

Babcock Marine Limited
Annual Report and Financial Statements
For the year ended 31 March 2022

Company registration number:

02141109 (England and Wales)

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COMPANIES HOUSE

Babcock Marine Limited

Directors and advisors

Current directors

N Borrett

S Doherty

Company secretary

Babcock Corporate Secretaries Limited

Registered office

33 Wigmore Street

London

W1U 1QX

United Kingdom

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Babcock Marine Limited

Strategic report for the year ended 31 March 2022

The directors present their Strategic report on Babcock Marine Limited ("the company") for the year ended 31 March 2022.

Review of the business and principal activities

The Company is group finance company within the group headed by Babcock International Group PLC. The directors do not expect this to change significantly in the next financial period.

	2022 £000	2021 £000
Profit for the financial year	25,460	25,837

Principal risks and uncertainties

The Company's ultimate controlling parent is Babcock International Group PLC. Risks are managed at a 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 and Financial Statements for the year ended 31 March 2022.

Further discussion of these risks and uncertainties, in the context of the Group as a whole is provided on pages 76 to 87 of the Annual Report and Financial Statements of Babcock International Group PLC, which does not form part of this report.

Climate action is a key focus: we are continuing to progress our Group-wide decarbonisation programme (Plan Zero 40). Aligned with the Plan Zero 40 pathway announced last year, we commenced baselining our carbon footprint and are on track to submit carbon reduction targets to the Science-Based Targets initiative by April 2023. These are to be achieved by 2030 and will set us on course for decarbonising our estate, assets and operations to reach our overarching goal of net zero emissions by 2040. Further information is included on pages 54 to 62 of the Annual Report and Financial Statements of Babcock International Group PLC.

Key performance indicators

The Babcock Group'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.

The community and environment

Sustainability is an integral part of our corporate strategy and how we do business, 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:

- We will reduce emissions and set science-based targets to get to net zero across our estate, assets and operations by 2040;
- We will integrate environmental sustainability into programme design to minimise waste and optimise resources;
- We will ensure the safety and wellbeing of all our people;
- 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;
- We will be a collaborative, trusted partner across the supply chain, helping to tackle common challenges.

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

The community and environment *(continued)*

These activities form part of the Group-wide ESG Strategy as described on pages 54 to 75 of the Annual Report and Financial Statements of Babcock International Group PLC.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

This report was approved by the board on 21 December 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'S Doherty', with a stylized flourish at the end.

S Doherty
Director

Babcock Marine Limited

Directors' report for the year ended 31 March 2022

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

Dividends

Dividends declared and paid during the financial year were £nil (2021: £nil). There are no plans for further dividends.

Directors

N Borrett

S Doherty (appointed 31 May 2022)

I 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.

The directors who held office during the year and up to the date of signing the Annual Report and Financial Statements were as follows:

Future developments

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

Going concern

The financial statements have been prepared on a going concern basis, notwithstanding the net current liabilities position, which the directors believe to be appropriate as Babcock (UK) Holdings Limited will provide financial support to the Company to ensure it can meet its obligations as they fall due. The Directors have received confirmation that Babcock (UK) Holdings Limited will provide financial support to the Company for at least one year from the date of signing these 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 with the Annual Report and Financial Statements for Babcock International Group PLC.

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.

Babcock Marine Limited

Directors' report for the year ended 31 March 2022 *(continued)*

Post balance sheet events

There have been no significant events since the balance sheet date which materially affect the position of the Company.

This report was approved by the board on 21 December 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'S Doherty', with a stylized flourish at the end.

S Doherty
Director

Statement of Directors' responsibilities

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 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.

Babcock Marine Limited

Income Statement

for the year ended 31 March 2022

	Note	2022 £000	2021 £000
Finance income	4	25,460	25,837
Profit before taxation	5	25,460	25,837
Income tax expense	6	-	-
Profit for the financial year		25,460	25,837

All of the above results derive from continuing operations.

There have been no other comprehensive gains / losses during either the current or prior year other than as disclosed in the profit and loss account and therefore no separate statement of comprehensive income has been presented.

Babcock Marine Limited

Statement of Financial Position as at 31 March 2022

	Note	2022 £000	2021 £000 Restated*
Non-current assets			
Trade and other receivables	7	940,395	914,935
Current liabilities			
Trade and other payables	8	(29,445)	(29,445)
Net current liabilities		(29,445)	(29,445)
Net assets		910,950	885,490
Equity			
Called up share capital	9	605	605
Share premium account		798,089	798,089
Retained earnings		112,256	86,796
Total shareholders' funds		910,950	885,490

* In the year ended 31 March 2022, the Company restated the prior year financial information. Details of the restatement are contained in note 12.

The notes on pages 11 to 15 are an integral part of these financial statements.

For the year ending 31 March 2022 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements on pages 8 to 15 were approved by the Board of directors and signed on its behalf by:



S Doherty

Director
21 December 2022

Babcock Marine Limited**Statement of changes in equity***for the year ended 31 March 2022*

	Called up share capital £000	Share premium account £000	Retained earnings £000	Total shareholders' funds £000
Balance at 1 April 2020	605	798,089	60,959	859,653
Profit for the financial year	-	-	25,837	25,837
Balance at 31 March 2021	605	798,089	86,796	885,490
Profit for the financial year	-	-	25,460	25,460
Balance at 31 March 2022	605	798,089	112,256	910,950

Babcock Marine Limited

Notes to the financial statements

1 General information

Babcock Marine 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 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 financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). These financial statements are prepared on a going concern basis, under the historical cost convention. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £000.

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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The Company is a wholly owned subsidiary of Babcock Malta Finance Limited and of its ultimate parent, Babcock International Group PLC. It is included in the consolidated financial statements of Babcock International Group PLC which are publicly available.

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

- a) Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- b) 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;
- c) the following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), 10(f), 16, 38, 40, 111, and 134-136;
- d) IAS 7, 'Statement of cash flows';
- e) Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors';
- f) Paragraph 17 of IAS 24, 'Related party transactions' in respect of key management compensation;
- g) The requirements of IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

The Company intends to continue to prepare its financial statements in accordance with FRS 101.

Notes to the financial statements *(continued)***2 Summary of significant accounting policies** *(continued)***Going concern**

The financial statements have been prepared on a going concern basis, notwithstanding the net current liabilities position, which the directors believe to be appropriate as Babcock (UK) Holdings Limited will provide financial support to the Company to ensure it can meet its obligations as they fall due. The Directors have received confirmation that Babcock (UK) Holdings Limited will provide financial support to the Company for at least one year from the date of signing these financial statements.

Investments

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

Trade and other receivables

Trade receivables are stated at their cost less provision for bad debts. A provision for bad debt is established when there is objective evidence that the collection of the debt is no longer probable.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are initially recognised at fair value, which is usually original invoice amount and are subsequently held at amortised cost using the EIR method (although, in practice, the discount is often immaterial). If payment is due within one year or less payables are classified as current liabilities. If not, they are presented as non-current liabilities.

Taxation**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.

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 Marine Limited

Notes to the financial statements (continued)

3 Critical accounting estimates and 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 balance sheet 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. There are no areas of judgement or key sources of estimation uncertainty that are considered to have a significant effect on the amounts recognised in these financial statements.

4 Finance income

	2022 £000	2021 £000
Loan interest receivable from group undertakings	25,460	25,837

5 Profit before taxation

In the prior year the fee payable to the parent Company's auditors and their associates in respect of the audit of the company's financial statements was £2,700 (2021: £2,700) and was borne by Babcock International Limited.

There were no staff employed during the current or prior year and none (2021: none) of the directors received remuneration in respect of their services to the Company.

6 Income tax expense

Tax expense for the year is lower (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 £000	2021 £000
Profit before taxation	25,460	25,837
Profit before income tax multiplied by standard UK corporation tax rate of 19% (2021: 19%)	4,837	4,909
Income not taxable for tax purposes	-	-
Group relief claimed for nil consideration	(4,837)	(4,909)
Total tax charge for the year	-	-

On 24 May 2022, the Finance Act 2022 was substantively enacted, increasing the main rate of UK corporation tax from 19% to 25% with effect from 1 April 2023.

Babcock Marine Limited

Notes to the financial statements (continued)

7 Trade and other receivables

	2022 £000	2021 £000 Restated*
Amounts due from group undertakings	<u>940,395</u>	<u>914,935</u>

* In the year ended 31 March 2022, the Company restated the prior year financial information. Details of the restatement are contained in note 12.

Amounts due from group undertakings are unsecured, repayable on demand and comprises of:

- £235,750,000 (2021: £235,750,000) bearing interest at SONIA + 4%;
- £377,540,000 (2021: £377,540,000) bearing interest at SONIA + 4%;
- The remaining £327,105,000 (2021: £301,645,000) is non-interest bearing.

8 Trade and other payables

	2022 £000	2021 £000
Amounts due to group undertakings	170	170
Group tax relief due to group undertakings	569	569
UK corporation tax payable	<u>28,706</u>	<u>28,706</u>
	<u>29,445</u>	<u>29,445</u>

Amounts due to group undertakings bear no interest and are repayable on demand.

9 Called up share capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
6,045,793 ordinary shares of 10p each (2021: 6,045,793)	<u>605</u>	<u>605</u>

10 Dividends

Dividends declared and paid during the financial year were £nil (2021: £nil). There are no plans for further dividend.

11 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 Marine Limited

Notes to the financial statements *(continued)*

12 Restatement

In the prior year, amounts due from group undertakings were presented as falling due within one year and classified within current assets. Based on the underlying terms of the agreement and considering the fact that these assets are not expected to be settled within the next 12 months the classification has been reassessed, and the amounts due from group undertakings presented within non-current assets. The balance sheet and applicable note in the comparative period have been restated accordingly.

	Previously Published 2021 £000	Reclassification £000	Restated 2021 £000
Non-current assets			
Trade and other receivables	-	914,935	914,935
Current assets			
Trade and other receivables	914,935	(914,935)	-

13 Immediate and ultimate parent undertakings

The company's immediate parent company is Babcock Malta Finance Limited, a company registered in Malta. 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.

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