

Document 1460

[21460001]

Britain 's Serious Fraud Office said it will investigate the circumstances surrounding alleged phantom contracts at Ferranti International Signal PLC 's International Signal & Control unit .

[21460002]

The investigation , which will be coordinated with one already under way in the U.S. , follows the discovery of what Ferranti has called a " serious " fraud involving its U.S. subsidiary .

[21460003]

International Signal & Control , Lancaster , Pa. , a defense-equipment manufacturer , was bought by Ferranti in 1987 for # 420 million (\$ 670.3 million) .

[21460004]

Ferranti has said that it would be forced to write off # 185 million against the phantom contracts , reducing its net asset value by more than half .

[21460006]

Ferranti said that it welcomes the investigation and that it will " cooperate fully . "

[21460007]

Derek Alun-Jones , Ferranti 's chairman , has said he hoped to pursue legal action against those responsible .

[21460008]

The British defense electronics group has said it will sell # 100 million in assets and may seek a merger to strengthen itself in the wake of its troubles .