

**Babcock Marine Limited**  
**Annual Report and Financial Statements**  
**For the year ended 31 March 2023**

**Company registration number:**

**02141109 (England and Wales)**

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## **Babcock Marine Limited**

### **Directors and advisors**

#### **Current directors**

N Borrett  
R Clark  
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 2023

The directors present their Strategic report on Babcock Marine Limited ("the company") for the year ended 31 March 2023.

#### 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.

	2023 £000	2022 £000
Profit for the financial year	40,059	25,460

The profit for the year is driven by finance income in the form of interest receivable from loans to group undertakings.

#### 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 2023.

Further discussion of these risks and uncertainties, in the context of the Group as a whole is provided on pages 87 to 103 of the Annual Report and Financial Statements of Babcock International Group PLC, which does not form part of this report.

#### 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.

#### S172(1) Statement and Stakeholder engagement

This statement contains an overview of how the Directors have performed their duty to promote the success of the Company as set out in Section 172(1) of the Companies Act 2006. That section requires a director of a company to act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of the shareholders. In doing this, the director must have regard, amongst other matters, to:

- a) the likely consequences of any decision in the long term;
- b) the interests of the company's employees;
- c) the need to foster the company's business relationships with suppliers, customers and others;
- d) the impact of the company's operations on the community and the environment;
- e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly between members of the company.

Stakeholder engagement is managed in accordance with Group policies and procedures which are discussed on pages 56, 57 and 115 of the Annual Report and Financial Statements of Babcock International Group PLC, which does not form part of this report.

**Strategic report for the year ended 31 March 2023**

**S172(1) Statement and Stakeholder engagement *(continued)***

**Employees**

Our success is led by our employees. We continue to strengthen our employee value proposition by enhancing our engagement and promoting an agile global workplace. We are committed to creating an inclusive and diverse organisation where employees can develop their full potential. We focus on developing and supporting a truly engaged workforce, living our principles and working on shared goals, united by our common Purpose. These engagement activities form part of the Group-wide People Strategy as described on pages 20, 21 and 74 to 78 of the Annual Report and Financial Statements of Babcock International Group PLC, which does not form part of the report.

**Business relationships**

We are committed to conducting business honestly, transparently and with integrity. Understanding the needs and challenges of our customers allows us to help them to succeed. We work in partnership with public and private customers across the globe, enabling them to deliver critical programmes and services, adding value to their operations. We seek to solve their challenges through excellent operational performance and the introduction of innovative solutions and technology to support their longer-term needs. We build and maintain long-term relationships with our customers to promote the future success of the Company.

To support our global business operations and strategy we require an efficient and highly effective supply chain. This means we need to foster trusted and collaborative relationships with suppliers who share our appetite to drive improvement through innovation and best practice. Our external supply chains are an important part of our performance and by working collaboratively with suppliers we can ensure continuity of supply, minimise risk and bring innovative solutions to our customers. These engagement activities form part of the Group-wide Procurement Strategy as described on pages 20, 21 and 83 to 85 of the Annual Report and Financial Statements of Babcock International Group PLC, which does not form part of this report.

**The community and environment**

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

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

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**Babcock Marine Limited****Strategic report for the year ended 31 March 2023** *(continued)*

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 in previous years, we commenced baselining our carbon footprint and are on track to submit carbon reduction targets to the Science-Based Targets initiative. 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 58 to 86 of the Annual Report and Financial Statements of Babcock International Group PLC, which does not form part of this report.

This report was approved by the board on 30 April 2024 and signed on its behalf by:



R Clark  
Director

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## **Babcock Marine Limited**

### **Directors' report for the year ended 31 March 2023**

The directors present their report and the financial statements of the company for the year ended 31 March 2023.

#### **Dividends**

Dividends declared and paid during the financial year were £nil (2022: £nil). There are no plans for further dividends.

#### **Directors and their interests**

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

N Borrett	
S Doherty	(appointed 31 May 2022)
R Clark	(appointed 3 February 2023)
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.

#### **Future developments**

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

#### **Going concern**

The Company's business activities, together with the factors likely to affect its future development and financial position are set out within the Strategic Report and Directors' Report. In addition, within the Directors' Report there are details of the financial risks that the Directors have highlighted as significant to the business.

As the Company is part of a larger group, it participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parents and fellow subsidiaries.

The Company is in a net current liabilities position of £29.4m, comprised of intercompany amounts due to parent and group companies. The Company is not expected to settle the intercompany amounts due to parent and group undertakings until the Company has sufficient liquidity to do so and the Company has received confirmation from the other group companies these amounts are due to, confirming this position. Additionally, the Company is expected to be in a position to obtain finance via intercompany loans to continue to operate for at least twelve months from when the financial statements are authorised for issue and the Company has received a letter of support from Babcock Management Limited confirming this position. In completing this analysis, the Directors have considered the ability of Babcock Management Limited to provide such finance.

The Directors are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **Financial risk management**

The applicable financial risk management policies and exposure to financial risks including price, credit, liquidity and cash flows are discussed in detail with the Annual Report and Financial Statements for Babcock International Group PLC, which does not form part of this report.

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**Babcock Marine Limited****Directors' report for the year ended 31 March 2023** *(continued)***Qualifying third party indemnity provisions**

Babcock International Group PLC provides protections for directors of companies within the Group against personal financial exposure they may incur in their capacity as such. These include qualifying third party indemnity provisions (as defined by Companies Act 2006) for the benefit of members of Babcock International Group PLC, including, where applicable, in their capacity as a director of the Company and other companies within the Group. These indemnities came into force in 2012 and remain in force.

**Post balance sheet events**

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

This report was approved by the board on 30 April 2024 and signed on its behalf by:



R Clark  
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.

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**Babcock Marine Limited****Income Statement***for the year ended 31 March 2023*

	Note	2023 £000	2022 £000
Finance income	4	<u>40,059</u>	25,460
<b>Profit before taxation</b>	5	<b>40,059</b>	25,460
Income tax expense	6	<u>-</u>	-
<b>Profit for the financial year</b>		<b>40,059</b>	25,460

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.

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**Babcock Marine Limited****Statement of Financial Position***as at 31 March 2023*

	Note	2023 £000	2022 £000
<b>Non-current assets</b>			
Trade and other receivables	7	<u>980,454</u>	940,395
<b>Current liabilities</b>			
Trade and other payables	8	<u>(29,445)</u>	(29,445)
<b>Net current liabilities</b>		<u>(29,445)</u>	(29,445)
<b>Net assets</b>		<u>951,009</u>	910,950
<b>Equity</b>			
Called up share capital	9	605	605
Share premium account		798,089	798,089
Retained earnings		<u>152,315</u>	112,256
<b>Total shareholders' funds</b>		<u>951,009</u>	910,950

The notes on pages 12 to 16 are an integral part of these financial statements.

For the year ending 31 March 2023 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 9 to 16 were approved by the Board of directors and signed on its behalf by:



R Clark  
Director  
30 April 2024

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**Babcock Marine Limited****Statement of changes in equity**  
*for the year ended 31 March 2023*

	Called up share capital £000	Share premium account £000	Retained earnings £000	Total shareholders' funds £000
<b>Balance at 1 April 2021</b>	<b>605</b>	<b>798,089</b>	<b>86,796</b>	<b>885,490</b>
Profit for the financial year	-	-	25,460	25,460
<b>Balance at 31 March 2022</b>	<b>605</b>	<b>798,089</b>	<b>112,256</b>	<b>910,950</b>
Profit for the financial year	-	-	40,059	40,059
<b>Balance at 31 March 2023</b>	<b>605</b>	<b>798,089</b>	<b>152,315</b>	<b>951,009</b>

**Notes to the financial statements****1 General information**

Babcock Marine Limited is a private company limited by shares under the companies act 2006 and registered in the UK, 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 thousand.

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 is included in the consolidated financial statements of Babcock International Group PLC which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

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

- 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';
  - paragraph 73 of IAS 16 'Property, plant and equipment'; and
  - paragraph 118(e) of IAS 38 Intangible assets (reconciliations between carrying amount at the beginning and end of the period).
- c) Paragraphs 10(d), 10(f), 16, 38, 40, 111, and 134-136 of IAS 1 'Presentation of financial statements'.
- 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.

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## **Babcock Marine Limited**

### **Notes to the financial statements** *(continued)*

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

##### **Basis of Preparation** *(continued)*

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The Company intends to continue to prepare its financial statements in accordance with FRS 101.

##### **Going concern**

The Company's business activities, together with the factors likely to affect its future development and financial position are set out within the Strategic Report and Directors' Report. In addition, within the Directors' Report there are details of the financial risks that the Directors have highlighted as significant to the business.

As the Company is part of a larger group, it participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parents and fellow subsidiaries.

The Company is in a net current liabilities position of £29.4m, comprised of intercompany amounts due to parent and group companies. The Company is not expected to settle the intercompany amounts due to parent and group undertakings until the Company has sufficient liquidity to do so and the Company has received confirmation from the other group companies these amounts are due to, confirming this position. Additionally, the Company is expected to be in a position to obtain finance via intercompany loans to continue to operate for at least twelve months from when the financial statements are authorised for issue and the Company has received a letter of support from Babcock Management Limited confirming this position. In completing this analysis, the Directors have considered the ability of Babcock Management Limited to provide such finance.

The Directors are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### **Trade and other receivables**

Trade and other receivables (including amounts due from group undertakings) are stated at their cost less expected credit losses. A provision for expected credit losses is established when there is objective evidence that the collection of the debt is no longer probable.

##### **Trade and other payables**

Trade and other payables (including amounts due to group undertakings) are initially recognised at fair value, which is usually original invoice amount and are subsequently held at amortised cost using the EIR (Effective Interest Rate) 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.

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

**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**

	<b>2023</b>	2022
	<b>£000</b>	£000
Loan interest receivable from group undertakings	<b>40,059</b>	25,460

**5 Profit before taxation**

There are no fees due to auditors for the current year as the Company has claimed exemption from audit.

There were no staff employed during the current or prior year and none (2022: none) of the directors received remuneration in respect of their services to the Company.

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## Babcock Marine Limited

### Notes to the financial statements (continued)

#### 6 Income tax expense

Tax expense for the year is lower (2022: lower) than the standard rate of corporation tax in the UK for the year ended 31 March 2023 of 19% (2022: 19%). The differences are explained below:

	2023 £000	2022 £000
<b>Profit before taxation</b>	<b>40,059</b>	25,460
Profit before income tax multiplied by standard UK corporation tax rate of 19% (2022: 19%)	7,611	4,837
Income not taxable for tax purposes	-	-
Group relief claimed for nil consideration	(7,611)	(4,837)
<b>Total tax charge for the year</b>	<b>-</b>	-

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

#### 7 Trade and other receivables

	2023 £000	2022 £000
Amounts due from group undertakings	980,454	940,395

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

- £613,290,000 (2022: £613,290,000) bearing interest at SONIA + 4%;
- The remaining £367,164,000 (2022: £327,105,000) is non-interest bearing.

#### 8 Trade and other payables

	2023 £000	2022 £000
Amounts due to group undertakings	170	170
Group tax relief due to group undertakings	569	569
UK corporation tax payable	28,706	28,706
	<b>29,445</b>	29,445

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

#### 9 Called up share capital

	2023 £000	2022 £000
<b>Allotted, called up and fully paid</b>		
6,045,793 ordinary shares of 10p each (2022: 6,045,793)	605	605



**Notes to the financial statements** *(continued)*

**10 Dividends**

Dividends declared and paid during the financial year were £nil (2022: £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.

**12 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