babcock International Group PLC has undertaken to give such financial assistance as is necessary to the company for a period of not less than twelve months from the date of approval of these financial statements. On the strength of this assurance, the financial statements have been prepared on the basis that the company is a going concern.

### **Results and dividends**

The loss for the year, after taxation, amounted to £216,000 (2003: loss of £217,000). The directors do not recommend the payment of a dividend (2003: £nil). Accordingly the loss for the year of £ 216,000 (2003: loss £217,000) has been transferred from reserves.

### **Directors and their interests**

The directors of the company who served during the year were:

A Marsh

B Morse (Appointed 20 October 2003)

W A Cramond (Resigned 20 October 2003)

None of the directors had any beneficial interest in the company's shares.

The interests of A Marsh are shown in the financial statements of Babcock Engineering Services Limited.

# FBM Babcock Marine Holdings (UK) Limited

## Directors' report for the year ended 31 March 2004 (continued)

### Directors and their interests (continued)

The interests of the other directors in the shares of the company's ultimate parent company are as follows:

	31 March 2004	Movement during the year Ordinary shares	1 April 2003
B Morse	-	-	-
W A Cramond	-	(13,499)	13,499
Executive share options over ordinary shares			
B Morse	107,386	(48,080)	155,466
W A Cramond	121,178	(26,611)	147,789

### Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the result of the company for that year. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then 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 financial statements; and
- 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 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 financial statements 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.

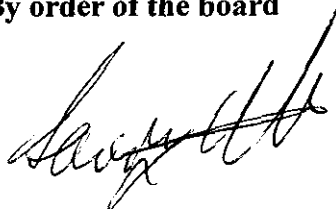
# **FBM Babcock Marine Holdings (UK) Limited**

## **Directors' report for the year ended 31 March 2004 (continued)**

### **Auditors**

A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be proposed at the forthcoming Annual General Meeting.

**By order of the board**

A handwritten signature in black ink, appearing to read 'B Morse', written over a horizontal line.

**B Morse**  
Director

24 May 2004

**Independent auditors' report to the members of  
FBM Babcock Marine Holdings (UK) Limited  
For the year ended 31 March 2004**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

**Basis of audit 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 that 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 to the members of  
FBM Babcock Marine Holdings (UK) Limited (continued)**

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**  
**Chartered Accountants and Registered Auditors**  
Glasgow

24 May 2004



# **FBM Babcock Marine Holdings (UK) Limited**

## **Profit and loss account as at 31 March 2004**

	Note	2004 £'000	2003 £'000
Operating expenses	2	(216)	(217)
<b>Loss on ordinary activities before and after taxation</b>	<b>3, 9</b>	<b>(216)</b>	<b>(217)</b>

All of the company's activities relate to continuing operations.

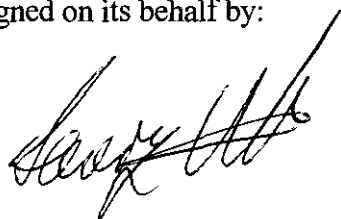
The accompanying notes are an integral part of this profit and loss account.  
The company does not have any gains or losses other than the loss for the year

# FBM Babcock Marine Holdings (UK) Limited

## Balance sheet as at 31 March 2004

	Note	2004 £'000	2003 £'000
<b>Fixed assets</b>			
Investments	5	162	378
<b>Creditors: amounts falling due within one year</b>	6	(932)	(932)
<b>Net current liabilities</b>		(932)	(932)
<b>Total assets less current liabilities</b>		(770)	(554)
<b>Net liabilities</b>		(770)	(554)
<b>Capital and reserves</b>			
Called up share capital	7	2,935	2,935
Share premium account	8	49	49
Profit and loss account	8	(3,754)	(3,538)
<b>Equity shareholders' deficit</b>	9	(770)	(554)

The financial statements were approved by the board of directors on 24 May 2004 and were signed on its behalf by:



**B Morse**  
**Director**

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

# **FBM Babcock Marine Holdings (UK) Limited**

## **Notes to the Financial Statements for the year ended 31 March 2004**

### **1. Accounting Policies**

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the principal accounting policies is set out below. They have all been applied consistently throughout the year and the preceding year.

#### **a) Basis of accounting**

The financial statements have been prepared in accordance with the historical cost convention.

The directors have prepared the financial statements on the basis that the company is a going concern. Babcock International Group PLC has undertaken to give financial support to the company for a period of not less than twelve months from the date of approval of the financial statements.

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 Babcock International Group plc which prepares consolidated accounts which are publicly available. The company is also, on this basis, exempt from the requirement of FRS 1 (Revised), "Cash Flow Statements", to present a cash flow statement.

#### **b) Investments**

Investments in subsidiaries, associates and joint ventures are stated at cost less provision for impairment. Additional long term loans advanced to the joint venture are treated as further investments. In considering the carrying value of the investments the underlying trading performance of the entity is taken into consideration.

#### **c) Foreign currencies**

Income and expenditure is recognised in the profit and loss account at the exchange rate ruling at the transaction date unless the transaction is subject to contract rates. Monetary assets and liabilities in overseas currencies are translated into sterling at the rates ruling at the balance sheet date. All other foreign exchange differences are taken to the profit and loss account in the period in which they arise.

#### **d) Taxation**

UK corporation tax is provided at amounts expected to be paid or recovered using the tax rates enacted by the balance sheet date.

# FBM Babcock Marine Holdings (UK) Limited

## Notes to the Financial Statements for the year ended 31 March 2004 (continued)

### Accounting Policies (continued)

#### d) Taxation (continued)

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 company'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 period 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.

Further information is provided in note 4.

### 2 Operating expenses (net)

	2004 £'000	2003 £'000
Amounts written off investment	108	192
Unrealised foreign exchange loss of translation of investments	108	25
	216	217

### 3 Loss for the year

The company carried out one class of business, being that of a holding company for a shipbuilding, design, repairs and marine engineering group.

The company had no employees during either year other than the directors. Directors' remuneration was borne by other group companies. None of the directors received any remuneration in respect of their services as a director of the company.

Audit fees are borne by other group companies and are not recharged.

# FBM Babcock Marine Holdings (UK) Limited

## Notes to the Financial Statements for the year ended 31 March 2004 (continued)

### 4 Taxation

The corporation tax charge for the period is £nil (2003: £nil).

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

	2004 £'000	2003 £'000
(Loss) on ordinary activities before tax	(216)	(217)
Corporation tax at the standard rate of 30%	(65)	(65)
Expenses not deductible for tax purposes	65	65
	-	-

The company does not have any provided or unprovided deferred tax at 31 March 2004 (2003: £nil).

### 5 Investments in subsidiaries and associates

	Subsidiaries £'000	Associates £'000	Joint Venture Equity Investment £'000	Loan £'000	Total £'000
<b>Cost</b>					
At 1 April 2003	3,231	250	1,680	772	5,933
Foreign exchange movement	-	-	-	(108)	(108)
At 31 March 2004	3,231	250	1,680	664	5,825
<b>Amounts written off</b>					
At 1 April 2003	3,211	250	1,680	414	5,555
Charge for the year	-	-	-	108	108
At 31 March 2004	3,211	25	1,680	522	5,663
<b>Net book value</b>					
At 31 March 2004	20	-	-	142	162
At 31 March 2003	20	-	-	358	378

The foreign exchange movement relates to an unrealised foreign exchange loss arising from translation of loans to a joint venture of US \$1,225,000 at the rates prevailing at 31 March 2004 and 31 March 2003.

# FBM Babcock Marine Holdings (UK) Limited

## Notes to the Financial Statements for the year ended 31 March 2004 (continued)

### 5 Investments (continued)

#### Interests in group undertakings

Name of subsidiary undertaking	Country of incorporation and operation	Activity	Description of shares held	Proportion of nominal value of issued shares held by company
<i>Subsidiaries</i>				%
FBM Babcock Marine Limited	UK	Shipbuilding	Ordinary £1 shares	100
FBM Support Services Limited	UK	Dormant	Ordinary £1 shares	100
FBM Marine International (UK) Limited	UK	Dormant	Ordinary £1 shares	100
<i>Joint ventures</i>				
FBMA Babcock Marine Inc	Philippines	Shipbuilding	Ordinary 100 PHP shares	50
<i>Associated undertakings</i>				
FBV Designs Limited	UK	Dormant	Ordinary £1 shares	50

### 6 Creditors: amounts falling due within one year:

	2004 £'000	2003 £'000
Amounts owed to subsidiary undertakings	928	928
Amounts owed to related undertakings	4	4
	<b>932</b>	<b>932</b>

### 7 Called up share capital

	2004 £'000	2003 £'000
Authorised		
Ordinary shares of £1 each (5,000,000) shares	<b>5,000</b>	5,000
Allotted, called up and fully paid		
Ordinary shares of £1 each (2,935,244) shares	<b>2,935</b>	2,935

# FBM Babcock Marine Holdings (UK) Limited

## Notes to the Financial Statements for the year ended 31 March 2004 (continued)

### 8 Share premium account and reserves

	Share Premium £'000	Profit and loss account £'000
At 1 April 2003	49	(3,538)
Loss for the financial year	-	(216)
At 31 March 2004	49	(3,754)

### 9 Reconciliation of movement in equity shareholders deficit

	2004 £'000	2003 £'000
Opening equity shareholders' deficit	(554)	(337)
Loss for the financial year	(216)	(217)
At 31 March 2004	(770)	(554)

### 10 Contingent liabilities

The company is registered for VAT purposes in a group of undertakings which shares a common registration number. As a result, it has jointly guaranteed the liability of the group and failure by other members of the group to meet their VAT liabilities would give rise to additional liabilities for the company. The directors are of the opinion that no additional liability is likely to arise.

### 11 Related party transactions

The company has taken advantage of the exemption under FRS 8 "Related Parties", not to disclose transactions with group companies.

# **FBM Babcock Marine Holdings (UK) Limited**

## **Notes to the Financial Statements for the year ended 31 March 2004 (continued)**

### **12 Ultimate parent undertaking**

The company's immediate parent company is Babcock Support Services Limited, a company registered in Scotland. 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 financial statements are available from the following address;

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