

50154605

# **First Engineering Holdings Limited**

## **Report and Financial Statements**

31 March 2006



# First Engineering Holdings Limited

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Registered No SC154605

## **Directors**

J Anderson  
G Hastings  
F Martinelli  
P L Rogers  
W Tame

## **Joint Secretaries**

C J Anderson  
S Billhald

## **Auditors**

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

## **Bankers**

Bank of Scotland  
54 62 Sauchiehall Street  
Glasgow  
G2 2DJ

## **Solicitors**

McClure Naismith  
292 St Vincent Street  
Glasgow  
G52 5TQ

## **Registered Office**

7<sup>th</sup> Floor  
Buchanan House  
58 Port Dundas Road  
Glasgow  
G4 0HG

## Directors' report

The directors present their report and financial statements for the year ended 31 March 2006

### Principal activities and review of the business

The company's principal activity is that of an investment holding company

### Results and dividends

The company profit after taxation for the period was £11,000,000 (2005 £22,000,000) A dividend of £11,000,000 (2005 £22,000,000) was paid during the year leaving a retained profit for the year of £nil (2005 – £nil)

### Directors and their interests

The directors of the company at the year end were

J Anderson  
S J Bell (resigned 29 June 2006)  
F Martinelli (appointed 14 May 2005)  
G Hastings  
P L Rogers  
W L Tame

A R Robertson resigned as a director on 14 May 2005

None of the directors of the company at 31 March 2006 held any interests in the share capital of First Engineering Holdings Limited

The directors of the company at 31 March 2006 and their interests in the share capital of Babcock International Group PLC are noted below

	31 March 2006
	<i>Ordinary Shares of £1</i>
S J Bell	914
	<i>Options on Ordinary Shares</i>
S J Bell	30,000

J Anderson has been granted options to 198,070 ordinary shares of £1 (2005 143,056) under the Babcock International Group PLC Long Term Incentive Plan

P L Rogers and W L Tame are also directors of the company's parent undertaking, Babcock International Group PLC, and their interests in that company are dealt with in that company's report The remaining directors hold no interests in Babcock International Group PLC

### Future developments

The directors do not envisage any change in the activities of the company

## Directors' report

### 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

A resolution proposing the reappointment of PricewaterhouseCoopers LLP as auditors will be put to the members at the Annual General Meeting

By order of the board



C J Anderson

Joint Company Secretary

11 July 2006

## **Statement of directors' responsibilities in respect of the financial statements**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. 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 a 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.

## **Independent auditors' report for the members of First Engineering Holdings Limited**

We have audited the financial statements of First Engineering Holdings 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**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also 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**

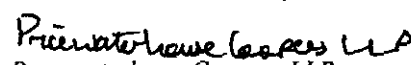
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

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  
Chartered Accountants and Registered Auditors  
Glasgow  
11 July 2006

## Profit and loss account

for the year ended 31 March 2006

		<i>12 months to 31 March 2006 £000</i>	<i>15 months to 31 March 2005 £000</i>
	<i>Notes</i>		
Income from shares in subsidiary undertaking		11,000	22,000
<b>Profit on ordinary activities before taxation</b>		<u>11,000</u>	<u>22,000</u>
Taxation on profit on ordinary activities	3		
<b>Profit on ordinary activities after taxation</b>		<u>11,000</u>	<u>22,000</u>
Dividends	4	(11,000)	(22,000)
<b>Retained profit for the year</b>	9	<u><u>          </u></u>	<u><u>          </u></u>

## Statement of total recognised gains and losses

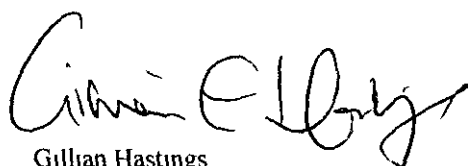
There are no recognised gains or losses other than the profit on ordinary activities after taxation of £nil (2005 £nil)

## Balance sheet

as at 31 March 2006

	Notes	2006 £000	2005 £000
<b>Fixed assets</b>			
Investments	5	29,112	29,112
		<u>          </u>	<u>          </u>
<b>Creditors</b> amounts falling due within one year	6	(12,590)	(12,590)
		<u>          </u>	<u>          </u>
<b>Net current liabilities</b>		(12,590)	(12,590)
		<u>          </u>	<u>          </u>
<b>Total assets less current liabilities</b>		16,522	16,522
		<u>          </u>	<u>          </u>
<b>Capital and reserves</b>			
Called up share capital	7	371	371
Share premium account	8	36	36
Capital redemption reserve	8	10,800	10,800
Profit and loss account	8	5,315	5,315
		<u>          </u>	<u>          </u>
<b>Equity shareholders' funds</b>	9	16,522	16,522
		<u>          </u>	<u>          </u>

The financial statements on pages 6 to 11 were approved by the board on 11 July 2006 and were signed on its behalf by



Gillian Hastings  
Director



## Notes to the financial statements

### 1. Accounting policies

#### *Basis of presentation*

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. In accordance with the provisions of Section 228 of Companies Act 1985, the company has not presented consolidated financial statements.

#### *Cash flow statement*

First Engineering Holdings Limited has not prepared a cash flow statement in line with the exemption granted under Financial Reporting Standard No 1 (Revised) being a wholly owned subsidiary undertaking of an EC parent.

#### *Income*

Income represents the value of dividends receivable during the year and is generated wholly within the United Kingdom from continuing activities.

### 2. Directors and employees

Other than the directors, the company had no employees during the year (2005: none). The directors did not receive any remuneration for their services as directors of the company.

### 3. Taxation on profit on ordinary activities

(a) The taxation charge comprises

	<i>12 months to 31 March 2006 £000</i>	<i>15 months to 31 March 2005 £000</i>
Current tax		
Corporation tax charge on profit for the period		

(b) Factors affecting the tax charge for the year

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	<i>12 months to 31 March 2006 £000</i>	<i>15 months to 31 March 2005 £000</i>
Profit on ordinary activities before tax	11,000	22,000
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005: 30%)	3,300	6,600
Effect of Dividend income from UK companies	(3,300)	(6,600)
Tax charge for the year		

## Notes to the financial statements

### 4. Dividends

	<i>12 months to 31 March 2006 £000</i>	<i>15 months to 31 March 2005 £000</i>
<b>Equity shares</b>		
Ordinary shares		
Final £29 625 per share (2005 – £59 25)	11,000	22,000

### 5. Investments

	<i>31 March 2006</i>	<i>31 March 2005</i>
Investment in subsidiary undertakings		
Debenture loan stock	22,500	22,500
Purchase consideration for other net assets acquired	6,612	6,612
	<u>29,112</u>	<u>29,112</u>

Particulars of the company's wholly owned subsidiary undertakings, are as follows

<i>Nature of company</i>	<i>Country of registration</i>	<i>Class of share capital held</i>
SCIMCO Limited	England and Wales	Ordinary
First Projects Limited	England and Wales	Ordinary
Investment held by SCIMCO Limited		
First Engineering Limited	England and Wales	Ordinary

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

	<i>31 March 2006 £000</i>	<i>31 March 2005 £000</i>
Accruals	8	8
Amounts payable to group undertaking	12,582	12,582
	<u>12,590</u>	<u>12,590</u>

## Notes to the financial statements

### 7. Share capital

	31 March 2005 and 2006 Allotted, called up and fully paid		
	Authorised No	Issued No	£000
Equity share capital			
Ordinary shares of £1 each	11,171,319	371,319	<u>371</u>

### 8. Reserves

	Share premium account £000	Capital redemption reserve £000	Company profit and loss account £000
At 31 March 2005	36	10,800	5,315
Retained profit for the year			
At 31 March 2006	<u>36</u>	<u>10,800</u>	<u>5,315</u>

### 9. Reconciliation of movement in shareholders' funds

	31 March 2006 £000	31 March 2005 £000
Opening shareholders' funds at 1 April	16,522	16,522
Profit for the financial year	11,000	22,000
Dividends	(11,000)	(22,000)
Closing shareholders' funds at 31 March	<u>16,522</u>	<u>16,522</u>

### 10. Contingent liabilities

The company has given counter indemnities in respect of performance bonds issued on behalf of group undertakings in the normal course of business

The company has given guarantees over operating leases taken out by First Engineering Limited with Lombard North Central Plc

The company has given parental guarantees on behalf of group undertakings in the normal course of business

## Notes to the financial statements

### 11. Ultimate parent undertaking

The ultimate parent undertaking at the year end was Babcock International Group PLC, which is registered in England and Wales. It has included the company in its group financial statements, copies of which are available from its registered office 2 Cavendish Square, London W1G 0PX.

The company has taken advantage of the exemption provided within Financial Reporting Standard No 8 from disclosing transactions with fellow group companies.