

**Babcock SSD Services Limited**

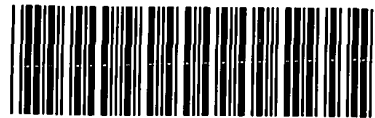
**Annual report**

**For the period ended 31 March 2017**

**Company registration number:**

**10278084**

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COMPANIES HOUSE

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## **Babcock SSD Services Limited**

### **Directors and advisors**

#### **Current directors**

R Taylor

I Urquhart

#### **Company secretary**

Babcock Corporate Secretaries Limited

#### **Registered office**

33 Wigmore Street

London

W1U 1QX

#### **Independent auditors**

Morris Crocker

Chartered Accountants and Statutory Auditors

Station House

50 North Street

Havant

Hants

PO9 1QU

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## **Babcock SSD Services Limited**

### **Strategic report for the period ended 31 March 2017**

The directors present their first Strategic report on the Company for the period ended 31 March 2017.

#### **Principal activities**

The principal activity of the Company is to provide management services to other companies within the Babcock Group.

#### **Review of the business**

	<b>2017</b>
	<b>£000</b>
Revenue	-
Loss for the financial period	<b>(355)</b>

The company started to operate during the period and is continuing to expand the services provided to Babcock Group companies. At 31 March 2017 the Company has net liabilities £355,000.

#### **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 risks and uncertainties affecting the Company are considered to be related to pricing pressure, due to the competitive nature of the market in which the company operates, and foreign exchange risk in relation to sales to overseas customers. The directors manage these risks by meeting on a regular basis to discuss these risks.

Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on pages 68 to 79 of the annual report of Babcock International Group PLC, which does not form part of this report.

#### **Future developments**

The directors plan to continue to expand the Company's services to other Babcock Group companies.

#### **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. The growth and performance of Babcock Support Services, a division of Babcock International Group PLC, which includes the Company, is discussed on pages 30 to 37 and 48 to 53 of the annual report of Babcock International Group PLC, which does not form part of this report.

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**Babcock SSD Services Limited**

**Strategic report for the period ended 31 March 2017 (*continued*)**

On behalf of the board

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

R Taylor  
Director

11 December 2017

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## **Babcock SSD Services Limited**

### **Directors' report for the period ended 31 March 2017**

The directors present their first report and the audited financial statements of the Company for the period ended 31 March 2017.

#### **Date of Incorporation**

The company was incorporated on the 14 July 2016 and began to trade in December 2016.

#### **Dividends**

No dividends were paid in the current period and no final dividend is proposed.

#### **Future developments**

Information on the future developments of the Company can be found in the Strategic report.

#### **Financial risk management**

All treasury transactions are carried out only with prime rated counter-parties. Financial Risk is managed in accordance with Group policies and procedures which are discussed on pages 34 to 37 and Note 2 of the Annual Report of Babcock International Group PLC, which does not form part of this report

#### **Directors**

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

R Taylor	Appointed 13 July 2016
I Urquhart	Appointed 13 July 2016

#### **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.

#### **Environment**

The Company recognises its responsibility to minimise so far as reasonably possible the potential for adverse impacts from its operations. It aims to achieve the highest standards in environmental management and seek accreditation to appropriate standards where appropriate.

The Company has developed and implemented an environmental policy to ensure that the impact of its activities on the environment is limited to the minimum practicable level.

**Directors' report for the period ended 31 March 2017 (*continued*)**

**Statement of directors' responsibilities**

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 these 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 judgements 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.

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Qualifying third party indemnity provisions**

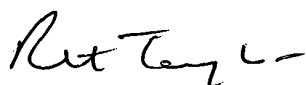
Babcock International Group PLC provides protections for directors of companies within the Group against personal financial exposure they may incur in their capacity as such. These include qualifying third party indemnity provisions (as defined by Companies Act 2006) for the benefit of members of Babcock 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 2013 and remain in force.

**Directors' report for the period ended 31 March 2017 (continued)**

**Disclosure of information to auditors**

Each director, as at the date of this report, has confirmed that in so far as they are aware there is no relevant audit information of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of this information.

On behalf of the board

A handwritten signature in black ink, appearing to read 'R Taylor', with a horizontal line extending from the end of the signature.

R Taylor  
Director

11 December 2017

**Independent auditors' report to the members of Babcock SSD Services Limited**

**Report on the financial statements**

**Our opinion**

In our opinion, Babcock SSD Services Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its profit 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.

**What we have audited**

The financial statements, included within the Annual Report (the "Annual Report"), comprise:

- the Statement of financial position as at 31 March 2017;
- the Income statement and Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgments, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

**Other matters on which we are required to report by exception**

**Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.



**Independent auditors' report to the members of Babcock SSD Services Limited**  
*(continued)*

**Other matters on which we are required to report by exception** *(continued)*

**Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**Responsibilities for the financial statements and the audit**

**Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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) ("ISAs (UK & 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.

**What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

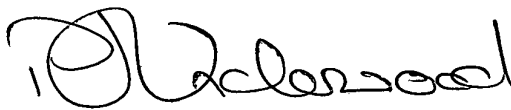
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**Babcock SSD Services Limited**

**Independent auditors' report to the members of Babcock SSD Services Limited**  
*(continued)*

**What an audit of financial statements involves** *(continued)*

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Paul Underwood (Senior Statutory Auditor)  
for and on behalf of Morris Crocker Limited  
Chartered Accountants and Statutory Auditors  
Station House  
North Street  
Havant  
Hampshire  
PO9 1QU

Date: 17 December 2017

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**Babcock SSD Services Limited****Income statement and Statement of comprehensive income**  
*for the period ended 31 March 2017*

	Note	2017 £000
<b>Revenue</b>	4	-
Cost of sales		-
		<hr/>
<b>Gross profit</b>		-
Administration expenses		(355)
		<hr/>
<b>Operating loss</b>	6	(355)
		<hr/>
<b>Loss on ordinary activities before interest and taxation</b>		(355)
Finance income	5	-
		<hr/>
<b>Loss on ordinary activities before income tax</b>		(355)
Income tax (charge)/credit	9	-
		<hr/>
<b>Loss for the period and total comprehensive income</b>		(355)
		<hr/>

All of the above results derive from continuing operations.

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**Babcock SSD Services Limited****Statement of financial position**  
*as at 31 March 2017*

	Note	2017 £000
<b>Fixed assets</b>		
Intangible assets	10	<u>10</u>
		<u>10</u>
<b>Current assets</b>		
Trade and other receivables	11	5
Cash and cash equivalents		<u>48</u>
		53
Trade and other payables – amounts falling due within one year	12	<u>(418)</u>
<b>Net current assets</b>		<u>(365)</u>
<b>Total assets less current liabilities</b>		<u>(355)</u>
<b>Net assets</b>		<u>(355)</u>
<b>Equity</b>		
Called up share capital	13	-
Retained earnings		<u>(355)</u>
<b>Total shareholders' funds</b>		<u>(355)</u>

The notes on pages 13 to 19 are an integral part of these financial statements.

The financial statements on pages 10-19 were approved by the board of directors and signed on its behalf by:



R Taylor  
Director

11 December 2017

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**Babcock SSD Services Limited****Statement of changes in equity**  
*for the period ended 31 March 2017*

	<b>Called-up share capital £000</b>	<b>Share premium £000</b>	<b>Retained earnings £000</b>	<b>Total £000</b>
Loss for the period	-	-	(355)	(355)
<b>Balance at 31 March 2017</b>	-	-	<b>(355)</b>	<b>(355)</b>

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## **Babcock SSD Services Limited**

### **Notes to the financial statements**

#### **1 General information**

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

#### **2 Summary of significant accounting policies**

The principle 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 has early adopted the following amendments to FRS 101 (effective for periods beginning on or after 1 January 2016) in these financial statements:

- a) Presentation of IAS format financial statements
- b) Exemption from the presentation of a third party balance sheet (being the opening balance sheet for the Company at the date of application of FRS 101, meaning in this instance 1 April 2014)

These financial statements are prepared on a going concern basis, under the historical cost convention and certain financial assets and liabilities measure at fair value through profit and loss in accordance with the Companies Act 2006. The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £'000.

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 wholly owned subsidiary of Babcock Support Services (Investments) Limited and of its ultimate parent, Babcock International Group PLC. It is included in the consolidated financial statements of Babcock International Group PLC which are publicly available.

**Notes to the financial statements**

**2 Summary of significant accounting policies (continued)**

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

- a) Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share based payments'
- b) IFRS 7, 'Financial instruments: Disclosures'
- c) 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)
- d) 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 73(e) of IAS 16 Property, plant and equipment; and
  - paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- e) The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), 10(f), 16, 38, 40, 111, and 134-136
- f) IAS 7, 'Statement of cash flows'
- g) Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'
- h) Paragraph 17 of IAS 24, 'Related party transactions' in respect of key management compensation
- i) The requirements of IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors consider it appropriate to continue to adopt the going concern basis in preparing these financial statements.

**Intangible assets**

*a) Computer software*

Computer software includes software licences and is shown at cost less accumulated amortisation and is amortised over its expected useful lives of between three and five years.

**Taxation**

**(a) Current income tax**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the Statement of financial position date.

**(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 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 Statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

**Notes to the financial statements****2 Summary of significant accounting policies** *(continued)*

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.

**Pensions costs and other post-retirement benefits**

The Company participates in a defined contribution scheme. Obligations for contributions to the defined contribution pension plan are recognised as an expense in the income statement.

**Provisions for liabilities**

A provision is recognised in the Statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated.

**3 Critical accounting estimates and judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

**4 Revenue**

The company generated no revenue during the period.

**5 Finance income**

	<b>2017</b> <b>£000</b>
Bank interest	-
	-



**Notes to the financial statements****6 Operating loss**

Operating loss is stated after charging / (crediting):

	<b>2017 £000</b>
Amortisation of intangible assets	-
Audit fees payable to the Company's auditor	<u>2</u>

**7 Staff costs**

The average monthly number of employees (including directors) employed by the Company during the period was as follows:

	<b>2017 Number</b>
<b>By activity:</b>	
Management and administration	<u>12</u>

Their aggregate remuneration comprised:

	<b>2017 £000</b>
Wages and salaries	298
Social security costs	32
Other pension costs (note 21)	<u>7</u>
	<u>337</u>

Included in other pension costs are £7,209 in respect of the defined contribution scheme.

**8 Directors' remuneration**

All of the directors of the company are subject to service agreements with, and 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.

**Notes to the financial statements****9 Income tax****Tax expense included in income statement**

	<b>2017 £000</b>
<b>Current tax:</b>	
UK Corporation tax on profits for the period	-
<b>Current tax charge for the period</b>	<u>-</u>
<b>Deferred tax:</b>	
Origination and reversal of timing differences	-
<b>Total deferred tax charge (note 16)</b>	<u>-</u>
<b>Tax on loss on ordinary activities</b>	<u>-</u>

Tax expense for the period is higher than the standard effective rate of corporation tax in the UK for the period ended 31 March 2017 of 20%. The differences are explained below:

	<b>2017 £000</b>
<b>Loss on ordinary activities before taxation</b>	<u><b>(355)</b></u>
Profit on ordinary activities multiplied by standard UK corporation tax rate of 20%	<b>(71)</b>
Effects of:	
Group relief surrendered for nil consideration	<u><b>71</b></u>
<b>Total tax charge/(credit) for the period</b>	<u>-</u>

In the UK 2015 Budget it was announced that the UK corporation tax rate will reduce to 19% for April 2017. It was announced in the 2016 UK Budget that it will be further reduced to 18% from April 2020. It was subsequently announced in 2017 UK Budget that it will be reduced to 17% from April 2020. As a result of this change, UK deferred tax balances have been re-measured at 17% as this is the tax rate that will apply on reversal.

# Babcock SSD Services Limited

## Notes to the financial statements

### 10 Intangible assets

	Software £000	Total £000
<b>Cost</b>		
Additions	10	10
At 31 March 2017	10	11
<b>Accumulated amortisation</b>		
Amortisation of software	(-)	(-)
At 31 March 2017	(-)	(-)
<b>Net book value</b>		
At 31 March 2017	10	10

Intangible asset amortisation is recorded in administrative expenses in the income statement.

### 11 Trade and other receivables

	2017 £000
<b>Amounts falling due within one year:</b>	
Other receivables	5
	5

### 12 Trade and other payables

	2017 £000
<b>Amounts falling due within one year:</b>	
Trade creditors	2
Amounts owed to parent and group undertakings	378
Taxation and social security	33
Other payables	3
Accruals and deferred income	2
	418

Amounts owed to parent and group undertakings are unsecured, interest free, and repayable on demand.

The Company has access to the Babcock International Group PLC overdraft facility. The Company along with fellow group undertakings has provided cross-guarantees in relation to this facility (note 19(a)).

**Notes to the financial statements**

**13 Share capital**

**2017  
£000**

**Allotted and fully paid**

1 ordinary shares of £1 each

-

**14 Dividends**

No dividends were paid in the period and no final dividend is proposed.

**15 Guarantees and financial commitments**

At the period-end date the Company had guaranteed or had joint and several liability for drawn Babcock International Group PLC bank facilities of £nil provided to certain Group companies. In addition, the Company had joint and several liabilities for the drawn bank overdraft facilities of other Group companies of £nil.

No securities have been provided by the Company in relation to these contingent liabilities. There is no current expectation that these contingent liabilities will crystallise.

The company is a member of a wider Babcock VAT group, and as a result is jointly and severally liable with the other members for the VAT liability of the group. At 31 March 2017 the accrued VAT liability of the group was £1,738,421.

**16 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.

No transactions have been entered into with any related parties during the period to 31 March 2017.

**17 Pension commitments**

The Company accounts for pension costs in accordance with IAS 19.

The Company contributes to a defined contribution scheme in respect of a number of its employees. Total contributions payable in the period for the scheme are disclosed in note 7.

**18 Ultimate parent undertaking**

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 at [www.babcockinternational.com](http://www.babcockinternational.com).