

Babcock Marine (Devonport) Limited
Annual report
for the year ended 31 March 2015

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Babcock Marine (Devonport) Limited
Annual report
for the year ended 31 March 2015

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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 M Wood

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

Strategic report for the year ended 31 March 2015

The directors present their Strategic Report on Babcock Marine (Devonport) Limited ("the Company") for the year ended 31 March 2015.

Review of the business and future developments

The Company acts as a holding company for those subsidiaries listed within note 6. 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 60 to 69 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, consisting of a stylized 'I' followed by a horizontal line that slopes upwards to the right.

I S Urquhart
Director

23 June 2015

Babcock Marine (Devonport) Limited

Directors report for the year ended 31 March 2015

The directors present their report and the audited financial statements for the year ended 31 March 2015.

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

Future developments

Likely future developments in the business of the Company are discussed in the Strategic Report.

Dividends

An interim dividend of £110,000,000 was declared and paid in the year (2014: £nil). No final dividend for the year ended 31 March 2015 has been proposed by the directors (2014: £nil).

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 2015, 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.

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 44 to 46 and Note 2 of the annual report of Babcock International Group PLC, which does not form part of this report.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Babcock Marine (Devonport) Limited

Directors report for the year ended 31 March 2015 (continued)

Directors' responsibilities statement (continued)

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.

Statement of disclosure of information to auditors

Each of the persons who are directors at the date of this report, under Section 418 of the Companies Act 2006, confirms that:

- a) so far as each of them 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.

On behalf of the board



I S Urquhart
Director

23 June 2015

Babcock Marine (Devonport) Limited

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

Report on the financial statements

Our Opinion

In our opinion, Babcock Marine (Devonport) 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 2015 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

Babcock Marine (Devonport) Limited's financial statements comprise:

- the balance sheet as at 31 March 2015;
- the profit and loss account 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

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.

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.

Babcock Marine (Devonport) Limited

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' responsibilities statement set out on pages 3 and 4, 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 & Ireland) ("ISAs (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.

What an audit of financial statements involves

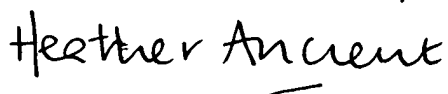
We conducted our audit in accordance with ISAs (UK and Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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 the 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.

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.



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

23 June 2015

Babcock Marine (Devonport) Limited

Profit and loss account for the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Income from shares in group undertakings	2	110,001	40,000
Profit on ordinary activities before taxation		110,001	40,000
Tax on profit on ordinary activities	4	-	-
Profit on ordinary activities after taxation		110,001	40,000
Dividends	5	(110,000)	-
Retained profit for the financial year	10	1	40,000

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.

All amounts relate to continuing operations.

Babcock Marine (Devonport) Limited

Balance sheet as at 31 March 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Investments	6	40,627	40,627
Current assets			
Debtors	7	103,688	103,687
Creditors: amounts falling due within one year	8	(4,473)	(4,473)
Net current assets		99,215	99,214
Total assets less current liabilities		139,842	139,841
Capital and reserves			
Called up share capital	9	1	1
Share premium account	10	40,626	40,626
Profit and loss account	10	99,215	99,214
Total shareholders' funds		139,842	139,841

The financial statements on pages 7 to 13 were approved by the Board of Directors on 23 June 2015 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 2015

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.

Dividend income

Dividend income is recognised in the Company's financial statements in the year in which it is approved. Interim dividends are recognised when received.

Dividends paid and payable

Dividends are recognised as a liability in the Company's financial statements in the year in which they are approved. Interim dividends are recognised when paid.

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 statement and which includes the cash flows of the Company.

2 Income from shares in group undertakings

	2015 £'000	2014 £'000
Interim dividend received in respect of the current year	110,001	40,000
	110,001	40,000

3 Directors' emoluments

No remuneration was paid to the Company's directors in the year to 31 March 2015 (2014: £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.

Babcock Marine (Devonport) Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

4 Tax on profit on ordinary activities

The current and deferred tax charge for the year is £nil (2014: £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 of 21% (2014: 23%) to the profit before tax is as follows:

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation	110,001	40,000
Tax on profit on ordinary activities at standard UK corporation tax rate of 21% (2014: 23%)	23,100	9,200
Income not taxable	(23,100)	(9,200)
Current tax charge for the year	-	-

5 Dividends

	2015 £'000	2014 £'000
Equity - ordinary		
Interim paid: £275,000 (2014: nil) per £1 share	110,000	-
	110,000	-

No final dividend for the year ended 31 March 2015 has been proposed by the directors (2014 £Nil).

6 Investments

	£'000
Cost and net book value	
At 1 April 2014	40,627
Disposals	-
At 31 March 2015	40,627

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:

Babcock Marine (Devonport) Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

6 Investments (continued)

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 SCS 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 13.

7 Debtors

	2015 £'000	2014 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	103,688	103,687

8 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Amounts owed to group undertakings	4,473	4,473

9 Called up share capital

	2015 £	2014 £
Authorised		
204 (2014: 204) 'A' ordinary shares of £1 each	204	204
196 (2014: 196) 'B' ordinary shares of £1 each	196	196
200 (2014: 200) deferred shares of £1 each	200	200
	600	600

Babcock Marine (Devonport) Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

9 Called up share capital (continued)

Allotted and fully paid

204 (2014: 204) 'A' ordinary shares of £1 each	204	204
196 (2014: 196) 'B' ordinary shares of £1 each	196	196
	400	400

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*.

10 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 2013	1	40,626	59,214	99,841
Profit for the financial year	-	-	40,000	40,000
At 1 April 2014	1	40,626	99,214	139,841
Profit for the financial year	-	-	110,001	1
Equity dividend paid	-	-	(110,000)	1
At 31 March 2015	1	40,626	99,215	139,842

11 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 £nil (2014: £620.8 million) provided to certain group companies. In addition, the Company at the year end had joint and several liabilities for the drawn bank overdraft facilities of other group companies of £15.0 million (2014: £nil).

12 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.

For the year ended 31 March 2015, the Company had no transactions or balances outstanding with related companies that fall outside the FRS 8 exemption criteria (2014: none).

Babcock Marine (Devonport) Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

13 Ultimate parent undertaking

The Company's immediate parent company is Babcock Marine & Technology Holdings 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