
Babcock Porchester Limited

Annual report

For the year ended 31 March 2016

Company registration number:
03592083



Babcock Porchester Limited
Directors and advisors

Current directors

I Urquhart
F Martinelli

Company secretary

Babcock Corporate Secretaries Limited

Registered office

33 Wigmore Street
London
W1U 1QX
United Kingdom

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Babcock Porchester Limited**Strategic report for the year ended 31 March 2016**

The directors present their Strategic report of the Company for the year ended 31 March 2016.

Principal activities

The principal activity of the Company is that of an investment holding company.

The Company's financial statements are presented in United States Dollars being the Company's presentational and functional currency.

Results

The loss for the financial year was £42,000 (2015: profit £803,000) and this will be transferred to reserves.

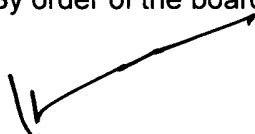
Key performance indicators

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

The management of the business is subject to a number of risks. Procedures are in place across the Group to identify, assess and mitigate major business risks. The management of risk is an integral part of our operational review process and is supplemented at Group level by independent challenge and review by the Group Risk Manager and the Audit and Risk Committee. Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on pages 64 to 74 of the annual report of Babcock International Group PLC, which does not form part of this report.

By order of the board

A handwritten signature in black ink, appearing to read 'I Urquhart', with a long horizontal stroke extending to the right.

I Urquhart
Director

19 August 2016

Babcock Porchester Limited**Directors' report for the year ended 31 March 2016**

The directors present their Directors' report and the audited financial statements of the Company for the year ended 31 March 2016.

Future developments

There are no plans to alter significantly the business of the Company.

Dividends

Dividends declared and paid in the current financial year were £nil (2015: £nil). There are no plans for a final dividend.

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 32 to 34 and Note 2 of the annual report of Babcock International Group PLC, which does not form part of this report.

Directors of the Company

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

I Urquhart
F Martinelli

Statement of directors' responsibilities

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

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 2016, 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.

Babcock Porchester Limited**Directors' report for the year ended 31 March 2016 (continued)****Disclosure of information to the auditors**

So far as the directors are aware, there is no relevant audit information, being information required by the auditors in connection with the preparation of the auditors' report, of which the auditors are unaware. Having made enquiries of fellow directors, each director has taken all steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

By order of the board

A handwritten signature in black ink, appearing to read 'I Urquhart', with a long, sweeping horizontal stroke extending to the right.

I Urquhart
Director

19 August 2016

Babcock Porchester Limited

Independent auditors' report to the members of Babcock Porchester Limited

Report on the financial statements

Our opinion

In our opinion, Babcock Porchester 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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Balance sheet as at 31 March 2016;
- the Income Statement for the year then ended;
- the Statement of changes in equity for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

In applying the financial reporting framework, the directors have made a number of subjective 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, based on the work undertaken in the course of the audit:

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

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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 Porchester Limited

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 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 and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

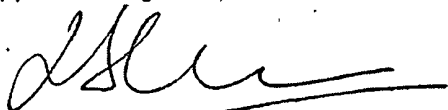
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

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

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



John Baker (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

19 August 2016

Profit and loss account**For the year ended 31 March 2016**

	Notes	2016 £000	2015 £000
Administrative expenses		<u>(42)</u>	1,001
(Loss) / profit on ordinary activities before taxation	4	(42)	1,001
Tax on (loss) / profit on ordinary activities	6	<u>-</u>	(198)
(Loss) / profit for the financial year		<u>(42)</u>	803

There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents.

There were no other recognised gains and losses aside from those shown in the Income statement and therefore no separate statement of total recognised gains and losses has been presented.

All of the above results derive from continuing operations.

The accompanying notes form an integral part of these financial statements.

Statement of comprehensive Income**For the year ended 31 March 2016**

	Notes	2016 £000	2015 £000
Total comprehensive income for the year		<u>(42)</u>	803

Babcock Porchester Limited
Company registration number: 03592083
Balance Sheet as at 31 March 2016

	Notes	2016 £000	2015 £000
Non-current asset			
Investments in subsidiaries	7	-	-
		-	-
Current assets			
Trade and other receivables	8	159	154
		159	154
Trade and other payables: amounts falling due within one year	9	(6,849)	(6,802)
Net current liabilities		(6,690)	(6,648)
Trade and other payables: amounts falling due after more than one year	10	(6,768)	(6,768)
Net liabilities		(13,458)	(13,416)
Equity			
Called up share capital	11	-	-
Retained earnings		(13,458)	(13,416)
Total shareholders' deficit		(13,458)	(13,416)

The notes on pages 8-16 are an integral part of these financial statements.

The financial statements on pages 11-16 were approved by the board of directors and signed on its behalf by:


I Urquhart
Director

19 August 2016

Babcock Porchester Limited
Statement of changes in equity
For the year ended 31 March 2016

	Called up share capital £000	Retained earnings £000	Total shareholders' deficit £000
At 1 April 2014	-	(14,219)	(14,219)
Profit for the financial year	-	803	803
At 31 March 2015	-	(13,416)	(13,416)
Loss for the financial year	-	(42)	(42)
At 31 March 2016	-	(13,458)	(13,458)

Babcock Porchester Limited
Notes to the financial statements**1. General information**

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

2. Summary of significant accounting policies

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented. The Company has adopted FRS 101 in these financial statements. Details of the transition to FRS 101 are disclosed in note 15.

Basis of preparation

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

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

- a) the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share based payment'
- b) IFRS 7, 'Financial instruments: Disclosures'
- c) Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement'
- d) Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information in respect of:
 - paragraph 79(a) (iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, plant and equipment; and
 - paragraph 118(e) of IAS 38 Intangible assets
- e) The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), 10(f), 16, 38, 40, 111, and 134-136
- f) IAS 7, 'Statement of cash flows'
- g) Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'
- h) Paragraph 17 of IAS 24, 'Related party transactions' in respect of key management compensation
- i) The requirements of IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

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

Babcock Porchester Limited
Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

Standards, amendments and interpretations to published standards

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2014 or later periods, for which the Company has not early adopted. Interpretations to existing standards that are not yet effective and the impact on the Company's operations is currently being assessed but is not expected to be significant:

- a) IFRS 9, 'Financial instruments' effective 1 January 2018;
- b) IFRS 16, 'Leases' effective 1 January 2019

There are no other standards or interpretations that are not yet effective that are expected to have a material effect on the Company's results.

Investments in subsidiary undertakings

Fixed assets investments are stated at cost less provision for impairment in value.

Taxation

(a) Current income tax

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

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Tax is recognised in the income statement except to the extent that it relates to items recognised directly in either other comprehensive income or in equity.

Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the local currency at the year end exchange rates.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at exchange rates ruling at the balance sheet date of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Babcock Porchester Limited**Notes to the financial statements (continued)****3. Critical accounting judgements**

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. Operating loss / profit

Auditors' remuneration in respect of audit fees is borne by Babcock International Group PLC.

5. Staff costs and directors remuneration

There were no staff employed during the current or prior year and none (2015: none) of the directors received remuneration in respect of their services to the Company.

6. Tax on loss / profit on ordinary activities

	2016 £000	2015 £000
Current tax		
UK Corporation tax on losses of the year	-	-
Current tax charge for the year	-	-
Deferred tax:		
Origination and reversal of timing differences	-	166
Adjustment in respect of prior years	-	40
Impact of change in UK tax rate	-	(8)
Total tax charge for the year	-	198

Tax expense for the year is higher (2015: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 March 2016 of 20% (2015: 21%). The differences are explained below:

	2016 £000	2015 £000
(Loss) / profit on ordinary activities before taxation	(42)	1,001
Tax on loss / profit on ordinary activities at standard UK Corporation tax rate of 20% (2015: 21%)	(8)	210
Effects of:		
Adjustment in respect of prior years	-	40
Impact of change in UK tax rate	-	(8)
Group relief for nil consideration	8	(44)
Total tax charge for the year	-	(198)

Babcock Porchester Limited
Notes to the financial statements (continued)

6. Tax on loss on ordinary activities (continued)

Factors affecting current and future tax charges

In the 2015 Budget, it was announced that the UK corporation tax rate will reduce from 20% to 19% from April 2017. It was further announced in the 2016 Budget that it will be further reduced to 18% from April 2020. As a result of this change, UK deferred tax balances have been re-measured at 18% as this is the tax rate that will apply on reversal.

7. Investments in subsidiaries

Shares in group undertakings	Total £000
Cost	
At 1 April 2015	15
Additions	-
At 31 March 2016	15
Provision for impairment	
At 1 April 2015	(15)
Impairment charge	-
At 31 March 2016	(15)
Net Book value	
At 31 March 2016	-
At 31 March 2015	-

The Company owns 9,585 ordinary shares (16%) in Beaulieu Marine Development Limited a company incorporated in England and Wales, with the principal activity of manufacturing other transport equipment. No dividends were received for the year ended 31 March 2016 (2015: £nil).

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

A full list of related undertakings for the Company have been disclosed in note 13.

8. Trade and other receivables: amounts falling due within one year

	2016 £000	2015 £000
Other debtors	84	81
Amounts owed to group undertakings	75	73
	159	154

The amounts owed by fellow group undertakings are repayable on demand and is non-interest bearing.

Babcock Porchester Limited
Notes to the financial statements (continued)

9. Trade and other payables: amounts falling due within one year

	2016	2015
	£000	£000
Bank loans and overdrafts	3,177	3,133
Amounts owed to group undertakings	3,672	3,669
	6,849	6,802

An amount of £2,619,311 (2015: £2,616,591) is owed to group undertakings and is repayable on demand and is non-interest bearing. Accrued interest of £1,052,611 (2015: £1,052,611) was included in amounts payable to group undertakings.

10. Trade and other payables: amounts falling due after more than one year

	2016	2015
	£000	£000
Amounts owed to group undertakings	6,768	6,768

A loan of £6,768,442 (2015: £6,768,442) is interest bearing at a rate of six month UK LIBOR as at the start of the year, plus two hundred and fifty basis points, repayable after more than one year.

11. Called up share capital

	2016	2015
	£	£
Allotted, called up and fully paid		
1 (2015:1) ordinary share of £1 each	1	1

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.

Babcock Porchester Limited
Notes to the financial statements (continued)

13. Parent undertakings

The Company's immediate parent company is Vosper Thornycroft (UK) Limited, a company registered in England and Wales. The Company's ultimate parent company and ultimate controlling party is Babcock International Group PLC, a company registered in England and Wales. The only Group in which the results of the Company are consolidated is that headed by Babcock International Group PLC.

Copies of Babcock International Group PLC financial statements are available from the following address:

The Company Secretary
Babcock International Group PLC
33 Wigmore Street
London
W1U 1QX

14. Transition to FRS 101

This is the first year that the Company has presented its results under FRS 101. The last financial statements under the UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 101 was 1 April 2014. There was no transitional effect on loss for the financial year, equity or the balance sheet.

On transition to FRS 101, the Company has applied the requirements of paragraphs 6-33 of IFRS 1, 'First time adoption of International Financial Reporting Standards'.