

Babcock Marine (Devonport) Limited  
Annual report  
for the year ended 31 March 2013

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**Babcock Marine (Devonport) Limited**  
**Annual report**  
**for the year ended 31 March 2013**

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# **Babcock Marine (Devonport) Limited**

## **Company information**

### **Current Directors**

A A Bethel CBE  
I S Urquhart  
J W Howie

### **Company secretary**

J D T Greig

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Princess Court  
23 Princess Street  
Plymouth  
PL1 2EX

### **Registered office**

Devonport Royal Dockyard  
Devonport  
Plymouth  
PL1 4SG

### **Registered number**

02959785

# **Babcock Marine (Devonport) Limited**

## **Directors' report for the year ended 31 March 2013**

The Directors present their report and the audited financial statements of Babcock Marine (Devonport) Limited ("the Company") for the year ended 31 March 2013

### **Principal activities**

The principal activity of the Company is to act as a holding company for those subsidiaries listed within notes 4 and 13. The Company has no employees and does not trade. The directors are of the opinion that the Company will continue to operate as a holding company for the foreseeable future.

### **Principal risks and uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks and uncertainties. These are managed through the operational review process supplemented at group level by independent challenge and review by the group risk manager and the Audit and Risk Committee.

The key business risks and uncertainties affecting the Company are considered to relate to the carrying value of the Company's investment in its subsidiaries. Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided on pages 50 to 55 of the annual report of Babcock International Group PLC, which does not form part of this report.

### **Directors**

The Directors who served during the whole of the year and up to the date of signing the financial statements were as follows:

A A Bethel CBE  
I S Urquhart  
J W Howie

### **Qualifying third party indemnity provisions**

Under their respective Articles of Association, the Directors of the Company are, and were during the year to 31 March 2013, entitled to be indemnified by the Company against liabilities and costs incurred in connection with the execution of their duties or the exercise of their powers, to the extent permitted by the Companies Act 2006.

Babcock International Group PLC also 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 directors 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.

### **Directors' responsibilities statement**

The Directors are responsible for preparing the Directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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.

## Babcock Marine (Devonport) Limited

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.

### Disclosure of information to auditors

In the case of each of the persons who are Directors at the time when the report is approved, under Section 418 of the Companies Act 2006 the following applies:

- a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- b) he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Financial risk management

Financial risk is managed in accordance with group policies and procedures which are discussed on pages 50 to 55 and note 2 of the annual report of Babcock International Group PLC, which does not form part of this report.

On behalf of the board



I S Urquhart  
Director

20 June 2013

# **Babcock Marine (Devonport) Limited**

## **Independent auditors' report to the members of Babcock Marine (Devonport) Limited**

We have audited the financial statements of Babcock Marine (Devonport) Limited for the year ended 31 March 2013 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of Directors and auditors**

As explained more fully in the Directors' responsibilities statement set out on pages 2 and 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatement or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2013 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Babcock Marine (Devonport) Limited

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Katharine Finn (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Plymouth

20 June 2013

## Babcock Marine (Devonport) Limited

### Profit and loss account for the year ended 31 March 2013

	Note	2013 £'000	2012 £'000
Profit on disposal of investments		-	31,000
<b>Profit on ordinary activities before taxation</b>		-	31,000
Tax on profit on ordinary activities	3	-	-
<b>Profit for the financial year</b>	8	-	31,000

All of the above figures, including comparatives, relate to continuing activities

The Company has no other recognised gains or losses for the year other than the profit for the financial year shown above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and profit for the financial year stated above and their historical cost equivalents

The audit fees for both years are borne by a fellow subsidiary undertaking. No separate allocation is determined in respect of the Company.



# Babcock Marine (Devonport) Limited

## Balance sheet as at 31 March 2013

	Note	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Investments	4	40,627	40,627
<b>Current assets</b>			
Debtors	5	63,687	63,687
Creditors: amounts falling due within one year	6	(4,473)	(4,473)
<b>Net current assets</b>		<b>59,214</b>	<b>59,214</b>
<b>Total assets less current liabilities</b>		<b>99,841</b>	<b>99,841</b>
<b>Capital and reserves</b>			
Called up share capital	7	1	1
Share premium account	8	40,626	40,626
Profit and loss account	8	59,214	59,214
<b>Total shareholders' funds</b>		<b>99,841</b>	<b>99,841</b>

The financial statements on pages 6 to 11 were approved by the Board of Directors on 20 June 2013 and were signed on its behalf by



I S Urquhart  
Director

Registered number 02959785

# Babcock Marine (Devonport) Limited

## Notes to the financial statements for the year ended 31 March 2013

### 1 Accounting policies

#### Basis of accounting

The financial statements have been prepared on the going concern basis in accordance with the Companies Act 2006, applicable Accounting Standards in the United Kingdom and in accordance with the historical cost convention. The Directors have considered the accounting policies and estimation techniques detailed below and consider that, in accordance with FRS 18 'Accounting Policies', they are the most appropriate for the Company.

A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### Investments

Fixed asset investments are shown at cost less provision for impairment.

#### Taxation

Corporation tax is provided on taxable profits at the current rate.

### 2 Directors' emoluments

No remuneration was paid to the Company's Directors in the year to 31 March 2013 (2012: £nil). Directors' emoluments are paid for by other group companies. Their services to this Company are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to other group companies.

### 3 Tax on profit on ordinary activities

The current and deferred tax charge for the year is £nil (2012: £nil).

#### Factors affecting charge for the year

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

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	-	31,000
Tax on profit on ordinary activities at standard UK corporation tax rate of 24% (2012: 26%)	-	8,060
Income not taxable	-	(8,060)
<b>Current tax charge for the year</b>	<b>-</b>	<b>-</b>

#### Factors that may affect future tax charges

Legislation to reduce the main rate of tax from 24% to 23% from 1 April 2013, was introduced in the March 2012 Budget Statement and enacted in the Finance Act 2012. Further reductions to the main rate were proposed in the March 2013 Budget Statement to reduce the rate to 20% by 1 April 2015. These further changes had not been substantively enacted at the balance sheet date and, therefore, the impact is not included in these financial statements.

# Babcock Marine (Devonport) Limited

## 4 Investments

	£'000
<b>Cost and net book value</b>	
At 1 April 2012	40,627
Disposals	-
<b>At 31 March 2013</b>	<b>40,627</b>

In the opinion of the Directors, the market value of investments is significantly above their carrying value. Details of investments in which the Company holds more than 20% of the nominal value of any class of share capital are as follows:

Company	Class of shares	Holdings, voting rights and proportion of shares held	Principal activity
Devonport Royal Dockyard Limited (incorporated in England and Wales)	Ordinary shares	100% (see note below)	Refitting and maintenance of naval vessels and associated equipment
Defence Integrated Supply Chain Solutions Limited (incorporated in England and Wales)	Ordinary shares	100%	Dormant

The Secretary of State holds one special share of £1 in Devonport Royal Dockyard Limited which has rights attaching that effectively give him the power, under extreme circumstances set out in the Company's Articles of Association, to overrule the votes of the ordinary shares.

Babcock Marine (Devonport) Limited is exempt from preparing consolidated financial statements under section 400 of the Companies Act 2006, as it is a wholly owned subsidiary. Details of the ultimate parent company are given in note 12.

## 5 Debtors

	2013 £'000	2012 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	63,687	63,687

## 6 Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Amounts owed to group undertakings	4,473	4,473

# Babcock Marine (Devonport) Limited

## 7 Called up share capital

	2013 £	2012 £
<b>Authorised</b>		
204 'A' ordinary shares of £1 each	204	204
196 'B' ordinary shares of £1 each	196	196
200 deferred shares of £1 each	200	200
	<b>600</b>	<b>600</b>
<b>Allotted and fully paid</b>		
204 'A' ordinary shares of £1 each	204	204
196 'B' ordinary shares of £1 each	196	196
	<b>400</b>	<b>400</b>

Profits which the Company may determine to distribute shall be distributed as follows 51 percent shall be distributed amongst the 'A' shareholders rateably according to the number of shares held, and 49 percent shall be distributed amongst the 'B' shareholders rateably according to the number of shares held

In all other respects the 'A' and 'B' shares carry the same rights and privileges and shall rank *pari passu*

## 8 Reconciliation of movements in shareholders' funds and movement on reserves

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 April 2011	1	40,626	28,214	68,841
Profit for the 2012 financial year	-	-	31,000	31,000
At 1 April 2012	1	40,626	59,214	99,841
Profit for the 2013 financial year	-	-	-	-
<b>At 31 March 2013</b>	<b>1</b>	<b>40,626</b>	<b>59,214</b>	<b>99,841</b>

## 9 Contingent liabilities

At the year end, the Company had guaranteed or had joint and several liability for drawn Babcock International Group PLC bank facilities of £658.6 million (2012 £731.8 million) provided to certain group companies

# **Babcock Marine (Devonport) Limited**

## **10 Related parties**

The Company has taken advantage of the exemption under FRS 8 'Related Party Disclosures' not to disclose related party transactions with group members as it is a wholly owned subsidiary of Babcock International Group PLC

## **11 Cash flow statement**

The Company has taken advantage of the exemption under FRS 1 (revised 1996) 'Cash Flow Statements' not to prepare a cash flow statement as it is a wholly owned subsidiary of Babcock International Group PLC, which prepares a consolidated cash flow and which includes the cash flows of the Company

## **12 Ultimate parent undertaking**

The Company's immediate parent company is Babcock Marine & Technology Holdings Limited (2012 Gibraltar Investments (No 2) Limited), a company registered in England and Wales. The ultimate controlling company is Babcock International Group PLC, a company registered in England and Wales. The only group in which the results of the companies are consolidated is that headed by Babcock International Group PLC.

Copies of the Babcock International Group PLC financial statements are available from the following address

Company Secretary  
Babcock International Group PLC  
33 Wigmore Street  
London  
W1U 1QX

## **13 Subsidiaries**

The following are 100% owned subsidiaries of the Company

Devonport Royal Dockyard Limited  
Defence Integrated Supply Chain Solutions Limited