

Appledore Shipbuilders (2004) Limited

Annual report and financial statements

for the year ended 31 March 2023

Company registration number:

02052982

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COMPANIES HOUSE

Appledore Shipbuilders (2004) Limited

COMPANY INFORMATION

Current directors

D M Jones

Company secretary

J M Wood

Babcock Corporate Secretaries Limited

Registered number

02052982

Registered office

Devonport Royal Dockyard

Devonport

Plymouth

PL1 4SG

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Appledore Shipbuilders (2004) Limited

Strategic report for the year ended 31 March 2023

The directors present their Strategic report on the Company for the year ended 31 March 2023.

Principal activities

The Company's principal activity was a shipbuilding unit within the Marine Sector of Babcock International Group PLC.

Review of the business

	2023 £000	2022 £000
Revenue	-	350
Profit for the financial year	-	-

The business is now closed as a result of no new orders after completion of the final Offshore Patrol Vessel for the Irish Navy in 2019. The accounts are, therefore, prepared on a basis other than going concern.

Principal risks and uncertainties

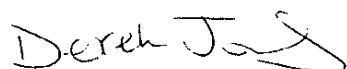
The Company's ultimate controlling parent is Babcock International Group PLC. Risks are managed at a group level in accordance with the risk management framework of Babcock International Group PLC. The principal risks and uncertainties of Babcock International Group PLC are discussed in its Annual Report for the year ended 31 March 2023.

Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided on pages 87 to 103 of the annual report of Babcock International Group PLC, which does not form part of this report.

Key performance indicators

The Company's activities are managed on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company.

On behalf of the board:



D M Jones
Director
28th March 2024

Appledore Shipbuilders (2004) Limited

Directors' report for the year ended 31 March 2023

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2023.

Dividends

No interim dividend was declared in year (2022: £nil). No final dividend for the year ended 31 March 2023 is proposed by the directors (2022: £nil).

Directors and their interests

The directors who held office during the year and up to the date of signing the annual report were as follows:

W D Erith (resigned 11 August 2023)
D M Jones

The board is not aware of any contract of significance in relation to the Company in which any director has, or has had, a material interest.

Going concern

The Company's business activities, together with the factors likely to affect its future development and financial position are set out within the Strategic Report. In addition, within the Directors' Report there are details of the financial risks that the Directors have highlighted as significant to the business. As the Company is part of a larger group it participates in the group's centralised treasury arrangements and so shares banking arrangements with its parents and fellow subsidiaries. The Company is in a net current liabilities position of £25,275,000 but is not expected to settle the intercompany amounts due to parent and group undertakings until the Company has sufficient liquidity to do so and the Company has received confirmation from the other group companies these amounts are due to confirming this position. Additionally, the Company is expected to be in a position to obtain finance via intercompany loans to continue to operate for at least twelve months from when the financial statements are authorised for issue and the Company has received a letter of support from Babcock Marine Holdings (UK) Limited confirming this position. In completing this analysis, the Directors have considered the ability of Babcock Marine Holdings (UK) Limited to provide such finance.

The Directors are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Financial risk management

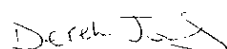
The applicable financial risk management policies and exposure to financial risks including price, credit, liquidity and cash flows are discussed in detail within the annual report for Babcock International Group PLC on page 87-103.

Qualifying third party indemnity provisions

Babcock International Group PLC provides protections for directors of companies within the Group against personal financial exposure they may incur in their capacity as such. These include qualifying third party indemnity provisions (as defined by Companies Act 2006) for the benefit of members of Babcock International Group PLC, including, where applicable, in their capacity as a director of the Company and other companies within the Group. These indemnities came into force in 2012 and remain in force.

Post balance sheet events

There have been no significant events affecting the Company since the year end (Note 13). This report was approved by the board on 28th March 2024 and signed on its behalf:



D M Jones
Director

Registered number 02052982

Appledore Shipbuilders (2004) Limited

Statement of directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Appledore Shipbuilders (2004) Limited

Income statement for the year ended 31 March 2023

	Note	2023 £000	2022 £000
Revenue	3	-	350
Cost of revenue		-	(350)
Operating profit before interest and taxation		0	0
Income from shares in group undertakings		0	0
Profit before taxation		0	0
Income tax expense / (benefit)	5	0	0
Profit for the financial year		0	0

There have been no other comprehensive gains/losses during either the current or prior year other than as disclosed in the profit and loss account and therefore no separate statement of comprehensive income has been presented.

Appledore Shipbuilders (2004) Limited

Statement of financial position as at 31 March 2023

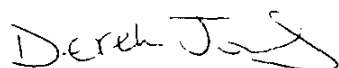
	Note	2023 £000	Restated 2022 £000
Non - current assets			
Other receivables due after one year	6	30,205	30,205
		<u>30,205</u>	<u>30,205</u>
Current assets			
Cash and cash equivalents		614	614
Deferred tax asset	5	19	19
		<u>633</u>	<u>633</u>
Current liabilities			
Trade and other payables – amounts falling due within one year	7	(25,908)	(25,908)
Net current liabilities		<u>(25,275)</u>	<u>(25,275)</u>
Net assets		<u>4,930</u>	<u>4,930</u>
Equity			
Called up share capital	8	1,000	1,000
Retained earnings		<u>3,930</u>	<u>3,930</u>
Total shareholders' funds		<u>4,930</u>	<u>4,930</u>

The notes on pages 9 to 14 are an integral part of these financial statements.

In the year ended 31 March 2023, the Company restated the prior year financial information. Details of the restatement are contained in Note 15.

For the year ending 31 March 2023 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements on pages 6 to 14 were approved by the board of directors on 28th March 2024 and signed on its behalf by:



D M Jones
Director

Appledore Shipbuilders (2004) Limited**Statement of changes in equity as at 31 March 2023**

	Called-up share capital £000	Retained Earnings £000	Total shareholders' funds £000
Balance at 1 April 2021	1,000	3,930	4,930
Balance at 31 March 2022	1,000	3,930	4,930
Balance at 31 March 2023	1,000	3,930	4,930

Appledore Shipbuilders (2004) Limited

Notes to the financial statements

1 General information

Appledore Shipbuilders (2004) Limited is a private company, limited by shares, which is incorporated and domiciled in England in the UK. The address of the registered office is Devonport Royal Dockyard, Devonport, Plymouth, PL1 4SG.

Its ultimate controlling party is disclosed in note 14. The principal activity of the Company is set out in the Strategic Report on page 3. These financial statements, which have been prepared in accordance with the Companies Act 2006, are presented in pounds sterling and, unless stated otherwise, rounded to the nearest thousand.

2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The Company applies the recognition, measurement and disclosure requirements in accordance with international accounting standards and FRS 101, but makes amendments where necessary in order to comply with the Companies Act 2006.

The Company is a qualifying entity and has applied the following disclosure exemptions in the preparation of the financial statements under FRS 101:

- a) Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- b) Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information in respect of:
 - paragraph 79(a) (iv) of IAS 1 Share capital and reserves;
- c) IAS 7, 'Statement of cash flows'
- d) Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company intends to continue to prepare its financial statements in accordance with FRS 101.

The Company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it is included by full consolidation in the consolidated financial statements of its ultimate parent, Babcock International Group PLC, a company registered in England and Wales. Accordingly, these financial statements present information about the Company as an individual and not as a group.

As stated in the Strategic report, the Company has ceased trading. These financial statements are prepared on a basis other than that of a going concern, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit and loss in accordance with the Companies Act 2006.

Adoption of new and revised standards

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2023 that have a material impact on the Company's financial statements.

Appledore Shipbuilders (2004) Limited

Notes to the financial statements *(continued)*

Going concern

The Company's business activities, together with the factors likely to affect its future development and financial position are set out within the Strategic Report. In addition, within the Directors' Report there are details of the financial risks that the Directors have highlighted as significant to the business.

As the Company is part of a larger group it participates in the group's centralised treasury arrangements and so shares banking arrangements with its parents and fellow subsidiaries. The Company is in a net current liabilities position of £25,275,000 but is not expected to settle the intercompany amounts due to parent and group undertakings until the Company has sufficient liquidity to do so and the Company has received confirmation from the other group companies these amounts are due to confirming this position. Additionally, the Company is expected to be in a position to obtain finance via intercompany loans to continue to operate for at least twelve months from when the financial statements are authorised for issue and the Company has received a letter of support from Babcock Marine Holdings (UK) Limited confirming this position. In completing this analysis, the Directors have considered the ability of Babcock Marine Holdings (UK) Limited to provide such finance.

The Directors are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Contingent liabilities

A contingent liability is a possible obligation arising from past events whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the Company's control, or a present obligation that is not recognised because it is not probable that an outflow of economic benefits will occur or the value of such outflow cannot be measured reliably. A provision is recognised for any amounts that the Directors consider may become payable. See note 12 for details of contingent liabilities.

Taxation

(a) Current income tax

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are recognised where deferred tax liabilities exist and are expected to reverse in the same period as the deferred tax asset or in

Appledore Shipbuilders (2004) Limited

Notes to the financial statements (continued)

Taxation (continued)

(b) Deferred income tax (continued)

periods into which a loss arising from a deferred tax asset can be carried forward or back. In the absence of sufficient deferred tax liabilities, deferred tax assets are recognised where it is probable that there will be future taxable profits from other sources against which a loss arising from the deferred tax asset can be offset.

In the absence of sufficient deferred tax liabilities, deferred tax assets are recognised where it is probable that there will be future taxable profits from other sources against which a loss arising from the deferred tax asset can be offset. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Tax is recognised in the income statement except to the extent that it relates to items recognised directly in either other comprehensive income or in equity.

3 Revenue

Revenue is wholly attributable to the principal activities of the Company and arises as follows:

	2023 £000	2022 £000
By area of activity:		
Rendering of services	350	350
	<u>350</u>	<u>350</u>

All revenue in the year ending 31 March 2023 originated in the United Kingdom.

4 Directors' remuneration

The company has no employees (2022: Nil).

All of the directors of the Company are remunerated by other Babcock Group companies. It is not possible to make an accurate apportionment of these directors' emoluments relating to services provided to the Company and as such no disclosure of emoluments received by these directors has been made in these financial statements. No recharge is made for costs borne by the Company in relation to services performed by the directors in relation to other Babcock Group companies.

5 Tax

Income tax expense

	2023 £000	2022 £000
Analysis of tax expense/(benefit) in year		
Current tax		
UK current tax expense /(benefit)	-	(6)
	-	(6)
Deferred tax		
UK current year expense/(benefit)	-	6
	-	6
Total income tax expense	-	-

The tax for the year is in line with (2022: in line with) the standard rate of corporation tax in the UK. The differences are explained below:

Appledore Shipbuilders (2004) Limited

Notes to the financial statements (continued)

5 Tax (continued)

Deferred tax

The movements in deferred tax assets and liabilities during the year are shown below.

	Accelerated capital allowances £000	Total £000
Deferred tax assets		
At 1 April 2022	19	19
Charged to the income statement	-	-
At 31 March 2023	19	19

6 Trade and other receivables

	2023 £000	*Restated 2022 £000
Amounts due after more than one year:		
Amounts due from group undertakings	30,205	30,205
	30,205	30,205

Included in amounts due from group undertakings there is one major loan (Restated 2022: one) to subsidiary companies totalling £14,935,000 (Restated 2022: £14,935,000) and one major loan (Restated 2022: one) to parent companies totalling £15,270,000 (Restated 2022: £15,270,000).

*£30,205,000 of intercompany loans has been reclassified in the prior year to Amounts due from group undertakings falling due after one year. Details of the restatement are contained in note 15.

7 Trade and other payables

	2023 £000	*Restated 2022 £000
Amounts falling due within one year:		
Amounts due to parent and group undertakings	21,781	21,781
Group relief owed to parent company	1,000	1,000
UK corporation tax payable	2,471	2,471
Accruals	656	656
	25,908	25,908

Amounts due to parent and group undertakings within one year are unsecured and repayable on demand.

Included in amounts due to parent and group undertakings is one major loans (Restated 2022: one) to parent companies totalling £21,781,000 (Restated 2022: £21,781,000).

*In the prior year the company has restated trade and other payables. Details of the restatement are contained in note 15.

Appledore Shipbuilders (2004) Limited

Notes to the financial statements (continued)

8 Called up share capital

	2023 £000	2022 £000
Allotted and fully paid		
103,000 'A' ordinary shares of £1 each (2022: 103,000)	103	103
897,000 'B' ordinary shares of £1 each (2022: 897,000)	897	897
	<u>1,000</u>	<u>1,000</u>

9 Dividends

Dividends declared and paid were £nil (2022: £nil), equivalent to nil pence per share (2022: nil pence per share). There are no plans for a final dividend.

10 Related party disclosures

The Company has taken advantage of the exemptions within FRS 101 not to disclose transactions and balances with Babcock International Group PLC and its wholly owned subsidiaries, on the grounds that the Company itself is a wholly owned subsidiary of Babcock International Group PLC, for which the consolidated financial statements are publicly available.

For the year ended 31 March 2023, the Company had no transactions or balances outstanding with related companies that fall outside the FRS 101 exemption criteria.

11 Subsidiary, and associate and Joint Venture undertakings

All related undertakings for the Company are as listed below:

Company Name & Address	Country	Interest	Direct %
Direct:			
Babcock Integration LLP 33 Wigmore Street, London W1U 1QX	United Kingdom	Member	0.24%

12 Contingent liabilities

At the year-end date the Company has guaranteed or has joint and several liability for bank overdraft facilities that are shared across multiple Group companies with utilisation of £21m at 31 March 2023 (31 March 2022: £383.6m).

A claim for damages was lodged against Appledore Shipbuilders (2004) Limited in July 2019 in relation to the physical state of the premises at the termination of the tenancy. In the year ended 31 March 2024, a Part 36 Settlement of £350,000 has been paid. Final costs are in negotiation with both parties. As the claim is ongoing at the time of signing these financial statements, it is not practical to estimate the potential final effect of this claim.

13 Post balance sheet events

There have been no significant events affecting the Company since the year end.

Appledore Shipbuilders (2004) Limited

Notes to the financial statements (continued)

14 Ultimate parent undertaking

The Company's immediate parent company is Babcock Marine Holdings (UK) Limited, a company registered in England and Wales. The Company's ultimate parent undertaking and controlling party 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 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
33 Wigmore Street
London W1U 1QX

15 Prior year restatements

In the year ended 31 March 2023, the Company restated the prior year financial information. The restatements are summarised below:

	31 March 2022 (previously published)	(i) Devonport Royal Dockyard Limited (DRDL) adjustments	(ii) Amounts Due from Parent and Group Undertakings Restatement	31 March 2022 (restated)
Assets				
Non-current assets				
Other receivables due after one year	-	-	30,205	30,205
Total non-current assets	-	-	30,205	30,205
Current (liabilities)/assets				
Trade and other receivables	8,382	21,823	(30,205)	-
Cash and cash equivalents	-	614	-	614
Deferred tax asset	19	-	-	19
Trade and other payables	(3,471)	(22,437)	-	(25,908)
Total net current (liabilities)/assets	4,930	-	(30,205)	(25,275)
Total assets	4,930	-	-	4,930
Equity*	4,930	-	-	4,930

* The table above includes only those financial statement line items which have been restated. The total equity does not therefore represent the sum of the line items presented above.

(i) Devonport Royal Dockyard Limited (DRDL) adjustments

In prior year, the Company's balances were erroneously included in DRDL's statement of financial position in an error. These adjustments relate to the correction of this error.

(ii) Amounts Due from Group Undertakings Restatement

In the prior year, amounts due from group undertakings were presented as falling due within one year and classified within current assets. Based on the underlying terms of the agreement and considering the fact that these assets are not expected to be settled within the next 12 months the classification has been reassessed, and the amounts due from group undertakings presented within non-current assets. The balance sheet and applicable note in the comparative period have been restated accordingly.