

# **Babcock Leaseco Limited**

## **Annual report and financial statements**

**For the year ended 31 March 2013**

**Company registration number:**

**04168215**

**TUESDAY**



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**COMPANIES HOUSE**

The directors present the audited financial statements of the Company, for the year ended 31 March 2013. This report has been prepared taking advantage of the small companies exemption in accordance with section 415A of the Companies Act 2006.

#### **Principal activities**

The company's principal activity is the leasing of vessels.

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Babcock International Group Plc. The directors have received confirmation that Babcock Leaseco Limited intend to support the company for at least one year after these financial statements are signed.

#### **Future developments**

Following the sale of the assets to Babcock Critical Services in the year the company is expected to become dormant.

#### **Results and dividends**

The results for the company show a loss on ordinary activities before taxation of £47,000 (2012 loss of £70,000) and turnover of £176,000 (2012 £244,000).

The company continued to lease pilot/patrol boats to another group company under a jointly held contract with Associated British Ports (ABP). This contract has continued to perform in line with expectations.

The directors do not recommend the payments of a dividend (2012 £nil).

#### **Directors of the company**

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

J Davies  
F Martinelli

#### **Directors' liabilities**

Under their respective Articles of Association, the directors of the Company are, and were during the year to 31 March 2013, 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.

#### **Political and charitable donations**

In the year ended 31 March 2013 the company made charitable donations of £nil (2012 £nil). There were no political contributions during the financial year (2012 £nil).

### **Statement of directors' responsibilities**

The directors are responsible for preparing 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 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 year.

In preparing those 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

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 company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Independent auditors and the disclosure of information**

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) 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.

By order of the Board



F Martinelli  
Director  
27 August 2013

## **Independent auditors' report to the members of Babcock Leaseco Limited**

We have audited the financial statements of Babcock Leaseco Limited for the year ended 31 March 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities on page 2 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). 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.

### **Scope of the audit of the financial statements**

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. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report



Phil Harrold (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
East Midlands, United Kingdom

29 August 2013

**Babcock Leaseco Limited**  
**Profit and loss account**

**For the year ended 31 March 2013**

	Notes	2013 £'000	2012 £'000
Turnover	2	176	244
Cost of sales		<u>(150)</u>	<u>(244)</u>
Gross profit		26	-
Administrative expenses		<u>-</u>	<u>-</u>
Operating profit		26	-
Interest payable and similar charges	3	<u>(73)</u>	<u>(70)</u>
Loss on ordinary activities before taxation	4	(47)	(70)
Tax on loss on ordinary activities	7	<u>91</u>	<u>68</u>
Profit/(loss) for the financial year	14	<u>44</u>	<u>(2)</u>

There is no difference between the loss on ordinary activities before taxation and the profit/(loss) for the financial year stated above and their historical cost equivalents

There were no other recognised gains or losses aside from those shown in the profit and loss account

All results derive from discontinued operations.

**Babcock Leaseco Limited**  
**Company registration number: 04168215**  
**Balance sheet as at 31 March 2013**

	Notes	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Tangible assets	8	-	375
		-	375
<b>Current assets</b>			
Debtors	9	336	98
		336	98
Creditors – amounts falling due within one year	10	(4,890)	(4,980)
<b>Net current liabilities</b>		(4,554)	(4,882)
<b>Total assets less current liabilities</b>		(4,554)	(4,507)
Provisions for liabilities and charges	11	-	(91)
<b>Net liabilities</b>		(4,554)	(4,598)
<b>Capital and reserves</b>			
Profit and loss account	14	(4,554)	(4,598)
<b>Total Shareholders' deficit</b>	14	(4,554)	(4,598)

The financial statements on pages 5 – 12 were approved by the board of directors and signed on its behalf by



F Martinelli  
 Director  
 27 August 2013

## **1. Accounting policies**

### *Basis of preparation*

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

Under the provisions of FRS 1 (Revised 1996) "Cash Flow Statements", the company has not prepared a cash flow statement because its ultimate parent company, Babcock International Group PLC, which is registered in England and Wales, prepares publicly available consolidated financial statements in which the results and cash flows of the company are included. The company is also exempt under the terms of FRS 8 from disclosing related-party transactions with entities that are part of the Babcock International Group PLC or investees of the Babcock International Group PLC group.

### *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at historic cost less accumulated depreciation and any provision for impairment in value. Cost includes the original purchase price of the asset and the costs attributable to bring the asset to its working condition for its intended use.

Depreciation is provided on a straight line basis to write off the cost of all tangible fixed assets over their estimated useful lives or contract period if shorter, to their estimated residual value as follows:

Vessels	10 years
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### *Taxation*

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 as at the balance sheet date. The taxation liabilities of certain group companies may be reduced, wholly or in part, by surrender of losses by fellow group companies. The decision to charge group relief is made on a case by case basis.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.



## **1. Accounting policies (continued)**

### *Provisions*

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting its obligation under the contract

### *Going concern*

The company has net liabilities at 31 March 2013. The directors have prepared the financial statements on a going concern basis as confirmation has been received from Vosper Thornycroft (UK) Limited, the company's parent undertaking, that they will provide financial support to the company to meet its liabilities as they fall due

### *Group financial statements*

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by the Companies Act 2006 because it is a wholly owned subsidiary of Babcock International Group PLC which prepares consolidated financial statements which are publicly available

## **2. Turnover**

Turnover is entirely attributable to the United Kingdom market and entirely attributable to the activities described in the Directors' report

## **3. Interest payable and similar income charges**

	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
Interest payable and similar charges		
Bank interest	<b>73</b>	<b>70</b>

#### **4. Loss on ordinary activities before taxation**

Loss on ordinary activities before taxation is stated after charging

	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
Depreciation – owned fixed assets (note 8)	<b>176</b>	<b>234</b>
Auditors' remuneration	-	-
- audit fees	-	-

#### **5. Staff costs**

There were no employees of the company during the current, or prior financial year

#### **6. Directors' remuneration**

None of the directors received remuneration for their services to the company, as the services provided to the company are incidental to their wider role in the group (2012 £nil)

#### **7. Tax on loss on ordinary activities**

	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
Current tax		
UK Corporation tax on loss for the year	-	-
Adjustment in respect of prior years	-	-
Group relief for consideration	-	-
Current tax charge for the year	-	-
Deferred tax		
Origination and reversal of timing differences	<b>91</b>	(61)
Impact of change in UK tax rate	-	(7)
Tax credit	<b>91</b>	(68)

The tax assessed for the year is higher (2012 higher) than the standard effective rate of corporation tax in the UK for the year ended 31 March 2013 of 24% (2012 26%) The differences are explained below

**7. Tax on loss on ordinary activities (continued)**

	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
Loss on ordinary activities before tax	<u>(47)</u>	<u>(70)</u>
Tax on loss on ordinary activities at standard UK corporation tax rate of 24% (2012 26%)	<b>(11)</b>	<b>(18)</b>
Effects of		
Timing differences	<b>42</b>	<b>61</b>
Group relief for nil consideration	<u>(31)</u>	<u>(43)</u>
Current tax charged for the year	<u>-</u>	<u>-</u>

*Factors affecting current and future tax charges*

A number of changes to the UK Corporation tax system were announced in the March 2013 Budget Statement. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2012 is included in the Finance Act 2013. Further reductions to the main rate are proposed to reduce the rate to 21% by 1 April 2014 and to 20% by 1 April 2015. These further changes had not been substantively enacted at the balance sheet date and, therefore the impact is not included in these financial statements.

**8. Tangible fixed assets**

	<b>Vessels</b> <b>£'000</b>
<b>Cost</b>	
At 1 April 2012	<b>2,440</b>
Disposals	<u>(2,440)</u>
<b>At 31 March 2013</b>	<u>-</u>
<b>Accumulated depreciation</b>	
At 1 April 2012	2,065
Charge for the year	176
Disposals	<u>(2,241)</u>
<b>At 31 March 2013</b>	<u>-</u>
<b>Net book value</b>	
<b>At 31 March 2013</b>	<u>-</u>
At 31 March 2012	<u>375</u>

**9. Debtors**

	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
Amounts owed by group undertakings	<u>336</u>	<u>98</u>

**10. Creditors - amounts falling due within one year**

	2013 £'000	2012 £'000
Bank loans and overdrafts	4,724	4,813
Accruals and deferred income	74	75
UK corporation tax payable	92	92
	<u>4,890</u>	<u>4,980</u>

The overdraft is secured by other group companies

**11. Provisions for liabilities**

	Deferred tax £'000	Total £'000
At 1 April 2012	91	91
Credited to the profit and loss account	(91)	(91)
<b>At 31 March 2013</b>	<u>-</u>	<u>-</u>

**12. Deferred taxation**

The major components of the deferred tax liability are as follows

	2013 Provided £'000	2012 Provided £'000
Other short term timing differences	-	91

The movement on the deferred tax liability is as follows

	£'000
At 31 March 2012 as previously reported	91
Current year movement	(91)
<b>At 31 March 2013</b>	<u>-</u>

**13. Called-up share capital**

	2013 £	2012 £
<b>Authorised</b>		
1 ordinary shares of £1 each (2012 1 ordinary share of £1 each)	1	1
<b>Allotted, issued and fully paid</b>		
1 ordinary shares of £1 each (2012 1 ordinary share of £1 each)	1	1

#### **14. Reconciliation of movement in shareholders deficit**

	Profit and loss account £'000	Total £'000
At 1 April 2012	(4,598)	(4,598)
Profit for the financial year	44	44
<b>At 31 March 2013</b>	<b>(4,554)</b>	<b>(4,554)</b>

	Profit and loss account £'000	Total £'000
At 1 April 2011	(4,596)	(4,596)
Loss for the financial year	(2)	(2)
<b>At 31 March 2012</b>	<b>(4,598)</b>	<b>(4,598)</b>

#### **15. Guarantees and financial commitments**

The Company at the year end had guaranteed or had joint and several liabilities for drawn Babcock International Group PLC bank facilities of £658.6 million (2012 £731.8 million)

In addition, the company at the period end had joint and several liabilities for drawn bank overdraft facilities of other group companies for the value of £nil (2012 £nil)

#### **16. Related party disclosures**

The Company, as a wholly owned subsidiary, has taken advantage of the exemption, granted under Financial Reporting Standard 8, Related Party Disclosures, from disclosing details of sales and purchases with other members of the group headed up by Babcock International Group PLC

#### **17. Ultimate parent undertaking**

The immediate parent undertaking is Vosper Thornycroft (UK) Limited, a company incorporated in Great Britain and registered in England and Wales

The Company's ultimate parent company 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