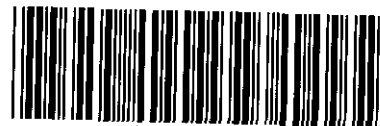


## **FBM Babcock (Lairdside) Limited**

**Financial statements for the year ended 31 March 2006  
together with directors' and auditors' reports**

**Registered number: 3613756**

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# **FBM Babcock (Lairdside) Limited**

## **Directors and advisers**

### **Directors**

A J Marsh  
I S Urquhart (Appointed 12 May 2005)

### **Joint Secretaries**

J D T Greig  
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 (Lairdside) Limited**

## **Directors' report for the year ended 31 March 2006**

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 2006.

### **Review of business and future developments**

The company is non-trading and is not expected to trade in the foreseeable future.

The ultimate parent company, Babcock International Group PLC has confirmed that it will provide financial support as is necessary to the company and the directors have accordingly prepared the financial statements on the basis that the company is a going concern.

### **Results and dividends**

The audited financial statements for the year ended 31 March 2006 are set out in pages 7 to 11.

The profit for the year after taxation was £62,000 (2005: £6,000). The directors recommend that no dividend be paid (2005: £nil). Accordingly the profit for the year of £62,000 (2005: £6,000) has been transferred to reserves.

### **Directors and their interests**

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

A J Marsh

I S Urquhart (Appointed 12 May 2005)

The interests of A J Marsh and I S Urquhart, who are also directors of fellow group undertakings, are disclosed in the financial statements of Babcock Engineering Services Limited and Marine Engineering Fabrications Limited respectively.

# **FBM Babcock (Lairdside) Limited**

## **Directors' report for the year ended 31 March 2006 (continued)**

### **Directors' responsibilities**

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 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.*

### **Auditors and disclosure of information to auditors**

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The company has elected pursuant to s386 of the Companies Act 1985 to dispense with the obligation to appoint auditors annually.

### **By order of the board**



I S Urquhart  
Director

15 January 2007

# **FBM Babcock (Lairdside) Limited**

## **Independent auditors' report**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FBM BABCOCK (LAIRDSIDE) LIMITED**

We have audited the financial statements of FBM Babcock (Lairdside) Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### **Respective responsibilities of directors and auditors**

*The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). 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 into 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

*In addition we report to you if, in our opinion, 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 other transactions is not disclosed.*

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

## **FBM Babcock (Lairdside) Limited**

### **Independent auditors' report (continued)**

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Glasgow

15 January 2007

# FBM Babcock (Lairdside) Limited

## Profit and loss account For the year ended 31 March 2006

	Note	2006 £'000	2005 £'000
Turnover		-	-
Other operating income		62	6
Operating profit		62	6
Profit on ordinary activities before and after taxation, being retained profit for the year	2.7	62	6

All results are derived from the discontinued activities of the company.

There are no recognised gains or losses in either year other than the result for that year.

There are no differences between the profit on ordinary activities before taxation, being retained profit for the year stated above and their historical cost equivalents.

The accompanying notes are an integral part of this profit and loss account.

# FBM Babcock (Lairdside) Limited

## Balance sheet As at 31 March 2006

	Note	2006 £'000	2005 £'000
<b>Creditors: amounts falling due within one year</b>	4	<b>(651)</b>	(651)
<b>Net current liabilities</b>		<b>(651)</b>	(651)
<b>Total assets less current liabilities</b>		<b>(651)</b>	(651)
Provisions for liabilities and charges	5	-	(62)
<b>Net liabilities</b>		<b>(651)</b>	(713)
<b>Capital and reserves</b>			
Called up share capital	6	-	-
Profit and loss account	7	<b>(651)</b>	(713)
<b>Equity shareholders' deficit</b>	7	<b>(651)</b>	(713)

The financial statements on pages 7 to 11 were approved by the board of directors on 15 January 2007 and were signed on its behalf by:



**I S Urquhart**  
Director

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



# **FBM Babcock (Lairdside) Limited**

## **Notes to the financial statements (continued) For the year ended 31 March 2006**

### **1 Accounting Policies**

The financial statements have been prepared in accordance with the Companies Act 1985 and with applicable accounting standards in the United Kingdom. A summary of the principal accounting policies is set out below. The company has adopted FRS 17 'Retirement benefits', FRS 21 'Events after the balance sheet date', FRS 25 'Financial Instruments', disclosure and presentation' and FRS 28 'Corresponding amounts' in these financial statements. The adoption of these standards represents a change in accounting policy. However there was no impact in 2006 or 2005 following these changes in accounting policy and accordingly no restatement of comparatives was required.

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

The financial statements have been prepared on the historical cost basis of accounting.

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.

#### **b) Cash flow statement**

The company is a wholly-owned subsidiary of Babcock International Group PLC and is included in the consolidated financial statements of Babcock International Group PLC, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cashflow statement under the terms of FRS 1. The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of Babcock International Group PLC.

### **2 Profit on ordinary activities for the year**

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 (Lairdside) Limited

## Notes to the financial statements (continued) For the year ended 31 March 2006

### 3 Taxation

The corporation tax charge for the period is £nil (2005: £nil).

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

	2006 £'000	2005 £'000
Profit on ordinary activities before tax	62	6
Corporation tax at the standard rate of 30%	19	2
Effects of:		
Group relief surrendered for nil consideration	(19)	(2)
	-	-

There is no provided or unprovided deferred tax as at 31 March 2006 (2005: £nil).

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

	2006 £'000	2005 £'000
Amounts due to fellow subsidiary	651	651

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

### 5 Provisions for liabilities and charges

	Provision for termination of lease £'000
At 1 April 2005	62
Written back in year	(62)
At 31 March 2006	-

The provision for termination of lease relates to operating costs arising from the decision to terminate operations at Lairdside. The directors considered in year that no liability is likely to materialise and the provision was released.

## **FBM Babcock (Lairdside) Limited**

### **Notes to the financial statements (continued) For the year ended 31 March 2006**

#### **6 Called up share capital**

	2006 £	2005 £
Authorised		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

#### **7 Reconciliation of the movement in equity shareholders' deficit**

	£'000
Opening equity shareholders deficit	(713)
Profit for the year	62
Closing equity shareholders deficit	(651)

#### **8 Related party transactions**

The company, as a wholly owned subsidiary, has taken advantage of the exemption granted under Financial Reporting Standard 8, 'Related parties', by not disclosing details of sales and purchases with other members of the group headed up by Babcock International Group PLC.

#### **9 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