

Babcock Services Group Limited
Annual report and financial statements
for the year ended 31 March 2023

Registered number: **3939840**

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Babcock Services Group Limited

COMPANY INFORMATION

Directors

S Doherty
J E Fulton
M D Lawton

Company secretary

Babcock Corporate Secretaries Limited

Registered Number

3939840

Registered office

33 Wigmore Street
London
United Kingdom
W1U 1QX

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Babcock Services Group 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 is a holding company for a number of businesses involved in the provision of engineered solutions and services to a worldwide customer base in the nuclear industry.

Business review

	2023 £'000	2022 £'000
Result for the financial year before taxation	Nil	(1,464)

The Company does not trade. The Company's net assets in the Statement of Financial Position consist of investments and net loans in other Babcock Group PLC wholly owned subsidiaries.

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, which does not form part of this report.

Due to the nature of the Company, the Company is not exposed to any material risks or uncertainties.

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 Group's activities are managed on a divisional basis and Babcock Services Group Limited is purely a holding company. For these reasons, the Company's directors believe that analysis using key performance indicators for the Company is not required for an understanding of the development, performance or position of the Company.

The growth and performance of the Nuclear sector, of which this Company is a wholly owned subsidiary, is discussed on pages 44 to 47 of the annual report of Babcock International Group PLC, which does not form part of this report.

S172(1) Statement and stakeholder engagement

This statement contains an overview of how the Directors have performed their duty to promote the success of the Company as set out in Section 172(1) of the Companies Act 2006. That section requires a director of a company to act in the way they consider, in good faith, would most like promote the success of the company for the benefit of the shareholders. In doing this, the director must have regard, amongst other matters, to:

- a) the likely consequences of any decision in the long term,
- b) the impact of the company's operations on the community and the environment,
- c) the desirability of the company maintaining a reputation for high standards of business conduct, and
- d) the need to act fairly as between members of the company.

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Strategic report for the year ended 31 March 2023 (*continued*)

S172(1) Statement and stakeholder engagement (*continued*)

Stakeholder engagement is managed in accordance with Group policies and procedures which are discussed on pages 55, 57, and 115 of the annual report of Babcock International group PLC, which does not form part of this report.

On behalf of the board

A handwritten signature in black ink, appearing to read 'S. Doherty', with a stylized flourish at the end.

S Doherty

Director

Date 28th March 2024

Babcock Services Group 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

Dividends declared and paid during the financial year were £nil (2022: nil). There are no plans for a final dividend.

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:

S Doherty (appointed 31 May 2022)
J E Fulton
M D Lawton (appointed 23 November 2023)
D J Kieran (resigned 24 November 2023)

Future developments

The principal activity of the Company is not expected to change in the foreseeable future.

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 £53.5m 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 Support Services (Investments) Limited confirming this position. In completing this analysis, the Directors have considered the ability of Babcock Support Services (Investments) 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 with the annual report for Babcock International Group PLC.

Safety policy

The Company recognises the promotion of health and safety at work as an important objective. It is Company policy to take steps to ensure, as far as reasonably practical, the health, safety and welfare of the employees of the Company.

Energy and carbon reporting

The Company has taken advantage of the exemption granted under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 as this information is disclosed in the annual report for the year ended 31 March 2023 of its ultimate parent, Babcock International Group Plc.

Babcock Services Group Limited

Directors' report for the year ended 31 March 2023 *(continued)*

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.

Statement of directors' responsibilities in respect of the financial statements

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

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, comprising FRS 101 "Reduced Disclosure Framework", 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. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements.
- make judgments and accounting estimates that are reasonable and prudent; 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.

Post balance sheet events

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

On behalf of the board



S Doherty

Director

Date 28th March 2024

Babcock Services Group Limited**Income statement for the year ended 31 March 2023**

	Note	2023 £'000	2022 £'000
Operating result		-	-
Finance costs	4	-	(94)
Impairment of investment	7	-	(1,370)
(Loss) / profit before taxation		-	(1,464)
Income tax (expense) / benefit	8	-	-
(Loss) / profit for the financial year		-	(1,464)

The notes on pages 10 to 15 form part of these financial statements.

All of the above results derive from continuing operations.

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.

Babcock Services Group Limited

Statement of financial position as at 31 March 2023

	Note	2023 £'000	2022 £'000
Non-current assets			
Investments	7	90,000	90,000
Trade and other receivables	9	101,097	101,097
		<u>191,097</u>	<u>191,097</u>
Current liabilities			
Trade and other payables	10	(53,450)	(53,450)
		<u>(53,450)</u>	<u>(53,450)</u>
Net current liabilities			
		<u>(53,450)</u>	<u>(53,450)</u>
Net assets		<u>137,647</u>	<u>137,647</u>
Equity			
Called up share capital	11	59	59
Share premium account		50,906	50,906
Capital redemption reserve		46	46
Retained earnings		86,636	80,636
Total shareholders' funds		<u>137,647</u>	<u>137,647</u>

The notes on pages 7 to 15 are an integral part of these financial statements.

For the year ending 31 March 2022 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 10 to 15 were approved by the board of Directors on 28th March 2024 and signed on its behalf by:



S Doherty

Director

Babcock Services Group Limited**Statement of changes in equity as at 31 March 2023**

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total share- holders' funds £'000
Balance at 1 April 2021	59	50,906	46	88,100	139,111
Other comprehensive (loss)	-	-	-	(1,464)	(1,464)
Balance at 31 March 2022	59	50,906	46	86,636	137,647
Other comprehensive income/(loss)	-	-	-	-	-
Balance at 31 March 2023	59	50,906	46	86,636	137,647

Babcock Services Group Limited

Notes to the financial statements

1 General information

Babcock Services Group Limited is a private limited company, limited by shares, which is incorporated and domiciled in England and Wales, UK. The address of the registered Office is 33 Wigmore Street, London W1U 1QX.

Its ultimate controlling party is disclosed in note 13. 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

These 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 the international accounting standards and FRS 101 but makes amendments where necessary in order to comply with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

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

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- a) 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.
 - paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period).
- b) IAS 7, 'Statement of cash flows'
- c) Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors.'
- d) Paragraph 17 of IAS 24, 'Related party transactions' in respect of key management compensation.
- e) The requirements of IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

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 and its subsidiary undertakings are 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.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of relevant financial assets and financial liabilities (including derivative instruments).

Babcock Services Group Limited

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

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.

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 £53.5m 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 Support Services (Investments) Limited confirming this position. In completing this analysis, the Directors have considered the ability of Babcock Support Services (Investments) 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.

Investments

Fixed asset investments are stated at cost less accumulated impairment losses.

Trade and other receivables

Trade and other receivables are stated at their cost less provision for bad debts. A provision for bad debts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The Company writes off a trade receivable when there is objective evidence that the debtor is in significant financial difficulty and there is no realistic prospect of recovery.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are initially recognised at fair value, which is usually original invoice amount and are subsequently held at amortised cost using the EIR method (although, in practice, the discount is often immaterial). If payment is due within one year or less payables are classified as current liabilities. If not, they are presented as non-current liabilities.

Finance costs

Finance costs are recognised as an expense in the period in which they are incurred unless they are attributable to an asset under construction, in which case finance costs are capitalised.

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.

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Notes to the financial statements (continued)

Taxation (continued)

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.

(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 financial statements. However, if the deferred income tax arises from 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 substantially enacted by the balance sheet 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. 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 Critical accounting estimates and judgements

There are no areas of judgement or key sources of estimation uncertainty that are considered to have a significant effect on the amounts recognised in these financial statements.

4 Finance costs

	2023 £'000	2022 £'000
Loan interest payable to group undertakings	-	(94)

5 Staff costs

No staff are employed by the Company (2022: None), all activities relating to the Company are performed by staff employed by other companies within the group. There are no recharges payable by the Company for these activities and hence it is not possible to determine the related employee costs. Employee costs are disclosed in full within the Annual report of Cavendish Nuclear Limited.

6 Directors' remuneration

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' remuneration relating to services provided to the Company and as such no disclosure of remuneration 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.

7 Investments

	2023 £'000	2022 £'000
Shares in group undertakings		
At 1 April	90,000	91,370
Impairment of investment	-	(1,370)
At 31 March	90,000	90,000

The Directors believe that the carrying value of the investments is supported by their underlying net assets. The Company's subsidiary undertakings are listed in note 13.

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Notes to the financial statements *(continued)*

8 Income tax (expense) / benefit

Tax included in income statement

	2023 £'000	2022 £'000
Current tax	-	-
Deferred tax	-	-
Income tax	-	-

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

	2023 £'000	2022 £'000
(Loss) / profit before taxation	-	(1,464)
(Loss) / profit multiplied by rate of corporation tax in the UK of 19% (2021: 19%)	-	278
Effects of:		
Expense / (income) not deductible for tax purposes	-	260
Group relief surrendered for nil consideration	-	18
Total income tax for the year	-	-

On 24 May 2022, the Finance Act 2022 was substantively enacted, increasing the main rate of UK corporation tax from 19% to 25% with effect from 1 April 2023.

9 Trade and other receivables

	2023 £'000	2022 £'000
Amounts falling due after more than one year:		
Amounts owed by group undertakings	101,097	101,097

Amounts owed by group undertakings are unsecured, interest free, and repayable on demand. Within the group loans are four loans (2022: four) amounting to £101,097,000 (2022: £101,097,000).

10 Trade and other payables

	2023 £,000	2022 £,000
Amounts falling due within one year:		
Amounts owed to group undertakings	53,450	53,450

Amounts owed to group undertakings are unsecured and repayable on demand.

Babcock Services Group Limited

Notes to the financial statements (continued)

10 Trade and other payables (continued)

There are two loans (2022: two) to group companies:

- A loan of £10,500,000 (2022: £10,500,000) is repayable on demand, the interest rate is 1.08239%.
- A loan of £40,000,000 (2022: £40,000,000) is repayable on demand, with no interest charge.

11 Called up share capital

	2023 £'000	2022 £'000
Authorised		
1,000,000 (2021: 1,000,000) 'A' Ordinary shares of 10p each	100	100
Allotted and fully paid		
586,146 (2021: 586,146) 'A' Ordinary shares of 10p each	59	59

12 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.

13 Subsidiary, and associate and joint venture undertakings

All related undertakings for the Company are as listed below:

Company Name	Address	Country	Interest	Direct %	Indirect %
Cavendish Nuclear (Overseas) Limited	33 Wigmore Street, London, W1U 1QX	UK	25,000 Ordinary shares	100%	-
Cavendish Nuclear Limited	33 Wigmore Street, London, W1U 1QX	UK	15 Ordinary shares and 50,000 Preference shares	100%	-
Cavendish Boccard Nuclear Limited	33 Wigmore Street, London, W1U 1QX	UK	51 Ordinary shares	-	51%
Cavendish Dounreay Partnership Limited	33 Wigmore Street, London, W1U 1QX	UK	50 Ordinary shares	-	50%
Cavendish Fluor Partnership Limited	33 Wigmore Street, London, W1U 1QX	UK	65 Ordinary shares	-	65%
Cavendish Nuclear Japan KK	GYB Akihabara, Room 405, Kandasuda-Cho 2-25 Chiyoda – Ku Tokyo, Japan	Japan	20 Ordinary Shares	100%	-
Babcock Integration LLP	33 Wigmore Street, London, W1U 1QX	UK	1 Ordinary Share	-	3.23%
Babcock IP Management (Number One) Limited	33 Wigmore Street, London, W1U 1QX	UK	1 Ordinary Share	-	0.02%

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Notes to the financial statements *(continued)*

14 Immediate and ultimate parent undertakings

The Company's immediate parent Company is Babcock Support Services (Investments) 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 that headed by 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