

Registered Number SC220243

Babcock Marine (Clyde) Limited  
Annual report and financial statements  
for the year ended 31 March 2009

TUESDAY



\*ATX0LBJF\*

A08

14/07/2009

249

COMPANIES HOUSE

# **Babcock Marine (Clyde) Limited**

## **Annual report and financial statements for the year ended 31 March 2009**

### **Contents**

Directors and advisers.....	1
Directors' report for the year ended 31 March 2009.....	2
Independent auditors' report to the members of Babcock Marine (Clyde) Limited .....	8
Profit and loss account for the year ended 31 March 2009 .....	10
Balance sheet as at 31 March 2009 .....	11
Accounting policies.....	12
Notes to the financial statements for the year ended 31 March 2009 .....	15

# **Babcock Marine (Clyde) Limited**

## **Directors and advisers**

### **Directors**

J W Howie

C Lockhart

P L Rogers

S A R Billiald

F Martinelli

W Tame

J M Dixon (appointed 18 April 2008)

K Douglas (resigned 18 April 2008)

### **Joint secretaries**

J D T Greig

S A R Billiald

### **Registered office**

Rosyth Business Park

Rosyth

Dunfermline

Fife

KY11 2YD

### **Auditors**

PricewaterhouseCoopers LLP

Kintyre House

209 West George Street

Glasgow

G2 2LW

### **Bankers**

The Royal Bank of Scotland plc

Dunfermline Branch

52-54 East Port

Dunfermline

KY12 7HB

### **Solicitors**

Dundas & Wilson CS LLP

Saltire Court

20 Castle Terrace

Edinburgh EH1 2EN

# **Babcock Marine (Clyde) Limited**

## **Directors' report**

The directors present their report and the audited financial statements of the company for the year ended 31 March 2009.

### **Principal activities**

The principal activity of the company is the provision of services to the Ministry of Defence (MoD) in its operation of HM Naval Base Clyde (HMNB Clyde).

The company was established to operate as the MoD's "partner" at HMNB Clyde under a contract (Partnering Agreement) that commenced on 1 September 2002. This contract incentivises the company to reduce the cost of the operation of HMNB Clyde whilst maintaining the same levels of service to the customer.

The main services which the company provides are the maintenance of base ported and visiting submarines and ships, the provision of accommodation to armed forces personnel, maintenance of the infrastructure of the HMNB Clyde sites at Faslane and Coulport, and the operation of the warehouse and transport functions.

Under the Partnering Agreement the Naval Base Commander has responsibility for all activities undertaken at HMNB Clyde and has the authority to direct the company to alter the manner in which it undertakes its activities. Due to the nature of the activities undertaken at HMNB Clyde, the Naval Base Commander requires assurance that the company is operating in a manner that complies with the nuclear regulator. This assurance is achieved by the secondment of about 40 MoD employees as "Authorisee Agents" into the company's management structure.

In addition to the Authorisee Agents, approximately 130 Royal Navy personnel are placed with the company in support of delivering its outputs.

Under the contract the company has an indemnity from the MoD against liabilities relating to nuclear work. The MoD is also liable for redundancy payments.

The majority of materials and a number of services used by the company are provided free of charge by the MoD.

### **Business Review**

The financial year to 31 March 2009 has seen the company continue to reduce the cost of its underlying operation of the Partnering Agreement. The cost reductions achieved are ahead of the company's targets and this has been delivered whilst achieving performance standards beyond the acceptable levels on the contracted Key Performance Indicators.

The company's profitability is largely determined by the savings generated over the second term of the partnering agreement which commenced from September 2007. The first five

# **Babcock Marine (Clyde) Limited**

## **Directors' report (continued)**

year term of the contract with the MoD was completed in August 2007. Therefore long-term contract accounting impacts significantly on the financial results.

During the year the company performed its highest level of activity outwith the Partnering Agreement contract as it seeks to expand its business profile.

The company continues to explore business growth in other areas of activity at HM Naval Base Clyde. In addition, during the year, the company, provided support to other companies within the Babcock Marine Division, by matching available skills and resources against requirements.

### **Future Outlook**

The company's ultimate parent company has set up a Marine Division within its group structure, and Babcock Marine (Clyde) is a key part of this division. The Marine Division has commenced a programme of integration of the business within the division and this will continue to be developed over the next 12 months.

### **Results and dividends**

The audited financial statements for the year ended 31 March 2009 are set out on pages 10 to 23. The profit for the year after taxation was £6,831,000 (2008: £9,437,000). No interim dividend was paid during the year (2008: £ nil) and the directors recommend that no final dividend is paid (2008: £ nil).

### **Supplier payment policy**

The company's policy is to settle terms of payment with suppliers by mutual agreement, ensuring suppliers are made aware of the terms of payment, and to abide by those terms of payment. Further information is available on request from the registered office, the address for which is detailed on page 1. Trade creditors of the company at 31 March 2009 were equivalent to 2 days (2008: 5).

### **Health & Safety**

Health and Safety continues to be a prime objective within the company with the continuation of the "Our Challenge On Safety" strategy to maintain continuous improvement in health and safety performance.

The company recognises its role within HMNB Clyde as a partner and, with the Naval Base Commander; it is jointly responsible for discharging the legal responsibilities to the respective employees. In addition, the company, through application of its policies, ensures adequate co-operation and co-ordination on all safety and environmental matters within HMNB Clyde.

## **Babcock Marine (Clyde) Limited**

### **Directors' report (continued)**

During the year to March 2009 the number of reportable accidents across HM Naval Base Clyde decreased by 48% and the injury accident rate fell by 7.9% to its lowest levels since the company started operating in 2002. To achieve a target of reducing all accidents in the coming year and ultimately to achieve an Incident & Injury Free (IIF) environment, a range of measures are being developed to continue developing a positive safety culture and in particular leadership qualities. The company has also embarked upon a Safety Survey to assess and develop our Safety Culture.

#### **The Environment**

The company continues to support the government's policy for Sustainable Development and is committed to helping the MoD achieve the targets for energy and waste reduction. For energy the target is a 1% saving year on year (baseline 1999) and a reduction in the total waste produced by 1%, together with a need to recycle 8% of this to meet the government targets. The underlying energy savings of 1% were met during 2008 and there was an improvement in both waste areas, working towards a recycling target of 38% for 2009.

HMNB Clyde's ISO 14001 re certification audit went well with the base being recommended for continuing certification. The new certificates are valid for a further 3 years. LRQA only raised 6 minor non conformances during the week long audit.

Under the EU Emissions Trading Scheme our emissions for 2008 were verified by Lloyds Register and the total CO2 emitted at Faslane and Coulport was under our allowance which meant that no internal trading was needed to meet legal requirements.

Awareness initiatives for waste and water usage were held during 2008 with the assistance of Envirowise in order to further enhance the knowledge around the base of environmental issues.

#### **Principal Risk and Uncertainties**

The management of the business is subject to a number of risks. The key risk for the company is to ensure that it positions itself such that it can extend the Partnering Agreement contract beyond its current end date of March 2013. In addition the company needs to continue delivering to its contractual targets.

Beyond contract extension, the key risks and uncertainties affecting the company are considered to relate to contractual performance and the political and regulatory environment. Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided on pages 26 and 27 of the annual report of Babcock International Group PLC, which does not form part of this report.

# **Babcock Marine (Clyde) Limited**

## **Directors' report (continued)**

Regular reviews of contractual performance, including contractual KPI's, are undertaken by the business and these are independently challenged by a system of reviews undertaken by Babcock International Group Finance and a regime of internal audit conducted by Ernst and Young which reports to the Group Audit and Risk Committee.

### **Key Performance Indicators**

The marine activities of the group 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. The growth and performance of Babcock Marine, the Marine division of Babcock International Group PLC, which includes the company, is discussed on pages 12 and 13 of the Group's report, which does not form part of this report.

### **Employment of disabled persons**

The policy and practice of the company is to seek to encourage and assist the employment of disabled persons who are able to perform their duties without exposing themselves or

others to abnormal risks. The training, career development and promotion opportunities of the company's disabled employees are equal to those of their able-bodied colleagues.

Arrangements are made, wherever possible, for the continued employment of employees becoming disabled whilst working for the company. If necessary, retraining is offered to such individuals to allow each of them to perform work suited to their aptitudes and abilities.

### **Employee involvement**

The company continues to invest in a range of employee development programmes to ensure that its people are developed to meet the future business challenges.

During the year the company continued its ongoing review of strategy for engaging with its employees. Following on from the previous years' 'visioning' exercise and using the same graphics for consistency, this year's management conference focused on the Business Plan. The plan itself was specifically tailored to reach out in a common language such that every individual would be able to visualize exactly where they contributed to the success of the organisation. All Managers and Team Leaders were challenged individually to identify which high level objectives were most pertinent to their teams and in what ways and encouraged to cascade this to staff.

The company continues to communicate with its employees in a variety of manners through team meetings, written communications, Trade Union Forums, Annual Update Presentations and a new company newsletter, Basetalk has been introduced replacing the previous offering.

# **Babcock Marine (Clyde) Limited**

## **Directors' report (continued)**

### **Babcock Marine (Clyde) in the Community**

The company's Community Investment Group promotes Babcock Marine (Clyde) commitment to the local community. Our strategy is to support three key areas in the community, namely: education, re-generation and the environment.

In the year to 31 March 2009 we donated and raised funds for a number of charities and good causes. There were a wide variety of beneficiaries from The Children's Safety Education Foundation to Erskine Hospital for Ex Servicemen and Women.

Increasingly we are forging partnerships with charitable agencies. We continue to support the Prince's Trust programmes and have also committed to support the local Young Enterprise Programmes and various core skills sessions in local schools.

We also provide support for the community through employee involvement and last year our apprentices supported a number of activities in the local community.

### **Charitable & political donations**

During the year the company made charitable donations of £8,476 (2008: £10,400). There were no political contributions (2008: £ nil). In addition sponsorship was provided to a number of local events.

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

The directors are responsible for preparing the Annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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



# **Babcock Marine (Clyde) Limited**

## **Directors' report (continued)**

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 1985. They are also

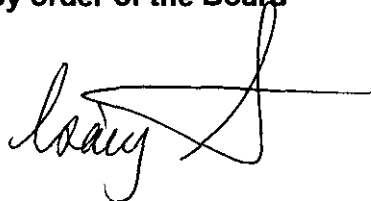
responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors and disclosure of information to Auditors**

The company has elected, pursuant to s386 of the Companies Act 1985, to dispense with the obligation to appoint auditors annually.

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 that information.

**By order of the Board**

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

**C Lockhart**  
**Director**

24 June 2009

## **Babcock Marine (Clyde) Limited**

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

We have audited the financial statements of Babcock Marine (Clyde) Limited for the year ended 31 March 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Accounting Policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

# **Babcock Marine (Clyde) Limited**

## **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Glasgow  
25 June 2009

## Babcock Marine (Clyde) Limited

### Profit and loss account for the year ended 31 March 2009

	Note	2009 £000	2008 £000
Turnover – continuing operations	2	96,343	102,630
Cost of sales		(88,606)	(92,044)
<b>Gross profit</b>		<b>7,737</b>	10,586
Net operating expenses		(1,370)	(1,038)
<b>Operating profit – continuing operations</b>	3	<b>6,367</b>	9,548
Interest receivable and similar income	4	461	649
<b>Profit on ordinary activities before taxation</b>		<b>6,828</b>	10,197
Tax on profit on ordinary activities	7	3	(760)
<b>Profit on ordinary activities after taxation</b>		<b>6,831</b>	9,437
<b>Retained profit for the financial year</b>	15	<b>6,831</b>	9,437

The notes on pages 12 to 23 form an integral part of these financial statements.

All items dealt with in arriving at operating profit above relate to continuing operations.

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

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

# Babcock Marine (Clyde) Limited

## Balance sheet as at 31 March 2009

	Note	2009 £000	2008 £000
<b>Fixed assets</b>			
Intangible assets	8	-	840
Tangible assets	9	32	65
		<b>32</b>	<b>905</b>
<b>Current assets</b>			
Debtors	11	31,255	24,356
Cash at bank and in hand		5,964	4,263
		<b>37,219</b>	<b>28,619</b>
<b>Creditors – amounts falling due within one year</b>	12	<b>(18,825)</b>	<b>(17,929)</b>
<b>Net current assets</b>		<b>18,394</b>	<b>10,690</b>
<b>Total assets less current liabilities</b>		<b>18,426</b>	<b>11,595</b>
<b>Net assets</b>		<b>18,426</b>	<b>11,595</b>
<b>Capital and reserves</b>			
Called up share capital	14	-	-
Profit and loss account	15	18,426	11,595
<b>Equity shareholders' funds</b>	16	<b>18,426</b>	<b>11,595</b>

The financial statements on pages 10 to 23 were approved by the board of directors on 24 June 2009 and were signed on its behalf by:



C Lockhart  
Director

# **Babcock Marine (Clyde) Limited**

## **Accounting Policies**

### **Basis of accounting**

These financial statements are prepared under the historical cost convention, the accounting policies set out below, in accordance with applicable accounting standards and on the basis that the company will continue as a going concern.

### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost, less accumulated depreciation. Depreciation is provided at rates calculated to write off the assets evenly over their estimated useful lives at the following annual rates:

Motor vehicles	33%
----------------	-----

### **Long-term contracts**

Long-term contracts are those which extend over more than one accounting period. The amounts recoverable on these long-term contracts, which is included in debtors, is stated at the net sales value of the work done less amounts invoiced for progress payments on account. Any unpaid invoices for progress payments are shown as trade debtors. Management reviews are conducted monthly to assess progress against savings initiatives. Profit is recognised in relation to the expected level of savings made in relation to the target savings in the contract having made allowance for future risks and uncertainties.

### **Turnover**

The majority of turnover is calculated as costs incurred to date, net of VAT, plus profit taken to date on individual contracts. An appropriate level of profit is attributed to the contract if the final outcome can be assessed with reasonable certainty. An expected loss on a contract is recognised immediately. Other turnover is recognised on an invoice basis, net of VAT.

### **Intellectual property licence**

The cost of the intellectual property licence from Babcock International Limited has been written off over the life of the agreement of 5 years.

### **Leases**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

### **Pension costs**

The company operates a defined benefit pension scheme, the Babcock Naval Services Pension Scheme. The scheme is administered by a corporate trustee and the funds are held separately from Babcock International Group PLC (Group). Independent qualified actuaries complete valuations periodically and, in accordance with their recommendations, annual contributions from employees and employer are paid to the scheme so as to secure the benefits set out in the rules.

## **Babcock Marine (Clyde) Limited**

Under the Partnering Agreement, in the normal course of activity, the company bears no commercial risk for the performance of this scheme with any surplus or deficit falling to MoD at contract termination. During the life of the contract as the employer contribution rates vary in line with actuarial valuations, the Partnering Agreement pricing is amended accordingly. As a result the company does not believe the accounting treatment for a defined benefit scheme is appropriate to this scheme and is therefore accounting for it in line with that required for a defined contribution scheme. The cost of the employer contributions charged to the profit and loss account is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

The company is a contributing employer to the Rosyth Royal Dockyard Pension Scheme which is a defined benefit schemes operated by fellow Group undertakings. This scheme is administered by corporate trustees and the funds are held separately from the Group. The schemes are multi-employer and as such the company is unable to identify its share of the underlying assets and liabilities in the scheme. The company therefore does not believe that the accounting treatment for a defined benefit scheme is appropriate and is accounting for it in line with that required for a defined contribution scheme. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Obligations for contributions to defined contribution pension plans are recognised as an expense as incurred.

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

### **Deferred taxation**

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.

## **Babcock Marine (Clyde) Limited**

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.



# Babcock Marine (Clyde) Limited

## Notes to the financial statements for the year ended 31 March 2009

### 1 Cash flow statement

The company's ultimate parent undertaking, Babcock International Group PLC, produces a consolidated cash flow statement in accordance with Financial Reporting Standard number 1 (Revised 1996) (FRS1) and consequently, the company has taken advantage of the exemption under FRS1 from producing a cash flow statement.

### 2 Turnover

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

Due to the nature of the company's operations it is currently reliant upon the Ministry of Defence for the majority of its turnover.

### 3 Operating profit

	2009 £000	2008 £000
Operating profit – continuing operations is stated after charging/(crediting):		
Amortisation of intellectual property rights	840	840
Depreciation of tangible fixed assets	33	44
Auditors' remuneration		
- audit services	17	27
Profit on disposal of fixed assets	(6)	(21)

### 4 Interest receivable and similar income

	2009 £000	2008 £000
Bank interest	236	370
Group loan interest	225	279
<b>Total</b>	<b>461</b>	<b>649</b>

## Babcock Marine (Clyde) Limited

### 5 Staff costs

	2009	2008
	£000	£000
Wages and salaries	38,716	39,249
Social security costs	2,903	3,138
Other pension costs (note 18)	5,778	5,826
<b>Staff costs</b>	<b>47,397</b>	<b>48,213</b>

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity	2009 Number	2008 Number
Production	1,293	1,383
<b>Total</b>	<b>1,293</b>	<b>1,383</b>

The nature of the Partnering Agreement is such that the vast majority of the company's employees are directly engaged on the contract.

### 6 Directors' emoluments

	2009	2008
	£000	£000
Aggregate emoluments (including benefits in kind)	430	781
<b>Total</b>	<b>430</b>	<b>781</b>

The emoluments, (excluding pension & pension contributions), of the highest paid director was £250,956 (2008: £326,416). The accrued benefit entitlement under the Rosyth Royal Dockyard defined benefit scheme of the highest paid director was £38,449 (2008: £6,601). All seven directors are members of a Group defined benefit pension scheme. The emoluments of P L Rogers, S A R Billiald, F.Martinelli and W.Tame are included in the accounts of the ultimate parent company, Babcock International Group PLC. The emoluments of J Howie are included in the accounts of Babcock Marine (Rosyth) Ltd.

## Babcock Marine (Clyde) Limited

### 7 Taxation on profit on ordinary activities

	2009	2008
	£000	£000
<b>The taxation charge comprises:</b>		
Corporation tax on the profit for the year at 28% (2008:30%)	-	-
Group relief for consideration	-	3,326
Adjustment in respect of prior periods	-	(2,572)
<b>Current tax charge for the year</b>	-	754
Deferred tax - current	(3)	5
- impact of change in UK tax rate		1
<b>Total tax (credit) / charge for the year</b>	<b>(3)</b>	<b>760</b>

The difference between the total current year tax shown above and the amount calculated by applying the standard rate of UK Corporation tax to the profit on ordinary activities before tax is as follows:

	2009	2008
	£000	£000
Profit on ordinary activities before tax	<b>6,828</b>	10,197
Expected tax charge on profit on ordinary activities at 28%	<b>1,912</b>	3,059
Effects of:		
Timing differences	3	(5)
Group Relief at nil consideration	<b>(2,158)</b>	-
Prior year adjustments		(2,572)
Expenses not deductible for tax purposes	<b>243</b>	272
<b>Current tax charge for the year</b>	<b>-</b>	<b>754</b>

## Babcock Marine (Clyde) Limited

### 8 Intangible assets

	Intellectual property rights £000
<b>Cost</b>	
At 1 April 2008	4,200
<b>At 31 March 2009</b>	<b>4,200</b>
<b>Amortisation</b>	
At 1 April 2008	3,360
Charge for the year	840
<b>At 31 March 2009</b>	<b>4,200</b>
<b>Net book amount</b>	
<b>At 31 March 2009</b>	<b>-</b>
At 31 March 2008	840

# Babcock Marine (Clyde) Limited

## 9 Tangible assets

	Motor vehicles £000
<b>Cost</b>	
At 1 April 2008	135
Additions	
Disposals	(25)
<b>At 31 March 2009</b>	<b>110</b>
<b>Depreciation</b>	
At 1 April 2008	70
Charge for the year	33
Disposals	(25)
<b>At 31 March 2009</b>	<b>78</b>
<b>Net book amount</b>	
<b>At 31 March 2009</b>	<b>32</b>
At 31 March 2008	65

## 10 Investments

The company owns 100% of BNS Pensions Limited, a non-trading company registered in Scotland. The value of this investment is £1.

## 11 Debtors

	2009 £000	2008 £000
Trade debtors	531	254
Amounts owed by parent undertakings	13,500	7,000
Amounts owed by group undertakings	4,208	4,342
Amounts recoverable on long term contracts	12,449	12,003
Other debtors	472	640
Deferred tax (note 13)	15	12
Prepayments and accrued income	80	105
	<b>31,255</b>	<b>24,356</b>

## Babcock Marine (Clyde) Limited

The amounts owed by parent undertakings are short term interest free loans that are receivable on demand. The amounts owed by group undertakings include short term loans, receivable on demand, paying interest based on LIBOR plus 100 basis points.

### 12 Creditors – amounts falling due within one year

	2009 £000	2008 £000
Trade creditors	236	544
Amounts owed to group undertakings	4,013	5,196
Other creditors	2,123	3
Payments in advance of turnover	29	107
Other taxes and social security	1,116	1,200
Accruals and deferred income	11,308	10,879
	<b>18,825</b>	<b>17,929</b>

Amounts owed to group undertakings are for balances that are repayable on demand with no interest payable.

### 13 Deferred taxation

The major components of the deferred tax asset recorded and the potential asset are as follows:

	2009 £000	2008 £000
Accelerated capital allowances	15	12
	<b>15</b>	<b>12</b>

The movement on the deferred tax asset is as follows:

	2009 £000	2008 £000
As at 1 <sup>st</sup> April	12	18
Current year credit / (charge)	3	(5)
Impact of change in UK tax rate		(1)
<b>As at 31<sup>st</sup> March</b>	<b>15</b>	<b>12</b>

## Babcock Marine (Clyde) Limited

### 14 Called up share capital

	2009 £	2008 £
<b>Authorised</b>		
1,000 ordinary shares of £1 each	1,000	1,000
<b>Allotted and fully paid</b>		
1 Ordinary shares of £1 each	1	1
	1	1

### 15 Profit and loss account

	2009 £000	2008 £000
At 1 April	11,595	2,158
Retained profit for the financial year	6,831	9,437
<b>At 31 March</b>	<b>18,426</b>	<b>11,595</b>

### 16 Reconciliation of movements in shareholders' funds

	2009 £000	2008 £000
Profit for the financial year	6,831	9,437
Opening shareholders' funds	11,595	2,158
<b>Closing shareholders' funds</b>	<b>18,426</b>	<b>11,595</b>

### 17 Guarantees & financial commitments

#### Contingent liabilities

The Company at the period end had guaranteed or had joint several liability for drawn Babcock International Group PLC bank facilities of £355 million provided to certain group companies.

In addition, the company at the period end had joint and several liability for drawn bank overdraft facilities of other group companies for the value of £3.8 million.

## Babcock Marine (Clyde) Limited

### 18 Pension commitments

The pension cost included as a charge in arriving at the operating profit was as follows:

	2009	2008
	£000	£000
Babcock Naval Services Pension Scheme	5,715	5,739
Re-charge of cost from other pension schemes	63	87
	5,778	5,826

The company operates a defined benefit pension scheme, the Babcock Naval Services Pension Scheme, whose assets are held in a separately administered fund. As explained in the accounting policies, the company is accounting for this scheme in line with that required of a defined contribution scheme. The employer contributions are made at a rate consistent with the latest actuarial valuation of the scheme.

The company is a contributing employer to the Rosyth Royal Dockyard Pension Scheme. The scheme is a multi-employer scheme, the full details of which are contained in the accounts of Babcock International Group PLC.

The Rosyth Royal Dockyard Pension Scheme is a defined benefit scheme. As explained in the accounting policies, the company is accounting for this scheme in line with that required of a defined contribution scheme, as the company is unable to identify its share of the underlying assets and liabilities in the scheme. Full FRS 17 disclosure of the Rosyth Royal Dockyard Pension scheme is given in the accounts of Rosyth Royal Dockyard Limited. Any surplus or deficit in the scheme will affect the contributions made by the company as required by the scheme's rules.

### 19 Related party transactions

The company, as a wholly owned subsidiary, has taken advantage of the exemption granted under the Financial Reporting Standard No. 8, Related Parties, by not disclosing details of sales and purchases with other members of the Group headed up by Babcock International Group PLC. Details of balances owed by and to other Group companies are disclosed in notes 11 and 12.



## **Babcock Marine (Clyde) Limited**

### **20 Ultimate parent undertaking**

The immediate parent undertaking is Babcock Marine Holdings (UK) Limited, a company incorporated in the UK.

The ultimate parent undertaking and controlling party is Babcock International Group plc, which is the parent undertaking of the smallest and largest Group to consolidate these financial statements. Copies of Babcock International Group plc consolidated financial statements can be obtained from the Company Secretary at Babcock International Group PLC, 33 Wigmore Street, London, W1U 1QX