Annual report and financial statements

for the year ended 31 March 2022

Registered number: **SC220243**

Babcock Marine (Clyde) Limited

Company Information

Directors
L Brown
K Douglas
D Kieran
M D Lawton
S Doherty

Company secretary
Babcock Corporate Secretaries Limited

Registered office
Rosyth Business Park
Rosyth
Dunfermline
Fife
KY11 2YD

Independent auditors
Deloitte LLP

Babcock

Strategic report for the year ended 31 March 2022

The Directors present their Strategic report on the Company for the year ended 31 March 2022.

Principal activities

The principal activity of the Company

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 for Babcock International Group Plc on page 211.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Employee involvement

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Company as a whole. Communication with all employees continues

Employees

The Company is committed to equal opportunities and will not discriminate on the basis of disability, age, race, colour, ethnic origin, gender, marital status, religious or political beliefs or sexual orientation.

We believe that only by encouraging applicants from the widest pool of talent possible, and then selecting the best candidate based on their ability to do the job, can we ensure we continue to deliver our best for our customers and safeguard the future of Babcock. For more information about our inclusion and diversity policy, please see pages 64 and 107 of the annual report for Babcock International Group Plc.

Engagement with UK employees has been considered on page 5 of the Strategic Report.

Environment

The Company recognises its responsibility to minimise so far as reasonably possible the potential for adverse impacts from its operations. It aims to achieve the highest standards in environmental management and seek accreditation to appropriate standards where appropriate.

The Company has developed and implemented an environmental policy to ensure that the impact

Appointment of auditors

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ultimate parent company, Deloitte LLP were reappointed as external auditor to the group.
Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed to the Company and Deloitte LLP will, therefore, continue in office.
This report was approved by the board on 11 September 2023 and signed on its behalf

M Lawton
Director
SC220243

Independent of Babcock Marine (Clyde) Limited

Report on the audit of the financial statements

Opinion

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ort to the members of Babcock Marine (Clyde) Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

s of Babcock Marine (Clyde) Limited (continued)

Use of this report

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Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to
WKH FRPSDQ\¶V PHPEHUV WKRVH PDWWHUV ZH DUH UHTXLUHG
for no other purpose. To the fullest extent permitted by law, we do not accept or assume
UHVSRQVLELOLW\ WR DQ\RQH RWKHU WKDQ WKH FRPSDQ\ DQG mbers as a body, for our
audit work, for this report, or for the opinions we have formed.

[redacted]

Makhan Chahal FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
11 September 2023

Income statement
for the year ended 31 March 2022

	Note	2022	2021 Restated*
		£000	£000
Revenue	4	**157,690**	198,306
Cost of sales		**(146,495)**	(184,550)

Statement of changes in equity
for the year ended 31 March 2022

	Note	Called up share capital £000	Retained earnings £000	Total funds £000
Balance at 1 April 2020		**-**	**6,742**	**6,742**
Profit for the financial year (restated*)		**-**	10,425	10,425
Other comprehensive (loss) (restated*)		**-**	(3,537)	(3,537)
Total comprehensive income		-	**6,888**	**6,888**
Balance at 31 March 2021 (restated)		**-**	**13,630**	**13,630**
Balance at 1 April 2021		**-**	13,630	**13,630**
Profit for the financial year		**-**	6,409	6,409
Other comprehensive income		**-**	4,871	4,871
Total comprehensive income		**-**		

The notes on pages 20 to 50 are an integral part of these financial statements.

* In the year ended 31 March 2022, the company restated the prior year financial information. Details of the restatement are contained in note 19.

Notes to the financial statements (continued)

2 **Accounting policies** (continued)

Basis of preparation (continued)

Notes to the financial statements

Notes to the financial statements (continued)

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

Revenue (continued)

(e) Contract modifications

Claims and variations

Registered

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

Employee benefits (continued)

c) Holiday pay

Paid holidays are regarded as an employee benefit and as such are charged to the income statement as the benefits are earned.

Financial instruments

a) Financial assets and liabilities at amortised cost

Cash and cash equivalents, trade receivables, amounts due from related parties and other receivables are classified as financial assets held at amortised cost as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. Trade receivables, contract assets and lease receivables include a provision for expected credit losses. The Company measures the provision at an amount equal to lifetime expected credit losses, estimated by reference to past experience and relevant forward-looking factors. For all other financial assets carried at amortised cost, including loans to joint ventures and associates and other receivables, the Company measures the provision at an amount equal to 12-month expected credit losses.

Trade and other payables, amounts due to related parties, other payables, accruals and bank loans and overdrafts are classified as financial liabilities held at amortised cost.

b) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative is entered into and are subsequently remeasured at fair value. The Company designates certain of the derivative

Notes to the financial statements (continued)

4 Revenue

Revenue is wholly attributable to the principal activities of the Company and arises as follows:

	2022 £000	2021 £000
By area of activity:		
Provision of services ±transferred over time	**155,996**	195,844
Sale of goods ±transferred at a point in time	**1,694**	2,462
	157,690	198,306

All the revenue in the year ended 31 March 2022 originated in the United Kingdom.

5 Finance income and costs

	2022 £000	2021 £000
Finance income:		
Loan interest receivable from group undertakings	**47**	58
	47	58

Finance costs:

Bank and other interest/F3 11.04 Tf1 0 0 1 492.22 480.7(5.23 373.99 14.16 r

Notes to the financial statements (continued)

7 Staff costs

The average monthly number of employees (including directors) employed by the Company during the year was as follows:

	2022 Number	2021 Number
By activity:		
Operations	**873**	887
Management and administration	**827**	841
	1,700	1,728

Their aggregate remuneration comprised:

	2022 £000	2021 Restated £000
Wages and salaries	**71,614**	75,860
Social security costs	**7,654**	7,823
Pension costs ±defined contribution plans (note 18)	**4,732**	7,735
Pension costs ±defined benefit plans (note 18)	**2,167**	1,038
Share based payments (note 9)	**-**	-
	86,167	92,456

Pension cost has been reclassified in the prior year fr.68 reW*d9fied in payments (note

Notes to the financial statements *(continued)*

8 (continued)

Except for two (2021: two) directors, all of the directors of the Company are remunerated by other Babcock Group companies. It is not possible to make an accurate apportionment of these

Notes to the financial statements (continued)

12 Trade and other receivables

	2022 £000	2021 Restated £000
Amounts due after more than one year:		
Amounts due from group undertakings	**62,363**	45,933
	62,363	45,933
Amounts falling due within one year:		
Trade receivables	**6,513**	294
Contract assets	**881**	12,855
Amounts owed by group undertakings	**1,104**	195
Other receivables	**1,461**	2,066
Prepayments and accrued income	**573**	452
	10,532	15,862

Amounts due from Group undertakings comprises the following:

x An unsecured loan of £60,325k (2021: £43,895k) is repayable on demand. Interest, which is a fixed and variable with a blended rate of 0.85% (2021: 1.05%), is only pay79.43ble on demand

Notes to the financial statements (continued)

13 Trade and other payables (continued)

Amounts due to Group undertakings comprises the following:

- x A loan of £10,824k (2021: £10,824k) is repayable on demand.
- x All other amounts due from group undertakings are unsecured and repayable on demand.

The Company has access to the Babcock International Group PLC overdraft facility. The Company along with fellow group undertakings has provided cross-guarantees in relation to this facility (note 20).

In the year ended 31 March 2022, the company restated the prior year financial information. Details of the restatement are contained in note 19.

14 Called up Share capital

	2022	2021
	£	£
Allotted and fully paid		
1 (2021: 1) ordinary shares of £1 each	1	1

15 Dividends

Dividends declared and paid were £nil (2021: £nil), this is equivalent to £nil per share (2021: £nil). There are no plans for a final dividend.

16 Contingent liabilities

At the year-end date the Company has guaranteed or has joint and several liability for bank overdraft facilities that are shared across multiple Group companies with utilisation of £383.6m at 31 March 2022 (31 March 2021: £371.3m).

17 Related party disclosures

The Company has taken advantage

Notes to the financial statements (continued)

18 Pension commitments (continued)

Retirement benefits ±funds in deficit	**(146)**	(685)
	7,354	13

The Company accounts for pension costs in accordance with IAS 19. The Company contributes to a defined contribution scheme in the UK in respect of a number of its employees. The Company contributes to a defined benefit scheme in the UK in respect of a number of its employees (the ³&LWUXV &O\GH 3HQVLRQ 6FKHPH´). The Company is also a contributing employer to defined benefit schemes (WKH ³%DEFRFN ,QWHUQDWLRQDO *URXS 3HQVLRQ 6FKHPH´ DQG ³5R 3HQVLRQ 6FKHPH´). The Company is severally liable, along with the other participating employers, for the assets and liabilities of these schemes. The allocation of the assets and liabilities of the schemes which have been recognised in these financial statements are detailed in this note.

The nature of the defined benefit schemes are that the employees contribute to the schemes with the employers paying the balance of the cost required. The contributions required and the assessment of the assets and the liabilities that have accrued to members and any deficit recovery payments required are agreed by the participating employer companies with the Trustees who are advised by an independent, qualified actuaries.

The key risks relate primarily to longevity, the expected inflation rate in the future which impacts on pension increases and indirectly salary increases and the discount rate used to value the liabilities. These schemes have mitigated some of these risks by taking out longevity swaps in respect of pensioners and their spouses, and through investment committees have significantly hedged the interest rate and inflation risk through derivative instruments and introduced benefit changes impacting future service benefits which included capping of pensionable salaries, capping pension increases, increased normal retirement age in line with state pension ages and increased the level of member contributions.

The schemes are funded by payments to legally separate Trustee-administered funds. The Trustees of the schemes DUH UHTXLUHG E\ ODZ WR DFW LQ WKH EHVW LQWHUH to determining future contribution requirements (with the agreement of the participating employers), the Trustees aUH UHVSRQVLEOH IRU VHWWLQJ WKH VFKHPHV¶ LQYHV The schemes have an independent Trustee and member nominated Trustees. The schemes are subject to regulation under the funding regime set out in Part III of the Pensions Act 2004.

BIG Pension Scheme

The IAS 19 valuation has been updated at 31 March 2022 by an independent qualified actuary using revised assumptions that are consistent with the requirements of IAS 19. The date of the last full actuarial valuation was 31 March 2019. The major assumptions used for the IAS 19 valuation were:

Major assumptions	2022 %	2021 %
Rate of increase in salaries	3.4	2.9
Rate of increase in pension payment	3.5	3.1
Discount rate	2.7	2.0
Inflation	3.3	

3.3

Notes to the financial statements (continued)

18 Pension commitments (continued)

The future service rate is 51.1%. Included in employer contributions of £9.3m is £nil of deficit recovery payments. The & R P S D Q \ ¶ V V K D U H R I W K L V L V D O O R F D W H G E D V members of the scheme that it employs.

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Notes to the financial statements (continued)

18 Pension commitments (continued)

Analysis of amount charged to the income statement in Babcock International Group Plc	**2022 £000**	2021 Restated £000
Current service cost	**5,873**	5,741
Incurred expenses	**2,506**	2,596
Past service cost	**-**	999
Total included within operating profit	**8,379**	9,336
Net interest income	**(537)**	(2,776)
Total charged to the income statement	**7,842**	6,560

The amounts charged to the income statement in these financial statements, based on the &RPSDQ\¶V DOORFDWLRQ RI WKH %DEFRFN ,QWHUQDWL al Group Plc charge, included £253k for service cost (2021: £225k), £108k for incurred expenses (2021: £102k), and net interest credit of £23k (2021: £109k).

Analysis of amount included in Babcock International

Babcock Marine (Clyde) Limited

Notes to the financial statements (continued)

18 Pension commitments (continued)

Analysis of amount charged to the income statement in Babcock International Group Plc	**2022 £000**	2021 Restated £000
Current service cost	**-**	1,946
Incurred expenses	**1,544**	1,486
Net interest cost	**2,659**	3,427
Past service cost	**-**	206
Curtailment	**-**	7,500
Total charged to the income statement	**4,203**	14,565

The amounts charged to the income statement in these financial statements, based on the &RPSDQ\¶V DOORFDWLRQ RI WKH WRWDO %DEFRF £Nil for service QDWL cost (2021: £5k), incurred expenses of £4k (2021: £4k) and net interest cost of £7k (2021: £9k).

Analysis of amount included in Babcock International	**2022 £000**	2021 Restated £000
Actuarial (loss) / gain recognised in the SOCI	**71,986**	(137,133)
Experience losses	**(10,967)**	(2,194)
Gain on assets	**34,214**	52,694
Other (losses) / gains	**(13,894)**	3,244
	81,339	(83,389)

The actuarial loss UHFRJQLVHG LQ WKH 62&, LQ WKHVH ILQDQFLDO VW allocation of the total Babcock International Group Plc movement, was £425k (2021: £160k gain).

The equity investments and bonds are valued at bid price.

Reconciliation of present value of scheme assets in Babcock International Group Plc	**2022 £000**	2021 Restated £000
At 1 April	**877,967**	850,784
Interest on assets	**18,279**	17,367
Employer contributions	**75,466**	26,962
Employee contributions	**-**	4
Benefits paid	**(65,960)**	(69,844)
Actuarial gain / (loss)	**34,214**	

Notes to the financial statements (continued)

18 Pension commitments (continued)

Notes to the financial statements (continued)

Notes to the financial statements (continued)

19 Prior year restatements

In the year ended 31 March 2022, the Company restated the prior year financial information. The restatements are summarised below:

Impact on the income statement for the year ended 31 March 2021 (extract)

	Year ended 31 March 2021 (previously published)	(i)

Notes to the financial statements (continued)

19 Prior year restatements (continued)

Impact on the statement of financial position for the year ended 31 March 2021 (extract)

	31 March 2021 (previously published)

Notes to the financial statements (continued)

22 Ultimate parent undertaking

7KH &RPSDQ\¶V immediate parent company is Babcock Marine & Technology Holdings Limited, a company registered in England and Wales. 7KH &RPSDQ\¶V XOWLPDWH SDUHQW 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