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**DEVONPORT ROYAL DOCKYARD PLC**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 1995**





## DEVONPORT ROYAL DOCKYARD PLC

Directors:	Sir Robert Davidson	Chairman
	M J Leece	Managing Director and Chief Executive
	H W Warren	Finance Director

Secretary:	G T Lyon
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Auditors:	Ernst & Young Chartered Accountants One Bridewell Street Bristol BS1 2AA
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Bankers:	Barclays Bank PLC 19 Princess Street Plymouth PL1 2HA
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Registered Office:	Devonport Royal Dockyard Devonport Plymouth PL1 4SG
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Registered Number:	2077752
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**DEVONPORT ROYAL DOCKYARD PLC**  
**DIRECTORS' REPORT**  
**for the year ended 31 March 1995**

The Directors submit their report and accounts for the year ended 31 March 1995.

**Review of the business and principal activity**

On 6 April 1987 the company was acquired by Devonport Management Limited, a company entering into a seven year "Term Contract" with the Secretary of State for Defence to take over the commercial management, operation and maintenance of Devonport Royal Dockyard. The principal activity of Devonport Royal Dockyard PLC is to employ the Dockyard labour force that is engaged in the refitting and maintenance of naval and commercial vessels and associated equipment. The company's costs are recharged to its parent company, leaving no profit or loss for the year.

**Future developments**

The company was formed in order to provide continuity of employment for the dockyard labour force beyond expiry of the Term Contract. No change in activity is anticipated in the foreseeable future.

**Fixed assets**

Fixed assets used by the parent company are held on licence from the Ministry of Defence under the Term Contract.

**Directors**

The Directors during the year were as follows:-

B R R Butler	(Chairman)	(Resigned 25 October 1994)
Sir Robert Davidson	(Chairman)	(Appointed 25 October 1994)
M J Leece		
H W Warren		

The Directors have no interests requiring disclosure under Schedule 7(2) of the Companies Act 1985.

**Directors' responsibilities**

The directors are required by company law to prepare accounts which give a true and fair view of the state of affairs of the company and of the Group at the end of the financial year and of the profits of the Group for the period to that date. The accounts must be prepared in compliance with the provisions of the Companies Act 1985 and with applicable accounting standards. In addition, the directors are required to select suitable accounting policies and apply them consistently, to make judgements and estimates that are reasonable and prudent, to take account of expenses and income relating to the period being reported on, and to prepare the accounts on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements. The directors are also responsible for maintaining adequate accounting records to enable them to ensure that the accounts comply with the requirements of the Companies Act 1985, and for taking reasonable steps for safeguarding the assets of the Group and for preventing and detecting fraud and other irregularities.



### **Board Committees**

The remuneration committee of the holding company approve senior managers' salaries, performance related bonuses and other benefits. The aim of the committee, which meets regularly, is to assist the directors of the holding company in the exercise of their duties. X

### **Directors' and Officers' Liability Insurance**

During the year the company purchased and maintained Liability Insurance for its Directors and Officers as permitted by section 310(3) of the Companies Act 1985.

### **Employment of Disabled Persons**

The policy of the Group is to give full consideration to applications for employment from disabled persons who have the aptitudes and abilities to meet the requirement of the job. An employee who becomes disabled will continue to be employed where possible under the same terms and conditions. Training and career development apply wherever appropriate to all employees including disabled persons.

### **Employee Involvement**

The Devonport Management Group places considerable emphasis on maintaining good communications with all employees. To this end the Group produces and distributes news bulletins on a regular basis, updating employees on Group policy and performance.

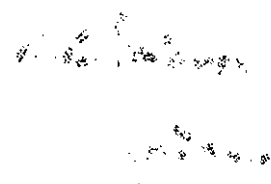
A Group newspaper is also produced, featuring articles on the achievements of the workforce and presenting the views and opinions of employees. The Group also operates a suggestions scheme, encouraging employees to put forward ideas with a view to reducing costs and improving efficiency.

### **Auditors**

Ernst & Young have indicated their willingness to continue as auditors. A resolution to re-appoint them will be proposed at the Annual General Meeting.

**BY ORDER OF THE BOARD**

  
**Secretary**





**REPORT OF THE AUDITORS**  
to the members of Devonport Royal Dockyard PLC

We have audited the accounts on pages 5 to 8, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

**Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants  
Registered Auditor  
Bristol

16 August 1995



**DEVONPORT ROYAL DOCKYARD PLC**

**PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 March 1995**

	Note	1995 £'000	1994 £'000
Turnover	2	96,107	110,832
Cost of sales		96,107	110,832
		-----	-----
Profit on ordinary activities before taxation	3	-	-
Taxation		-	-
		-----	-----
Retained profit		-	-
		=====	=====

The company had no recognised gains or losses other than the retained profit for the period.

The notes on pages 7 and 8 form part of these accounts.



**DEVONPORT ROYAL DOCKYARD PLC**

## BALANCE SHEET

at 31 March 1995

	Note	1995 £'000	1994 £'000
Current assets:			
Amount due from parent undertaking		50	50
Total assets less current liabilities		<u>50</u>	<u>50</u>
Capital and reserves:			
Called up share capital	4	50	50
		<u>50</u>	<u>50</u>

The notes on pages 7 and 8 form part of these accounts.

Approved by the Board of Directors on

26 July

1995

*M. Mearns*

Hobbs

Director

Director



**DEVONPORT ROYAL DOCKYARD PLC**  
**NOTES TO THE ACCOUNTS**  
for the year ended 31 March 1995

**1. ACCOUNTING POLICIES**

a) Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Cash flow

No cash flow statement has been prepared as the company is a wholly owned subsidiary of Devonport Management Ltd.

**2. TURNOVER**

Turnover, which is stated net of Value Added Tax, is attributable wholly to the recharge to the parent company of the costs of employing the Dockyard labour force.

**3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	1995 £'000	1994 £'000
a) This is stated after charging:		
Directors' remuneration	-	-
Staff costs - note 3(b)	96,107	110,832
	<u>96,107</u>	<u>110,832</u>

Administrative expenses of the company are met by the parent undertaking.

b) Staff costs:

	1995 £'000	1994 £'000
Wages and salaries	83,812	96,657
Social security costs	6,670	7,928
Other pension costs	5,625	6,247
	<u>96,107</u>	<u>110,832</u>

The average number of persons employed by or permanently seconded to the company during the year was:

	1995 No	1994 No
Industrial	2,643	3,228
Non industrial	1,709	1,864
	<u>4,352</u>	<u>5,092</u>





**DEVONPORT ROYAL DOCKYARD PLC**  
**NOTES TO THE ACCOUNTS**  
for the year ended 31 March 1995

**4. CALLED UP SHARE CAPITAL**

	Authorised No	Allotted, called up and fully paid £
Ordinary shares of £1 each	50,000	50,000
Special share of £1	1	1
	-----	-----
	<u>50,001</u>	<u>50,001</u>

The special share, issued to the Secretary of State for Defence, has rights attaching that effectively give him the power, under certain extreme circumstances set out in the Company's Articles of Association, to overrule the votes of the ordinary shares. In all other respects both classes of shares rank *pari passu*.

**5. PENSION SCHEME**

The Devonport Management Group operates a defined benefit pension plan which is funded by the payment of contributions to a fund administered by Devonport Royal Dockyard Pension Scheme.

The latest actuarial assessment of the scheme was as at 31 March 1993. The actuarial method adopted was the projected unit credit method and the principal assumption used was that investment returns would be 2.0% per annum higher than increases in earnings. This assessment revealed that there was a surplus of £32 million. The market value of the assets of the scheme at the date of the assessment was £314 million.

The contributions payable by the Group during the year amounted to £5,624,885 (1994 £6,246,351). The actuary recommended that the contribution rate be reduced from 13.1% to 9% from 31 March 1993.

**6. PARENT UNDERTAKING**

The company's parent undertaking is Devonport Management Limited, which is incorporated in England.

