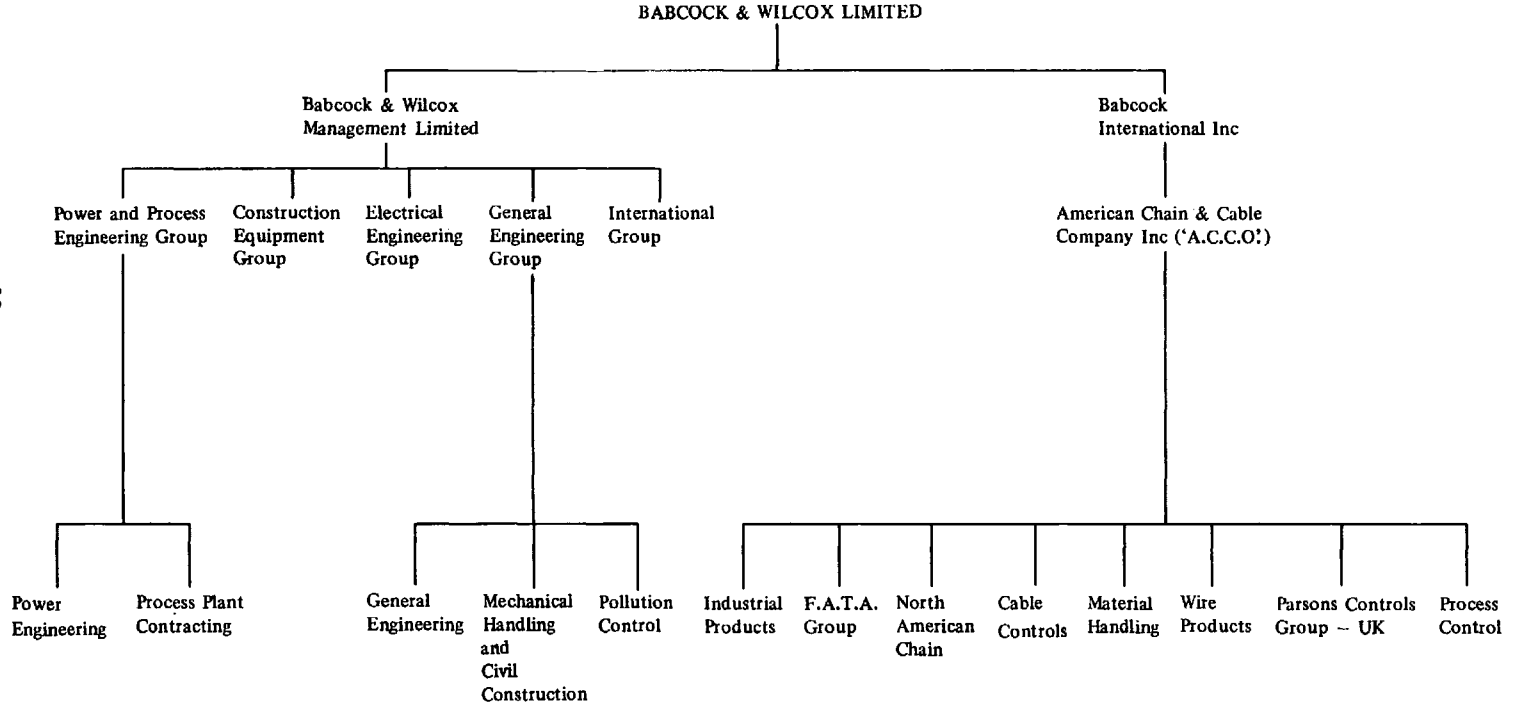


APPENDIX I  
 (referred to in paragraph 12)

**Babcock & Wilcox Limited  
 Operating group structure**



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Note: The above chart does not include further subsidiary divisions of A.C.C.O.

APPENDIX 2  
(referred to in paragraph 15)  
**Babcock & Wilcox Limited**  
**Consolidated profit and loss accounts**

	<i>Years ended on or about 31 December</i>									<i>Unaudited 6 months to end June 1976</i>
	1967	1968	1969	1970	1971	1972	1973	1974	1975	£'000
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Turnover</b>	<u>79,854</u>	<u>100,145</u>	<u>103,553</u>	<u>110,586</u>	<u>128,094</u>	<u>126,802</u>	<u>202,232</u>	<u>248,201</u>	<u>370,700</u>	<u>294,761</u>
<b>Trading profit before depreciation</b>	5,028	5,181	4,775	6,584	7,130	8,063	13,095	13,782	19,285	
<b>Depreciation</b>	(1,660)	(1,850)	(2,149)	(2,302)	(2,330)	(2,253)	(3,014)	(3,185)	(3,865)	
<b>Trading Profit</b>	3,368	3,331	2,626	4,282	4,800	5,810	10,081	10,597	15,420	14,072
Share of profits/(losses) of associated companies	—	—	—	92	177	71	(353)	1,197	372	1,067
Investment income (see note 2)	598	767	789	779	739	840	1,037	1,094	3,387	3,568
<b>Net interest payable</b>	3,966 (639)	4,098 (861)	3,415 (1,344)	5,153 (2,009)	5,716 (1,703)	6,721 (1,397)	10,765 (2,608)	12,888 (3,009)	19,179 (2,114)	18,707 (3,529)
<b>Profit before taxation</b>	3,327	3,237	2,071	3,144	4,013	5,324	8,157	9,879	17,065	15,178
<b>Taxation</b>	(1,360)	(1,356)	(1,581)	(1,626)	(1,417)	(1,681)	(3,486)	(4,684)	(7,630)	(6,356)
<b>Profit after taxation</b>	1,967	1,881	490	1,518	2,596	3,643	4,671	5,195	9,435	8,822
Minority interests	(183)	(317)	(350)	(323)	(223)	(260)	(387)	(362)	(200)	(53)
<b>Profit after taxation and before extraordinary items</b>	1,784	1,564	140	1,195	2,373	3,383	4,284	4,833	9,235	8,769
<b>Extraordinary items</b>										
Net surpluses on disposals of investments	103	—	—	—	858	—	922	126	22,141	
Net surpluses/(deficits) on disposals of properties	—	—	—	4,688	566	68	419	(22)	—	
Other	1,051	(2,545)	(168)	(651)	(864)	1,012	1,967	(684)	(177)	
<b>Profit/(loss) after extraordinary items</b>	<u>2,938</u>	<u>(981)</u>	<u>(28)</u>	<u>5,232</u>	<u>2,933</u>	<u>4,463</u>	<u>7,592</u>	<u>4,253</u>	<u>31,199</u>	<u>8,769</u>

Notes: 1) The above figures have been taken from the Group's published accounts but adjusted in respect of extraordinary items to include certain transactions which in earlier years had been taken direct to reserves.

2) Investment income shown for 1975 and the half year 1976 includes currency gains of £2,014,000 and £2,994,000 respectively.

APPENDIX 3  
(referred to in paragraph 15)

**Babcock & Wilcox Limited**

**Turnover and trading profits by operating groups**

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	<i>Years ended on or about 31 December</i>					<i>Unaudited 6 months to end June</i>
	1971 £'000	1972 £'000	1973 £'000	1974 £'000	1975 £'000	1976 £'000
<b>Turnover:</b>						
Power and process engineering	63,596	56,977	78,866	101,517	146,908	78,615
Construction equipment	15,679	19,836	23,146	24,093	32,587	17,023
Electrical engineering	3,455	3,925	9,054	9,798	15,934	8,056
General engineering	11,826	15,084	41,828	57,652	84,139	47,113
International	33,538	30,980	49,338	55,141	78,651	50,444
ACCO (1975—from 5 December)	—	—	—	—	12,481	93,510
	<u>128,094</u>	<u>126,802</u>	<u>202,232</u>	<u>248,201</u>	<u>370,700</u>	<u>294,761</u>
<b>Trading profit:</b>						
Power and process engineering	1,999 (3.1%)	1,801 (3.2%)	2,111 (2.7%)	2,886 (2.8%)	3,590 (2.4%)	1,500 (1.9%)
Construction equipment	939 (6.0%)	1,727 (8.7%)	2,538 (11.0%)	2,511 (10.4%)	4,268 (13.1%)	1,700 (10.0%)
Electrical engineering	114 (3.3%)	135 (3.4%)	584 (6.5%)	489 (5.0%)	1,030 (6.5%)	700 (8.7%)
General engineering	343 (2.9%)	948 (6.3%)	2,629 (6.3%)	3,036 (5.3%)	4,380 (5.2%)	2,200 (4.7%)
International	1,405 (4.2%)	1,199 (3.9%)	2,219 (4.5%)	1,675 (3.0%)	1,452 (1.8%)	900 (1.8%)
ACCO (1975—from 5 December)	—	—	—	—	700 (5.6%)	7,000 (7.5%)
	<u>4,800 (3.7%)</u>	<u>5,810 (4.6%)</u>	<u>10,081 (5.0%)</u>	<u>10,597 (4.3%)</u>	<u>15,420 (4.2%)</u>	<u>14,000 (4.7%)</u>

Notes: 1) Trading profit comprises profit before investment and associated company income and interest payable.

2) The percentages represent the ratios of trading profits to turnover.

APPENDIX 4

(referred to in paragraph 17)

**Babcock & Wilcox Limited**

**Group source and application of funds**

	<i>Years ended on or about 31 December</i>		
	1973 £'000	1974 £'000	1975 £'000
<b>SOURCE OF FUNDS</b>			
Profit after tax and before extraordinary items (excluding associated companies)	4,729	3,902	9,065
Depreciation	3,014	3,185	3,865
Minority interests	387	188	276
Deferred taxation	341	1,433	3,707
<b>Total funds generated from operations</b>	<b>8,471</b>	<b>8,708</b>	<b>16,913</b>
Arising from other sources:			
Additional loans	7,193	661	8,756
Disposals of investments	1,525	226	31,956
Net proceeds of rights issue	—	—	11,203
	<b>17,189</b>	<b>9,595</b>	<b>68,828</b>
<b>APPLICATION OF FUNDS</b>			
Purchase of shares in subsidiaries (see note)	13,503	1,283	35,458
Purchase of fixed assets (net of disposals)	3,090	4,676	7,637
Purchase of investments	1,334	2,342	4,648
Repayment of loans	430	281	1,123
Dividends paid	822	860	913
Increase/(decrease) in working capital	(160)	(2,354)	20,942
(Increase)/decrease in bank overdrafts	(1,830)	2,507	(1,893)
	<b>17,189</b>	<b>9,595</b>	<b>68,828</b>
<i>Note: The cost of shares in subsidiaries was represented by the following assets and liabilities:</i>			
Fixed assets	5,922	—	42,277
Investments	581	—	1,112
Working capital	2,762	—	35,855
Bank overdrafts (net)	(345)	—	(11,887)
Loans	(525)	—	(15,142)
Minority interests	535	1,227	(3,726)
Deferred taxation	(77)	—	(4,757)
	<b>8,853</b>	<b>1,227</b>	<b>43,732</b>
Acquisition (reserve)/goodwill	4,650	56	(8,274)
	<b>13,503</b>	<b>1,283</b>	<b>35,458</b>

APPENDIX 5  
(referred to in paragraph 19)

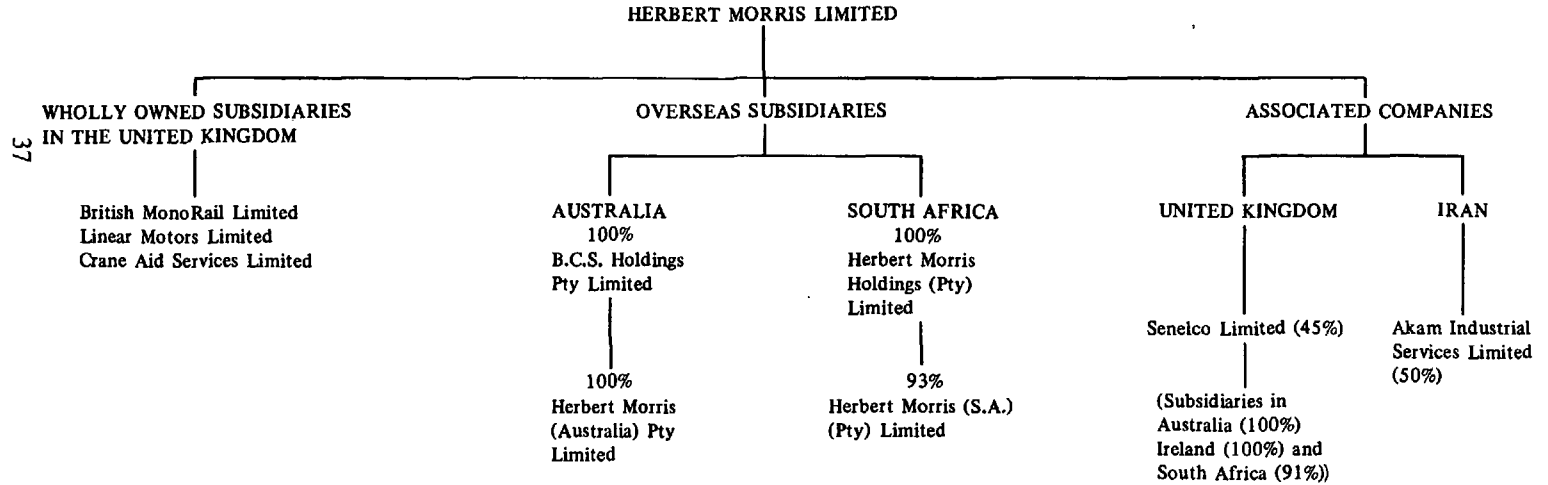
**Babcock & Wilcox Limited**  
**Analysis of turnover of operating groups**

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	<i>Years ended on or about 31 December</i>						<i>Unaudited 6 months to end June</i>
	1971 £'000	1972 £'000	1973 £'000	1974 £'000	1975 £'000	1976 £'000	
<b>U.K. Companies</b>							
U.K. sales							
Power and process engineering	47,038	42,503	61,589	86,274	128,753	69,058	
Construction equipment	10,889	15,526	18,200	15,730	19,580	10,619	
Electrical engineering	3,193	2,936	7,257	7,232	13,169	6,970	
General engineering	9,513	11,870	34,387	48,778	69,652	36,446	
ACCO (1975—from 5 December)	—	—	—	—	1,506	12,357	
	<u>70,633</u> (55.1%)	<u>72,835</u> (57.4%)	<u>121,433</u> (60.0%)	<u>158,014</u> (63.7%)	<u>232,660</u> (62.7%)	<u>135,450</u> (46.0%)	
<b>Exports to third party and to overseas subsidiaries</b>							
Power and process engineering	17,523	15,218	18,428	15,045	16,397	10,076	
Construction equipment	5,698	5,601	6,974	10,469	17,007	8,188	
Electrical engineering	997	1,954	2,511	4,124	4,978	2,042	
General engineering	2,330	3,055	4,415	4,121	7,980	4,245	
ACCO (1975—from 5 December)	—	—	—	—	252	1,854	
	<u>26,548</u> (20.8%)	<u>25,828</u> (20.4%)	<u>32,328</u> (16.0%)	<u>33,759</u> (13.6%)	<u>46,614</u> (12.6%)	<u>26,405</u> (8.9%)	
<b>Overseas companies:</b>							
International group and companies other than ACCO	34,858	32,174	53,851	64,349	96,383	60,039	
ACCO (1975—from 5 December)	—	—	—	—	10,723	83,168	
	<u>34,858</u> (27.2%)	<u>32,174</u> (25.4%)	<u>53,851</u> (26.6%)	<u>64,349</u> (25.9%)	<u>107,106</u> (28.9%)	<u>143,207</u> (48.6%)	
<b>Less: Inter group sales—UK and Overseas</b>	<u>(3,945)</u> (3.1%)	<u>(4,035)</u> (3.2%)	<u>(5,380)</u> (2.6%)	<u>(7,921)</u> (3.2%)	<u>(15,680)</u> (4.2%)	<u>(10,301)</u> (3.5%)	
<b>Total group turnover</b>	<u>128,094</u> (100.0%)	<u>126,802</u> (100.0%)	<u>202,232</u> (100.0%)	<u>248,201</u> (100.0%)	<u>370,700</u> (100.0%)	<u>294,761</u> (100.0%)	

APPENDIX 6  
(referred to in paragraph 29)

**Herbert Morris Limited**  
**Corporate structure**



APPENDIX 7  
(referred to in paragraph 30)

**Herbert Morris Limited**  
**Distribution of shares**  
**as at 1 November 1976**

<b>Held by</b>	<i>No of shares</i>	<i>%</i>
1. Babcock & Wilcox Ltd	1,301,278	39·24
2. Morris Family and Directors		
(a) Morris Family	818,248	24·67
(b) Directors, excluding Mr Morris	27,387	0·83
3. Morris Pension Fund	38,925	1·17
4. Institutions (over 5,000 shares each)	591,081	17·82
5. Other shareholders		
Large shareholders		
(Over 5,000 shares each) 90,994 (2·74%)		
Small shareholders 448,646 (13·53%)	539,640	16·27
	<u>3,316,559</u>	<u>100·00</u>

APPENDIX 8  
(referred to in paragraph 40)

**Herbert Morris Limited**  
**Consolidated profit and loss accounts**

<i>Years ended 31 October</i>	1967 £'000	1968 £'000	1969 £'000	1970 £'000	1971 £'000	1972 £'000	1973 £'000	1974 £'000	1975 £'000	<i>Provisional (unaudited) 1976 £'000</i>
<b>Turnover</b>	<u>6,376</u>	<u>6,545</u>	<u>7,117</u>	<u>7,118</u>	<u>9,085</u>	<u>8,908</u>	<u>11,099</u>	<u>14,401</u>	<u>21,281</u>	<u>28,000</u>
<b>Trading profit before interest and depreciation</b>	610	624	435	189	680	857	834	859	1,659	2,516
<b>Depreciation</b>	(215)	(210)	(171)	(167)	(169)	(177)	(238)	(259)	(295)	(379)
<b>Trading profit before interest</b>	395	414	264	22	511	680	596	600	1,364	2,137
<b>Interest payable</b>	(58)	(41)	(64)	(119)	(153)	(85)	(104)	(302)	(287)	(219)
<b>Profit/(loss) before taxation</b>	<u>337</u>	<u>373</u>	<u>200</u>	<u>(97)</u>	<u>358</u>	<u>595</u>	<u>492</u>	<u>298</u>	<u>1,077</u>	<u>1,918</u>
<b>Share of profits/(losses) of associated companies</b>	—	—	—	53	37	(4)	(28)	18	78	182
<b>Group profit (loss) before taxation</b>	<u>337</u>	<u>373</u>	<u>200</u>	<u>(44)</u>	<u>395</u>	<u>591</u>	<u>464</u>	<u>316</u>	<u>1,155</u>	<u>2,100</u>
<b>Taxation (including deferred tax)</b>	(178)	(198)	(107)	(49)	(141)	(243)	(250)	(192)	(654)	<i>n.a.</i>
<b>Minority interests</b>	<u>159</u> <u>(4)</u>	<u>175</u> <u>(5)</u>	<u>93</u> <u>(5)</u>	<u>(93)</u> <u>(8)</u>	<u>254</u> <u>(18)</u>	<u>348</u> <u>8</u>	<u>214</u> <u>16</u>	<u>124</u> <u>13</u>	<u>501</u> <u>(26)</u>	<i>n.a.</i> <i>n.a.</i>
<b>Profit/(loss) after taxation before extraordinary items</b>	<u>155</u>	<u>170</u>	<u>88</u>	<u>(101)</u>	<u>236</u>	<u>356</u>	<u>230</u>	<u>137</u>	<u>475</u>	<i>n.a.</i>
<b>Extraordinary items</b>										
<b>Pension scheme provision (less taxation)</b>	—	—	—	—	—	(120)	—	100	—	<i>n.a.</i>
<b>Goodwill and investment in subsidiary and associated companies written down</b>	—	(69)	(229)	(91)	(20)	(183)	(111)	(6)	—	<i>n.a.</i>
<b>Sale of foundry (less taxation)</b>	—	—	—	—	—	—	119	—	—	<i>n.a.</i>
<b>Changes in bases of accounting</b>	—	—	(235)	—	21	—	—	—	—	<i>n.a.</i>
<b>Other items</b>	(1)	(13)	5	(71)	20	33	(2)	(24)	—	<i>n.a.</i>
	<u>154</u>	<u>88</u>	<u>(371)</u>	<u>(263)</u>	<u>257</u>	<u>86</u>	<u>236</u>	<u>207</u>	<u>475</u>	<i>n.a.</i>

*Notes:* The extraordinary items shown in the published accounts have been adjusted for 1974 and previous years to the figures shown above, in accordance with current practice as set out in the Statement of Standard Accounting Practice (SSAP 6).  
*n.a.* = not yet available.

APPENDIX 9  
(referred to in paragraph 44)

**Herbert Morris Limited**  
**Source and application of funds**

<i>Years ended 31 October</i>	1973		1974		1975		<i>(forecast)</i> 1976	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Source</b>								
Trading profit for year before taxation		464		316		1,155		2,100
Depreciation		238		259		295		379
Disposals of fixed assets		99		82		127		77
Shares issued on acquisition of associated company		250		—		—		—
Other		321		—		—		—
		<u>1,372</u>		<u>657</u>		<u>1,577</u>		<u>2,556</u>
<b>Application</b>								
Tax paid		26		250		160		237
Dividends paid		168		102		60		259
Additions to fixed assets		869		849		786		1,110
Cost of shares in associated company		85		30		—		—
Movement in working capital:								
Stock increase/(decrease)	61		2,318		1,140		(335)	
Debtor increase	1,283		479		1,142		704	
Creditor (increase)	(299)		(1,267)		(840)		(682)	
Progress payments (increase)/decrease	(543)		(555)		(2,652)		1,453	
Other		502		975		(1,210)		1,140
		<u>—</u>		<u>57</u>		<u>35</u>		<u>336</u>
		<u>1,650</u>		<u>2,263</u>		<u>(169)</u>		<u>3,082</u>
<b>Movement in total borrowings</b> (increase)/decrease		<u>(278)</u>		<u>(1,606)</u>		<u>1,746</u>		<u>(526)</u>
<b>Reflected in:</b>								
Cash and bank balances—(increase)/(decrease)		30		(27)		4		520
Bank loans and overdrafts—(increase)/decrease		(308)		(1,279)		1,942		(1,171)
Term loan—(increase)/decrease		—		(300)		(200)		125
		<u>(278)</u>		<u>(1,606)</u>		<u>1,746</u>		<u>(526)</u>



