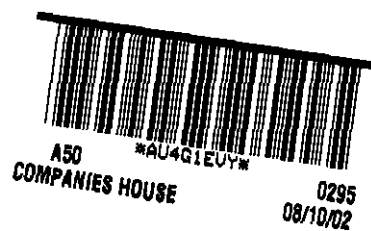


A&P Ship Repairers Limited
Annual report and accounts
for the year ended 31 December 2001

Registered Number 3015481



A&P Ship Repairers Limited

Annual report and accounts for the year ended 31 December 2001

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A&P Ship Repairers Limited

Directors and advisors

Directors

K P Thompson

D P Parry

Secretary

K P Thompson

Auditors

PricewaterhouseCoopers

89 Sandyford Road

Newcastle upon Tyne

NE99 1PL

Solicitors

DLA

Fountain Precinct

Balm Green

Sheffield

S1 1RZ

Registered Office

Western Avenue

Western Docks

Southampton

SO15 0HH

Registered Number

3015481

Bankers

Bank of Scotland

London Chief Office

38 Threadneedle Street

London

EC2P 2EH

A&P Ship Repairers Limited

Directors' report for the year ended 31 December 2001

The directors present their Annual Report and the audited financial statements for the year ended 31 December 2001.

Principal activity and business review

The company acts as an intermediate holding company. The results for the year are on page 5.

The going concern assumption has been adopted in the preparation of these financial statements as the ultimate parent undertaking has indicated its willingness to provide financial support for the foreseeable future.

Directors and their interests

The names of the directors who held office during the year and at the date of this report, except where indicated, were as follows:

M Holding (resigned 28 September 2001)
K P Thompson
D P Parry (appointed 28 September 2001)

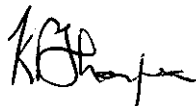
None of the directors have any interests in the company. The interests of the directors in the shares of the ultimate holding company, A&P Acquisitions Limited, are disclosed in the financial statements of that company, except as disclosed below:

	2001	2000
	Ordinary shares of 1p Number	Ordinary shares of 1p each Number
D P Parry	100	-

Auditors

A resolution to reappoint PricewaterhouseCoopers will be proposed at the Annual General Meeting.

By order of the board



K P Thompson
Director

19 September 2002

A&P Ship Repairers Limited

Directors' Responsibilities Statement

The directors are required by UK company law to prepare financial statements for each financial year that 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 or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2001. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

A handwritten signature in black ink, appearing to read 'K P Thompson', is written over the printed name and title.

K P Thompson
Director

19 September 2002

A&P Ship Repairers Limited

Independent auditors' report to the members of A&P Ship Repairers Limited

We have audited the financial statements which comprise the profit and loss account, the statement of total recognised gains and losses, 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.

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.

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.

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 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 the company's affairs at 31 December 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Newcastle upon Tyne
19 September 2002

A&P Ship Repairers Limited

Profit and loss account for the year ended 31 December 2001

	Note	2001 £	2000 £
Loss on disposal of fixed asset investments	2	-	(18,699,003)
Loss on ordinary activities before tax		-	(18,699,003)
Taxation		-	-
Loss for the year	7	-	(18,699,003)

All of the activities of the company are continuing.

There is no difference between the loss on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

Statement of total recognised gains and losses for the year ended 31 December 2001

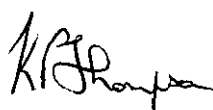
	2001 £	2000 £
Loss for the year	-	(18,699,003)
Write off of intercompany debt	7,384,039	-
	7,384,039	(18,699,003)

A&P Ship Repairers Limited

Balance sheet at 31 December 2001

	Note	2001 £	2000 £
Fixed assets			
Investments	2	1	1
Current assets			
Debtors	3	338,211	69,002
Creditors: amounts falling due within one year	4	-	(7,114,830)
Net current assets/(liabilities)		338,211	(7,045,828)
Total assets less current liabilities		338,212	7,045,827
Provisions for liabilities and charges	5	-	-
Net assets/(liabilities)		338,212	(7,045,827)
Capital and reserves			
Called up equity share capital	6	18,768,002	18,768,002
Profit and loss account	7	(18,429,790)	(25,813,829)
Equity shareholders' funds/(deficit)	8	338,212	(7,045,827)

The financial statements on pages 5 to 10 were approved by the board of directors on 19 September 2002 and were signed on its behalf by:



K P Thompson

A&P Ship Repairers Limited

Accounting policies

The financial statements are prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention.

Consolidated financial statements

Consolidated financial statements have not been prepared as the company is a wholly owned subsidiary undertaking of another company registered in England and Wales.

Investments

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

Cash flow statement

The company is a wholly owned subsidiary and is exempt under the terms of Financial Reporting Standard No 1 revised from publishing a cash flow statement.

A&P Ship Repairers Limited

Notes to the financial statements for the year ended 31 December 2001

1. Directors' emoluments

The emoluments of the directors, who are also directors of a number of group companies, are borne in full by the principal employing company. Accordingly no recharge is made as these directors provide services primarily to the principal employer. These directors' emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the principal employer.

2. Fixed asset investment

Interests in subsidiary undertakings

	2001 £
Cost and net book value at 1 January 2001 and 31 December 2001	1

The carrying value of the subsidiary undertakings was written down in 2000 prior to the restructuring and reorganisation exercise referred to in Note 7.

The principal subsidiaries, all of whom are registered in England and Wales, in which the company holds 100% of the equity share capital, are as follows:

Name of undertaking	Principal Undertaking	Description Of shares held
A&P Tyne Limited	Ship repair and general engineering services	Ordinary £1 shares
A&P Falmouth Limited	Ship repair and general engineering services	Ordinary £1 shares
A&P Southampton Limited	Ship repair and general engineering services	Ordinary £1 shares
A&P Chatham Limited	Ship repair and general engineering services	Ordinary £1 shares

3. Debtors

	2001 £	2000 £
Amounts falling due within one year:		
Amounts owed by parent undertaking	338,211	69,002

A&P Ship Repairers Limited

4. Creditors – Amounts falling due within one year

	2001	2000
	£	£
Amounts owed to group undertakings	-	7,114,830

5. Provisions for liabilities and charges

	Provision for loss on contract
	£
At 1 January 2001 and at 31 December 2001	-

6. Called up equity share capital

	2001	2000
	£	£
Authorised		
18,769,000 (2000: 18,769,000) Ordinary shares of £1 each	18,769,000	18,769,000
Allotted, called up and fully paid		
18,768,002 (2000: 18,768,002) Ordinary shares of £1 each	18,768,002	18,768,002

7. Profit and loss account

	£
At 1 January 2001	(25,813,829)
Result for the year	-
Write off of intercompany debt	7,384,039
At 31 December 2001	(18,429,790)

As part of a restructuring and reorganisation exercise completed on 16 August 2001 ownership of the Company, along with the other ship repairing business of A&P Group Holdings Limited, was transferred to a new investment holding company, A&P Acquisitions Limited. As at 16 August 2001 the company's indebtedness to member companies of the A&P Group Holdings Limited Group (£7,384,039) was forgiven.

A&P Ship Repairers Limited

8. Reconciliation of movements in equity shareholders' funds/(deficit)

	2001	2000
	£	£
Loss for the financial year	-	(18,699,003)
Write off of intercompany debt (note 7)	7,384,039	
Opening equity shareholders' (deficit)/funds	(7,045,827)	11,653,176
Closing equity shareholders' funds/(deficit)	338,212	(7,045,827)

9. Contingent liabilities

The company has entered into guarantees in favour of the Bank of Scotland plc regarding amounts borrowed by A&P Acquisitions Limited group companies, which at 31 December 2001 amounted to £74,886 (2000: £45,699,383).

10. Related party transactions

The company has taken advantage of the exemptions available under Financial Reporting Standard No 8 and has not disclosed transactions with companies that are part of the A&P Acquisitions Limited group of companies.

11. Parent companies and controlling parties

The immediate parent undertaking is A&P Acquisitions Limited which the directors regard as the ultimate parent company and immediate controlling party. Copies of the parent's consolidated financial statements may be obtained from:

Registrar of Companies
Crown Way
Maindy
Cardiff
CF4 3UZ

For the purpose of Financial Reporting Standard No 8 "Related Party Disclosures", The Royal Bank of Scotland Group plc is regarded as the ultimate controlling party by reason of its share holding in A&P Acquisitions Limited through its subsidiary Royal Bank Investments Limited. Royal Bank Investments Limited is an investment company and neither The Royal Bank of Scotland Group plc nor Royal Bank Investments Limited direct the financial and operating policies of this Company