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DEVONPORT ROYAL DOCKYARD PLC

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 1990

1990

DEVONPORT ROYAL DOCKYARD PLC

Directors:	J R S Morris	Chairman
	M J Leece	Managing Director

Secretary: I Henniker-Smith

Auditors: Ernst & Young  
One Bridewell Street  
Bristol  
BS1 2AA

Bankers: Barclays Bank Plc  
19 Princess Street  
Plymouth  
PL1 2HA

Registered Office: Devonport Royal Dockyard  
Devonport  
Plymouth  
PL1 4SG

## DEVONPORT ROYAL DOCKYARD PLC

### DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 March 1990.

#### 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:-

J R S Morris (Chairman)  
M J Leece

In accordance with the company's Articles of Association, Mr M J Leece retires by rotation and, being eligible, offers himself for re-election.


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

DEVONPORT ROYAL DOCKYARD PLC

DIRECTORS' REPORT (continued)

Auditors

Arthur Young merged their practice with Ernst & Whinney on September 1 1989 and now practise in the name of Ernst & Young. Accordingly, they have signed their Audit Report in their new name. Ernst & Young have expressed their willingness to continue in office and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.



BY ORDER OF THE BOARD

30 October 1990

REPORT OF THE AUDITORS TO THE MEMBERS OF

DEVONPORT ROYAL DOCKYARD PLC

We have audited the accounts on pages 5 to 10 in accordance with approved auditing standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 March 1990 and of its results and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young*

ERNST & YOUNG

*October 30, 1990*

DEVONPORT ROYAL DOCKYARD PLC

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 1990

	<u>Note</u>	<u>1990</u> £'000	<u>1989</u> £'000
Turnover	2	129,017	129,127
Cost of sales		<u>129,017</u>	<u>129,127</u>
Profit on ordinary activities before taxation	3	-	-
Taxation		<u>-</u>	<u>-</u>
Retained profit		<u>-</u>	<u>-</u>

The notes on pages 8 to 10 form part of these accounts.

DEVONPORT ROYAL DOCKYARD PLC

BALANCE SHEET

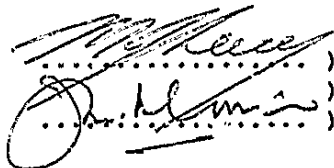
at 31 March 1990

	<u>Note</u>	<u>1990</u> £'000	<u>1989</u> £'000
Current assets:			
Amount due from parent company		50	50
		-----	-----
Total assets less current liabilities		50	50
		=====	=====
Capital and reserves:			
Called up share capital	4	50	50
		-----	-----
		50	50
		=====	=====

These notes on pages 8 and 10 form part of these accounts

Approved by the Board of Directors on

1990

  
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Directors

DEVONPORT ROYAL DOCKYARD PLC  
STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
for the year ended 31 March 1990

	<u>1990</u> £'000	<u>1989</u> £'000
Source of funds		
Profit on ordinary activities before taxation	-	-
	-----	-----
Working capital increase	-	-
	=====	=====

The notes on pages 8 and 10 form part of these accounts



DEVONPORT ROYAL DOCKYARD PLC

NOTES TO THE ACCOUNTS

for the year ended 31 March 1990

1. ACCOUNTING POLICIES

a) Accounting convention

The accounts are prepared under the historical cost convention.

b) Pension contributions

The cost of providing benefits under the Group's pension scheme is charged over the remaining working lives of the members. Independent actuaries are due to complete valuations at least every three years and annual contributions are payable in accordance with their recommendations.

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

	<u>1990</u> £'000	<u>1989</u> £'000
a) This is stated after charging:		
Directors' remuneration	-	-
Staff costs - note 3(b)	129,017 =====	127,127 =====
b) Staff costs:		
Wages and salaries	109,235	108,875
Social security costs	8,042	7,872
Other pension costs	11,740 -----	12,380 -----
	129,017 =====	129,127 =====

DEVONPORT ROYAL DOCKYARD PLC

NOTES TO THE ACCOUNTS

for the year ended 31 March 1990

b) Staff costs (continued)

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

	<u>1990</u>	<u>1989</u>
	No.	No.
Industrial	5,230	6,107
Non Industrial	2,669	2,444
	-----	-----
	7,899	8,551
	=====	=====

Higher paid employees:

Employees and secondees of the company, other than directors, received remuneration (excluding pension contributions) in the following ranges:

	<u>1990</u>	<u>1989</u>
	No.	No.
£30,001 - £35,000	19	16
£35,001 - £40,000	5	4
£40,001 - £45,000	3	-
£50,001 - £55,000	1	-
	-----	-----
	28	20
	=====	=====

4. SHARE CAPITAL

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

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.

DEVONPORT ROYAL DOCKYARD PLC

NOTES TO THE ACCOUNTS

for the year ended 31 March 1990

5. PENSION SCHEME

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

The Devonport Royal Dockyard Pension Scheme was established by an Interim Trust Deed on April 2, 1987. On Vesting Day, April 6, 1987, an interim transfer of assets was made to it from the Principal Civil Service Pension Scheme. The final determination of the value of assets transferred is still outstanding, and to date there has been no formal actuarial valuation of the assets of the Scheme.

The Government Actuary has confirmed however that for the purposes of the Statement of Standard Accounting Practice Number 24, it will be appropriate to use the 14.5% of pensionable pay that is given in the most recent actuarial statement for the pension scheme.

Consequently, there has been neither a deficiency nor a surplus arising from the funding of the scheme to date and no amounts are provided or prepaid at March 31, 1990 in respect of differences between amounts recognised as cost and amounts funded to date.

6. ULTIMATE HOLDING COMPANY

The company's holding company is Devonport Management limited, which is incorporated in England.