

**Babcock Marine (Devonport) Limited**

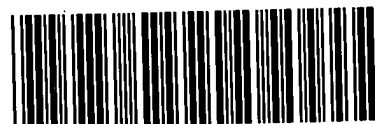
**Annual report and financial statements**

**For the year ended 31 March 2022**

**Company registration number:**

**02959785**

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**Babcock Marine (Devonport) Limited**

**COMPANY INFORMATION**

**Directors and advisors**

**Current directors**

S Doherty

**Company secretary**

J M Wood

Babcock Corporate Secretaries Limited

**Registered office**

Devonport Royal Dockyard

Devonport

Plymouth

PL1 4SG

**Independent auditors**

Deloitte LLP

1 New Street Square

London

EC4A 4HQ

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## Babcock Marine (Devonport) Limited

### Strategic report for the year ended 31 March 2022

The directors present their Strategic report on the Company for the year ended 31 March 2022.

#### Review of the business and principal activities

The Company acts as a holding company for the subsidiary listed within note 13. The directors are of the opinion that the Company will continue to operate as a holding company for the foreseeable future. The level of activity during the year fluctuates depending on the dividends paid upwards from the subsidiary and any impairment made on the investment in the subsidiary. The directors do not expect this to change significantly in the next financial period.

|  | 2022<br>£000 | 2021<br>£000 |
|--|--------------|--------------|
| Income from shares in group undertakings | -            | 30,000       |
| Profit for the financial year            | -            | 30,000       |

There was no income from shares in group undertakings in the current year (2021: £30m), and no impairment on investments (2021: nil).

#### Principal risks and uncertainties

The Company's ultimate controlling parent is Babcock International Group PLC. Risks are managed at 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 2022.

Key risks and uncertainties affecting the Company are considered to be limited. The Directors manage this risk by meeting on a regular basis to discuss the risk position.

Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on pages 74 to 87 of the annual report of Babcock International Group PLC, which does not form part of this report.

#### 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.

#### 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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## **Babcock Marine (Devonport) Limited**

### **Strategic report for the year ended 31 March 2022 *(continued)***

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

Stakeholder engagement is managed in accordance with Group policies and procedures which are discussed on pages 52, 53, and 101 of the annual report of Babcock International group PLC, which does not form part of this report.

#### **The community and environment**

Sustainability is an integral part of our corporate strategy and how we do business, and it underpins our corporate Purpose: to create a safe and secure world, together. We have done a lot in the past year to drive our sustainability programme across the Group, ensure progress towards our corporate commitments and deliver our five ESG priorities shown below.

1. We will reduce emissions and set science-based targets to get to net zero across our estate, assets and operations by 2040.
2. We will integrate environmental sustainability into programme design to minimise waste and optimise resources.
3. We will ensure the safety and wellbeing of all our people.
4. We will make a positive difference to the communities we're proud to be part of and provide high-quality jobs that support local economies.
5. We will be a collaborative, trusted partner across the supply chain, helping to tackle common challenges.

These activities form part of the Group-wide ESG Strategy as described on pages 54 – 75 of the annual report of Babcock International group PLC.

This report was approved by the board on 10 November 2023 and signed on its behalf.



S Doherty  
Director  
10 November 2023

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## **Babcock Marine (Devonport) Limited**

### **Directors' report for the year ended 31 March 2022**

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2022.

#### **Dividends**

An interim dividend of £nil (2021: £30,000,000) representing £nil (2021: £75,000) per ordinary share was declared and paid in the year. No final dividend for the year ended 31 March 2022 has been proposed by the directors (2021: £nil).

#### **Directors**

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)  
W D Erith (resigned 11 August 2023)  
I S Urquhart (resigned 31 May 2022)

The board is not aware of any contract of significance in relation to the Company in which any director has, or has had, a material interest.

#### **Future developments**

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

#### **Going concern**

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 £59m 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 Holdings Limited confirming this position. In completing this analysis, the Directors have considered the ability of Babcock Holdings 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 within the annual report for Babcock International Group PLC.

#### **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 2022 of its ultimate parent, Babcock International Group PLC.

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## **Babcock Marine (Devonport) Limited**

### **Directors' report for the year ended 31 March 2022 *(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.

#### **Post balance sheet events**

There have been no significant events affecting the Company since the year end (note 16)

#### **Statement of disclosure of information to independent auditors**

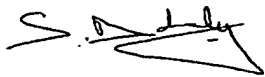
Each director, as at the date of this report, has confirmed that in so far as they are aware there is no relevant audit information of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director, in order to make themselves aware of any relevant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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

#### **Appointment of auditors**

At the 2022 Annual General meeting of Babcock International Group plc, the Company's ultimate parent company, Deloitte LLP were reappointed as external auditor to the group. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed to the Company and Deloitte LLP will, therefore, continue in office.

This report was approved by the board on 10 November 2023 and signed on its behalf.



S Doherty  
Director  
10 November 2023

**Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Strategic report, the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, 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.

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 the financial statements may differ from legislation in other jurisdictions.



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## **Babcock Marine (Devonport) Limited**

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

#### **Report on the audit of the financial statements**

##### **OPINION**

In our opinion the financial statements of Babcock Marine (Devonport) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

##### **BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **CONCLUSIONS RELATING TO GOING CONCERN**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

##### **OTHER INFORMATION**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial

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## **Babcock Marine (Devonport) Limited**

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

statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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## **Babcock Marine (Devonport) Limited**

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

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

##### **OPINIONS 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 the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

##### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**


Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

##### **USE OF OUR REPORT**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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James Isherwood ACA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Birmingham, United Kingdom  
10 November 2023

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**Babcock Marine (Devonport) Limited****Income statement for the year ended 31 March 2022**

|  | Note | 2022<br>£000 | 2021<br>£000 |
|--|------|--------------|--------------|
| Income from shares in group undertakings | 4    | -            | 30,000       |
| <b>Profit before tax</b>                 |      | -            | 30,000       |
| Income tax expense                       | 6    | -            | -            |
| <b>Profit for the financial year</b>     |      | -            | 30,000       |

The notes on pages 14 to 23 are an integral part of these financial statements.

There was no other comprehensive income for 2021 and 2022 other than that included in the income statement above and therefore no statement of comprehensive income has been presented.

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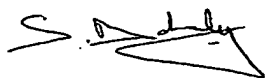
**Babcock Marine (Devonport) Limited****Statement of financial position as at 31 March 2022**

|  | Note | 2022<br>£000   | 2021<br>£000<br>*Restated |
|--|------|----------------|---------------------------|
| <b>Non-current assets</b>                    |      |                |                           |
| Investments in subsidiaries                  | 7    | 38,127         | 38,127                    |
| Trade and other receivables                  | 8    | 99,687         | 99,687                    |
|  |      | <u>137,814</u> | <u>137,814</u>            |
| <b>Current liabilities</b>                   |      |                |                           |
| Trade and other payables                     | 9    | <u>(473)</u>   | <u>(473)</u>              |
| <b>Net Current liabilities</b>               |      | <u>(473)</u>   | <u>(473)</u>              |
| <b>Total assets less current liabilities</b> |      | <u>137,341</u> | <u>137,341</u>            |
| <b>Equity</b>                                |      |                |                           |
| Called up share capital                      | 10   | -              | -                         |
| Share premium account                        |      | 40,626         | 40,626                    |
| Retained earnings                            |      | <u>96,715</u>  | <u>96,715</u>             |
| <b>Total shareholders' funds</b>             |      | <u>137,341</u> | <u>137,341</u>            |

The notes on pages 14 to 23 are an integral part of these financial statements.

In the year ended 31 March 2022, the Company restated the prior year financial information. Details of the restatement are contained in note 15.

The financial statements on pages 11 to 23 were approved by the board of directors on 10 November 2023 and signed on its behalf by:



S Doherty  
Director  
10 November 2023

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**Babcock Marine (Devonport) Limited****Statement of changes in equity as at 31 March 2022**

|                                 | Note | Called up<br>share<br>capital<br>£000 | Share<br>premium<br>account<br>£000 | Retained<br>Earnings<br>£000<br>*Restated | Total<br>£000 |
|---------------------------------|------|---------------------------------------|-------------------------------------|---|---------------|
| <b>Balance at 1 April 2020</b>  |      | -                                     | 40,626                              | 96,715                                    | 137,341       |
| Profit for the year             |      | -                                     | -                                   | 30,000                                    | 30,000        |
| Dividends paid                  | 11   | -                                     | -                                   | (30,000)                                  | (30,000)      |
| <b>Balance at 31 March 2021</b> |      | -                                     | 40,626                              | 96,715                                    | 137,341       |
| Profit for the year             |      | -                                     | -                                   | -   | -             |
| Dividends paid                  | 11   | -                                     | -                                   | -   | -             |
| <b>Balance at 31 March 2022</b> |      | -                                     | 40,626                              | 96,715                                    | 137,341       |

In the year ended 31 March 2022, the Company restated the prior year financial information. Details of the restatement are contained in note 15.

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## **Babcock Marine (Devonport) Limited**

### **Notes to the financial statements for the year ended 31 March 2022**

#### **1 General information**

Babcock Marine (Devonport) Limited is a private company which is incorporated and domiciled in England in the UK. The address of the registered office is Devonport Royal Dockyard, Devonport, Plymouth, PL1 4SG.

#### **2 Summary of significant 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**

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, these financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). In preparing these financial statements, the Company applies the recognition and measurement requirements of International Financial Reporting Standards (IFRS) as adopted by the UK, but makes amendments where necessary in order to comply with the Companies Act 2006 and sets out below where advantage of the FRS 101 disclosure exemptions have been taken:

- 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 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)
- 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 required 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. In accordance, 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.

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## **Babcock Marine (Devonport) Limited**

### **Notes to the financial statements for the year ended 31 March 2022** *(continued)*

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

##### **Adoption of new and revised standards**

The following standards and amendments to IFRSs became effective for the annual reporting period beginning on 1 April 2021 and did not have a material impact on the financial statements:

- The IFRS Interpretations Committee (IFRIC) published an agenda decision in April 2021 which clarified how a customer should account for the costs of configuring or customising the supplier's application software in a software-as-a-service arrangement. As a result of this decision the Company has revised its accounting policy and will not capitalise costs associated with software-as-a-service arrangements where it does not control the underlying software and will no longer capitalise configuration or customisation costs associated with software-as-a-Service arrangements unless those costs result in the creation of an asset controlled by the Company. Where amounts are paid to a software-as-a-service supplier for implementation services and those services are determined not to be distinct from the underlying software-as-a-service arrangement, a prepayment asset is initially recognised then amortised to expense as the services are received. This policy has been retrospectively applied and all costs capitalised in relation to software-as-a-service arrangements have been reviewed. This has not had a material impact on the financial statements. The Company will continue to apply this accounting policy to new software-as-a-service arrangements as we continue to upgrade and standardise our IT environment. As this policy requires costs to be expensed as incurred, this may lead to a higher up-front charge to the income statement in future years but will not impact on the Company's cash flows.
- Interest Rate Benchmark Reform, Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates to alternative benchmark interest rates without giving rise to accounting impacts that would not provide useful information to users of financial statements.

##### **Going concern**

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 £59m 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 Holdings Limited confirming this position. In completing this analysis, the Directors have considered the ability of Babcock Holdings 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.



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## **Babcock Marine (Devonport) Limited**

### **Notes to the financial statements for the year ended 31 March 2022 *(continued)***

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

##### **Contingent liabilities**

A contingent liability is a possible obligation arising from past events whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the Company's control, or a present obligation that is not recognised because it is not probable that an outflow of economic benefits will occur, or the value of such outflow cannot be measured reliably. A provision is recognised for any amounts that the directors consider may become payable. See note 14 for details of contingent liabilities.

##### **Taxation**

###### **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 substantially 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. 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.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

###### **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.

###### **Dividends**

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

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## Babcock Marine (Devonport) Limited

### Notes to the financial statements for the year ended 31 March 2022 *(continued)*

#### 3 Critical accounting estimates and judgements

In the course of preparation of the financial statements no judgements and estimates have been made in applying the Company's accounting policies that have had a material effect on the amounts recognised in the financial statements.

There are no critical accounting judgements and no key sources of estimation uncertainty at the reporting period end that may result in significant risk of material adjustment to the carrying amount of assets and liabilities within the next financial year.

#### 4 Income from shares in group undertakings

Revenue is wholly attributable to the principal activities of the Company and arises as follows:

|  | 2022<br>£000 | 2021<br>£000 |
|--|--------------|--------------|
| Interim dividend received in respect of the year | -            | 30,000       |
|  | -            | 30,000       |

#### 5 Operating Profit

No transactions have occurred during the current financial year.

There were no staff employed by the Company during the current or prior year. 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' 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 for services performed by the directors in relation to other Babcock Group companies.

The auditor's remuneration for the current (£14,877) and prior year (£6,000) has been borne by a fellow group company. Fees paid to the company's auditor, Deloitte LLP and its associates (2022), PricewaterhouseCoopers LLP and its associates (2021) are disclosed on a consolidated basis in the financial statements of the ultimate parent undertaking, Babcock International Group Plc.

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**Babcock Marine (Devonport) Limited****Notes to the financial statements for the year ended 31 March 2022 (continued)****6 Tax****Income tax expense**

The current and deferred tax charge for the year is £nil (2021: £nil).

Tax expense for the year is in line with (2021: lower than) the standard rate of corporation tax in the UK for the year ended 31 March 2022 of 19% (2021: 19%). The differences are explained below:

|   | 2022<br>£000 | 2021<br>£000 |
|---|--------------|--------------|
| <b>Profit before tax</b>  | -            | 30,000       |
| Profit multiplied by standard UK corporation tax rate of 19%<br>(2021: 19%) | -            | 5,700        |
| Effects of:   |              |              |
| Income not taxable  | -            | (5,700)      |
| <b>Total tax charge for the year</b>  | -            | -            |

**7 Investments**

|   | 2022                                       |  |               | 2021<br>* Restated                         |  |               |
|---|--|--|---------------|--|--|---------------|
|   | Shares in<br>group<br>undertakings<br>£000 | Shares in<br>joint<br>ventures<br>£000 | Total<br>£000 | Shares in<br>group<br>undertakings<br>£000 | Shares in<br>joint<br>ventures<br>£000 | Total<br>£000 |
| <b>Carrying amount<br/>at the end of the<br/>year</b> | 38,127                                     | -                                      | 38,127        | 38,127                                     | -                                      | 38,127        |

Details of subsidiary undertakings are provided in note 13.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

In the year ended 31 March 2022, the Company restated the prior year financial information. Details of the restatement are contained in note 15.

During the year the Company received a dividend of £nil (2021: £30,000,000) from Devonport Royal Dockyard Limited.

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**Babcock Marine (Devonport) Limited****Notes to the financial statements for the year ended 31 March 2022 (continued)****8 Trade and other receivables**

|  | 2022<br>£000  | 2021<br>£000<br>*Restated |
|--|---------------|---------------------------|
| <b>Amounts due after more than one year:</b> |               |                           |
| Amounts owed by group undertakings           | 99,687        | 99,687                    |
|  | <b>99,687</b> | <b>99,687</b>             |

Amounts due from group undertakings comprise the following:

- Three Loans (2021 \* Restated: three loans) totalling £99,687,000 (2021: £99,687,000) are repayable on demand, with no interest charge.

Trade receivables are stated after provisions for impairment of £nil (2021: £nil).

In the year ended 31 March 2022, the Company restated the prior year financial information. Details of the restatement are contained in note 15.

**9 Trade and other payables**

|   | 2022<br>£000 | 2021<br>£000<br>*Restated |
|---|--------------|---------------------------|
| <b>Amounts falling due within one year:</b>   |              |                           |
| Amounts owed to parent and group undertakings | 473          | 473                       |
|   | <b>473</b>   | <b>473</b>                |

Amounts owed to parent and group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

In the year ended 31 March 2022, the Company restated the prior year financial information. Details of the restatement are contained in note 15.

**10 Share capital**

|  | 2022<br>£  | 2021<br>£  |
|--|------------|------------|
| <b>Allotted, called up and fully paid</b>      |            |            |
| 204 'A' ordinary shares of £1 each (2021: 204) | 204        | 204        |
| 196 'B' ordinary shares of £1 each (2021: 196) | 196        | 196        |
|  | <b>400</b> | <b>400</b> |

The Company is a private limited company, limited by shares. 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.

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## Babcock Marine (Devonport) Limited

### Notes to the financial statements for the year ended 31 March 2022 (continued)

#### 11 Dividends paid

Dividends declared and paid were £nil (2021: £30,000,000), this is equivalent to £nil per share (2021: £75,000). There are no plans for a final dividend (2021: £nil).

#### 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.

In the year ended 31 March 2022, the Company had no transactions or balances outstanding with related parties that fall outside the FRS 101 exemption criteria.

#### 13 Subsidiary undertakings

All related undertakings for the Company are as listed below:

| Company Name  | Country        | Interest                  | Direct % | Ultimate% |
|---|----------------|---------------------------|----------|-----------|
| Devonport Royal Dockyard Limited<br>Plymouth, PL1 4SG | United Kingdom | 5,350,001 Ordinary shares | 100.0%*  | 100.0%*   |

\* 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 16.

#### 14 Contingent liabilities

At the year-end date the Company had joint and several liabilities for the drawn bank overdraft facilities of other Group companies of £nil (2021: £nil).

#### 15 Prior Year Restatement

In the year ended 31 March 2022, the Company restated the prior year financial information. The restatements are summarised below:

## Babcock Marine (Devonport) Limited

### Notes to the financial statements for the year ended 31 March 2022 (continued)

#### 15 Prior Year Restatement (continued)

#### 31 March 2021 – Statement of financial position (extract)

|  | 31 March<br>2021<br><br>(previously<br>published) | Sale of<br>ASL | Adjust amounts due<br>from group<br>undertakings | Reclassification of<br>amounts due from<br>group undertakings | 31 March 2021<br><br>(restated) |
|--|---|----------------|--|---|---------------------------------|
| <b>Non-current Assets</b>                            |   |                |  |   |                                 |
| Trade and Other receivables                          | -   | -              | (59,000)   | 158,688   | 99,687                          |
| Investment   | 40,627  | (2,500)        | -  | -   | 38,127                          |
| <b>Total Non-Current Assets</b>                      | 40,627  | (2,500)        | (59,000)   | 158,688   | 137,814                         |
| <b>Current Assets</b>                                |   |                |  |   |                                 |
| Trade and other receivables                          | 158,688   | -              | -  | (158,688)   | -                               |
| <b>Total Current Assets</b>                          | 158,688   | -              | -  | (158,688)   | -                               |
| <b>Current Liabilities</b>                           |   |                |  |   |                                 |
| Trade and other Payables                             | (59,473)  | -              | 59,000   | -   | (473)                           |
| <b>Total Current Liabilities</b>                     | (59,473)  | -              | 59,000   | -   | (473)                           |
| <b>Total Net Current Asset/(Liabilities)</b>         | 99,215  | -              | 59,000   | (158,688)   | (473)                           |
| <b>Equity</b>  |   |                |  |   |                                 |
| Accumulated profit (brought forward at 1 April 2020) | 99,215  | (2,500)        | -  | -   | 96,715                          |
| Accumulated profit at 31 March 2021                  | 96,715  | -              | -  | -   | 96,715                          |
| Total equity (brought forward at 1 April 2020)       | 139,841   | (2,500)        | -  | -   | 137,341                         |
| <b>Total equity at 31 March 2021*</b>                | 137,341   |                |  |   | 137,341                         |

\*The table above includes only those financial statement line items which have been restated. Total equity does not therefore represent the sum of the line items presented above.

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## **Babcock Marine (Devonport) Limited**

### **Notes to the financial statements for the year ended 31 March 2022 (continued)**

#### **15 Prior Year Restatement (continued)**

##### **Sale of Appledore Shipbuilders (2004) Limited ("ASL")**

During FY11, the investments held in Appledore Shipbuilders (2004) Limited, Frazer-Nash Consultancy Group Limited and LSC Group Holdings Limited were sold to Babcock Marine Holdings (UK) Limited. The investment of £2,500,000 held in Appledore Shipbuilders (2004) Limited remained on the Statement of financial position, over stating the gain on sale, which has now been corrected. The value of investments and retained earnings on the Statement of financial position have both been reduced by this amount.

##### **Adjust amounts due from group undertakings**

Amounts owed to group undertakings and amounts due from group undertakings both moved by £59.0m to correct the prior year presentation which arose due to the incorrect offset of inter-company balances. Although the reclassification has amended receivable and payable amounts in the financial statements, the overall net position in the prior year has not changed. The amount relates to intercompany loans with Devonport Royal Dockyard Limited:

i) £55m – Babcock Marine (Devonport) Limited has no bank account, however a receipt from Babcock Marine Holdings (UK) Limited to Devonport Royal Dockyard Limited on behalf of Babcock Marine (Devonport) Limited in relation to the sale of investments, and a payment to Babcock Marine Holdings (UK) Limited from Devonport Royal Dockyard Limited on behalf of Babcock Marine (Devonport) Limited in relation to a group restructure were incorrectly recorded as inter-company loans receivable and payable on the Statement of financial position. This adjustment has now been removed.

ii) The sale of investments in subsidiaries for £28m during FY11 included a receivable of £32m and a payable of £4m. The presentation has been corrected to show a net consideration of £28m receivable from Devonport Royal Dockyard Limited on the Statement of financial position.

##### **Reclassification of amounts due from group undertakings**

In the prior year, intercompany amounts due from Group undertakings of £158.7m were presented as falling due within one year and classified within current assets. Based on the underlying terms of the agreement and, since these assets are not expected to be settled within the next twelve months, the classification has been reassessed, and the amounts due from group presented within non-current assets. The statement of financial position and applicable note in the comparative period have been restated accordingly.

#### **16 Post balance sheet events**

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

#### **17 Immediate and ultimate parent undertaking**

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

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**Babcock Marine (Devonport) Limited**

**Notes to the financial statements for the year ended 31 March 2022** *(continued)*

**17 Immediate and ultimate parent undertaking** *(continued)*

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