Babcock Marine (Rosyth) Limited

Annual report

For the year ended 31 March 2021

Company registration number:

SC333105

Babcock Marine (Rosyth) Limited

Directors and advisors

Current Directors

I S Urquhart
D M Jones
A Coyle
W R Watson
J A Donaldson

Joint Company secretaries

J M Wood
Babcock Corporate Secretaries Limited

Registered office

Rosyth Business Park
Rosyth
Dunfermline
Fife
KY11 2YD

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
141 Bothwell Street
Glasgow
G2 7EQ

Babcock Marine (Rosyth) Limited

Strategic report for the year ended 31 March 2021

The directors present their Strategic report on the Company for the year ended 31 March 2021.

Principal activities

The Company is the immediate parent of Rosyth Royal Dockyard Limited (RRDL) which undertakes the design, construction and repair of ships and the provision of specialised design and manufacturing services for the energy and defence sectors from the Rosyth site.

Review of the business

	2021	2020 Restated
	£000	£000
Revenue	**13,527**	187,639
Loss for the financial year	**(6,082)**	(1,194)
Net Assets	**141,690**	133,709

On 1st April 2020, the Company sold its trade and assets to RRDL, its wholly owned subsidiary, for a consideration of £118,021,000 being the net book value of the assets, satisfied by the issue of 50 £1 ordinary shares at a premium of £118,020,950 or £2,360,419 per share. At the Balance Sheet date the contract for provision of support to the build of the UK Dreadnought and US Columbia class submarines remained within the Company.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks and uncertainties. These are managed through the operational review process supplemented at Group level by independent challenge and review by the Group Risk Manager and the Audit and Risk Committee.

The key risks and uncertainties affecting the Company are considered to relate to contractual performance, the political and regulatory environment, and exposure to defined benefit pension schemes. The directors manage this risk by meeting on a regular basis to discuss these risks.

Further discussion of these risks and uncertainties, in the context of the Group as a whole and including the expected impact of COVID-19 is provided on pages 84 to 95 of the annual report of Babcock International Group PLC, which does not form part of this report.

Future developments

The contract for provision of support to the build of the UK Dreadnought and US Columbia class submarines will be novated to the Company's subsidiary, Rosyth Royal Dockyard Limited, in the next financial year. Following this transfer, the company will act as a holding company and is expected to fall dormant.

Key performance indicators

The Company'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 growth and performance of Marine, a division of Babcock International Group PLC, which includes the Company, is discussed on pages 50 and 51 of the annual report of Babcock International Group PLC, which does not form part of this report.

S172(1) statement and stakeholder engagement.

The Directors have acted in a way that they consider, in good faith, to be most likely to promote the long-term success of the Company for the benefit of the Shareholders as a whole while having regard for all stakeholders. Stakeholder engagement is managed in accordance with Group policies and procedures which are discussed on pages 58, 59, 79 and 114 to 116 of the annual report of Babcock International group PLC, which does not form part of this report.

On behalf of the board

D M Jones

Managing Director Operations

28th February 2022

Babcock Marine (Rosyth) Limited

Directors' report for the year ended 31 March 2021

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2021.

Dividends

No dividend has been declared in the year (2020: nil).

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors consider it appropriate to continue to adopt the going concern basis in preparing these financial statements. A letter of support has been issued to the Company by Babcock Southern Holdings Limited and the Company is included in the Group cash pooling/overdraft arrangements.

Future developments

The future developments of the Company are discussed in the Strategic Report on page 2.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors of Babcock International Group PLC are implemented by the Group and Company's finance departments. The department has a policy and procedures manual that sets out specific guidelines to allow it to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

Liquidity risk
The Company retains access to pooled cash resources to ensure it has sufficient available funds for operations. The Company also has access to longer term funding from its ultimate parent undertaking if required.

Interest rate cash flow risk
The Company has both interest-bearing assets and interest-bearing liabilities. The interest-bearing assets earn interest at a fixed rate, with the exception of interest earned on cash balances which accrue interest at a floating rate. Interest-bearing liabilities accrue interest at a floating rate. The Company does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied.

Directors

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

I S Urquhart
D M Jones
B R Alexander (resigned 29th October 2021)
A Coyle (appointed 29th October 2021)
W R Watson
J A Donaldson
J W Howie (resigned 31st March 2021)

Environment

The Company recognises its responsibility to minimise, so far as reasonably practical, the potential for adverse impacts from its operations on the Environment. The Company has developed and implemented a sustainability policy to ensure that the impact of its activities on the environment is limited. A sustainability working group has also been established at Group and Divisional Level

We aim to achieve the highest standards in environmental management and have successfully maintained our recertification to ISO14001. We continually seek to implement further environmental improvements in all areas.

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, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of the disclosure exemptions, if any, of FRS 101 used in the preparation of these 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.

Statement of directors' responsibilities *(continued)*

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.

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 at the date of signing these financial statements.

Restatement of prior years

The deferred tax balance at 31 March 2020 and 1 April 2019 has been re-stated to exclude deferred tax assets of £15.5m (31 March 2020) and £23.4m (1 April 2019) which should have been reported in the financial statements of the Company's subsidiary, Rosyth Royal Dockyard Limited, as, under FRS 101, there is no difference in the tax base of the Company that would give rise to these amounts, that difference being in the tax base of the Company's subsidiary, Rosyth Royal Dockyard Limited.

As a result of this re-statement, the Company and its direct and indirect parent companies have agreed that dividends of £19m and £7m declared and paid in the years to 31 March 2014 and 2015 be, and have been repaid, with the amounts in question loaned up to the Company's indirect parent, Babcock Holdings Limited. This has resulted in an increase in the retained earnings of the Company at 1 April 2019 of £26m.

The combined impact of the deferred tax and dividend restatement to retained earnings is (£2.6m).

Following delivery and acceptance of the Prince of Wales Aircraft Carrier in December 2019, there was a programme of work in FY21 to close out the contractual obligations. During this exercise, it was identified that amounts due from the customer for contract work were not recoverable, as the rates included in the balance were disputed by the customer. The correction of this error results in a reduction in trade and other receivables of £8.2m at 1 April 2019. There is a reduction of revenue of £0.2m for the year ending 31st March 2020, resulting in a reduction in trade and other receivables of £8.5m at the end of 31 March 2020.

Statement of disclosure of information to auditors

Each director, as at the date of this report, has confirmed that in so far as they are aware there is no relevant audit information of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of this information.

Babcock Marine (Rosyth) Limited

Directors' report for the year ended 31 March 2021 *(continued)*

Reappointment of auditors

PricewaterhouseCoopers LLP has now completed its final audit as external auditors. Deloitte LLP has been selected as the Company's external auditors for the financial year ending 31 March 2022 following shareholder approval at the Annual General Meeting of the Ultimate Parent, Babcock International Group PLC.

On behalf of the board

D M Jones

Managing Director Operations

28th February 2022

Independent auditors' report to the members of Babcock Marine (Rosyth) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Babcock Marine (Rosyth) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: Balance sheet as at 31 March 2021; Income statement, Statement of comprehensive income and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report for the year ended 31 March 2021, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report for the year ended 31 March 2021

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report for the year ended 31 March 2021.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and fraudulent recording of revenue. Audit procedures performed by the engagement team included:

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims, litigation and instances of fraud;
- Understanding of management's controls designed to prevent and detect irregularities;
- Identifying and testing journal entries to assess whether any of the journals appeared unusual, for example, unexpected account combinations impacting revenue; and
- Incorporating into our testing plan procedures which are unpredictable in nature.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Kenneth Wilson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
28th February 2022

Babcock Marine (Rosyth) Limited

Income statement
for the year ended 31 March 2021

	Note	2021 £'000	Restated 2020 £'000
Revenue	4	**13,527**	187,639
Cost of sales		**(18,923)**	(184,819)
Gross profit		**(5,396)**	2,820
Administrative expenses		-	(4,136)
Operating loss	6	**(5,396)**	(1,316)
Loss before interest and taxation		**(5,396)**	(1,316)
Finance income	5	-	37
Finance costs	5	-	(83)
Loss before income tax		**(5,396)**	(1,362)
Income tax expense	8	**(686)**	168
Loss for the financial year		**(6,082)**	(1,194)

Statement of comprehensive income
for the year ended 31 March 2021

	Note	2021 £000	Restated 2020 £000
Loss for the financial year		**(6,082)**	(1,194)
Other comprehensive income/(expense)			
Items that may be subsequently reclassified to income statement:			
Fair value adjustment of foreign exchange hedges		**14,063**	(9,832)
Items that will not be subsequently reclassified to income statement:			
Deferred tax asset related to defined benefit pension schemes	19	-	-
Total Comprehensive income/(expense) for the financial year		**7,981**	(11,026)

Babcock Marine (Rosyth) Limited

Balance sheet
as at 31 March 2021

	Note	31st March 2021 £000	*Restated* 31st March 2020 £000	*Restated* 1st April 2019 £000
Fixed assets				
Intangible assets	9	-	115,653	115,653
Tangible assets	10	-	2,031	2,622
Investments	11	**145,768**	27,747	27,747
		145,768	145,431	146,022
Current assets				
Inventories	12	-	337	318
Trade and other receivables	13	**120,888**	159,809	146,283
Other financial assets	16	**4,203**	1,860	318
Cash and cash equivalents		**44,224**	58,642	6,291
		169,315	220,648	153,210
Current liabilities				
Trade and other payables	14	**(172,674)**	(219,607)	(124,857)
Bank loans and overdrafts	15	-	(585)	(27,015)
Other financial liabilities	16	**(432)**	(12,178)	(708)
		(173,106)	(232,370)	(152,580)
Net current liabilities		**(3,791)**	(11,722)	630
Total assets less current liabilities		**141,977**	133,709	146,652
Provisions for liabilities		**(287)**	-	(1,917)
Net assets		**141,690**	133,709	144,735
Equity				
Called up share capital	20	**101**	101	101
Share premium account		**139,900**	139,900	139,900
Other reserves		**3,771**	(10,292)	(460)
Accumulated Losses		**(2,082)**	4,000	5,194
Total shareholders' funds		**141,690**	133,709	144,735

The notes on pages 15 to 34 are an integral part of these financial statements.

The financial statements on pages 12 to 34 were approved by the board of directors on 28th February 2022.

D M Jones
Managing Director Operations

Babcock Marine (Rosyth) Limited

Statement of changes in equity
for the year ended 31 March 2021

	Note	Called up share capital £000	Share premium account £000	Restated Other reserves £000	Restated Accumulated Losses Restated £000	Restated Total Shareholders Funds £000
At 1 April 2019 as previously stated		101	139,900	(460)	10,767	150,308
Contract adjustment	2	-	-	-	(8,230)	(8,230)
Deferred Tax adjustment	2	-	-	-	(23,343)	(23,343)
Dividend adjustment	2	-	-	-	26,000	26,000
Balance at 1 April 2019 - Restated		101	139,900	(460)	5,194	144,735
Loss for the financial year		-	-	-	(1,194)	(1,194)
Total other comprehensive expense		-	-	(9,832)	-	(9,832)
Balance at 31 March 2020 - Restated		**101**	**139,900**	**(10,292)**	**4,000**	**133,709**
Result for the financial year		-	-	-	**(6,082)**	**(6,082)**
Total other comprehensive income		-	-	**14,063**	-	**14,063**
Balance at 31 March 2021		**101**	**139,900**	**3,771**	**(2,082)**	**141,690**

Babcock Marine (Rosyth) Limited

Notes to the financial statements

1 General information

Babcock Marine (Rosyth) Limited is a private company limited by shares which is incorporated and domiciled in Scotland, UK. The address of the registered Office is Rosyth Business Park, Rosyth, Dunfermline, Fife KY11 2YD.

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 the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through profit and loss in accordance with the Companies Act 2006. 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. 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 Marine & Technology Holdings 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. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

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

a) IFRS 7, 'Financial instruments: Disclosures'
b) 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)
c) 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(e) of IAS 16 Property, plant and equipment; and
- paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)

d) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
e) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases.

2 Summary of significant accounting policies *(continued)*

Basis of preparation *(continued)*

f) The following paragraphs of IAS 1, 'Presentation of financial statements':
- 10(d), 10(f), 16, 38, 40, 111, and 134-136

g) IAS 7, 'Statement of cash flows'

h) Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'

i) Paragraph 17 of IAS 24, 'Related party transactions' in respect of key management compensation

j) The requirements of IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors consider it appropriate to continue to adopt the going concern basis in preparing these financial statements. A letter of support has been issued to the Company by Babcock Southern Holdings Limited and the Company is included in the Group cash pooling/overdraft arrangements.

Restatement of prior years

The deferred tax balance at 31 March 2020 and 1 April 2019 has been re-stated to exclude deferred tax assets of £15.5m (31 March 2020) and £23.4m (1 April 2019) which should have been reported in the financial statements of the Company's subsidiary, Rosyth Royal Dockyard Limited, as, under FRS 101, there is no difference in the tax base of the Company that would give rise to these amounts, that difference being in the tax base of the Company's subsidiary, Rosyth Royal Dockyard Limited.

As a result of this re-statement, the Company and its direct and indirect parent companies have agreed that dividends of £19m and £7m declared and paid in the years to 31 March 2014 and 2015 be, and have been repaid, with the amounts in question loaned up to the Company's indirect parent, Babcock Holdings Limited. This has resulted in an increase in the retained earnings of the Company at 1 April 2019 of £26m.

The combined impact of the deferred tax and dividend restatement to retained earnings is (£2.6m).

Following delivery and acceptance of the second Aircraft Carrier in FY20, there was a programme of work in FY21 to close out the contractual obligations, it was identified that amounts due from the customer for contract work were not recoverable, as the rates included in the balance were disputed by the customer. The correction of this error results in a reduction in trade and other receivables of £8.2m at 1 April 2019. There is a reduction of revenue of £0.2m for the year ending 31st March 2020, resulting in a reduction in trade and other receivables of £8.5m at the end of 31 March 2020.

Adoption of new and revised standards

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2021 that have a material impact on the company's financial statements.

2 Summary of significant accounting policies *(continued)*

Revenue

Revenue recognised represents income derived from contracts with customers for the provision of goods and services in the ordinary course of business. Revenue is recognised in line with IFRS 15, Revenue from Contracts with Customers. IFRS 15 requires the identification of performance obligations in contracts, allocation of the contract price to the performance obligations and recognition of revenue as performance obligations are satisfied.

(a) Performance obligations

Contracts are assessed to identify each promise to transfer either a distinct good or service or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. Goods and services are distinct and accounted for as separate performance obligations if the customer can benefit from them either on their own or together with other resources readily available to the customer and they are separately identifiable in the contract. The integrated output nature of many of the goods and services provided by the Company can result in contracts with one performance obligation.

(b) Allocation of contract price to performance obligations

The contract price represents the amount of consideration which the Company expects to receive in exchange for delivering the promised goods or services to the customer. Variable consideration is included in the contract price on the most likely outcome basis but only to the extent that it is highly probable that it will not reverse in the future. Given the bespoke nature of many of the goods and services the Company provides, stand-alone selling prices are generally not available and, in these circumstances, the Company allocates the contract price to performance obligations based on cost plus margin, in accordance with the Group's pricing principles. The Company's contracts typically do not include significant financing components.

(c) Revenue and profit recognition

Performance obligations are satisfied, and revenue recognised, as control of goods and services is transferred to the customer. Control can be transferred at a point in time or over time and the Company determines, for each performance obligation, whether it is satisfied over time or at a point in time. Performance obligations are satisfied over time if any of the following criteria are satisfied:

- the customer simultaneously receives and consumes the benefits of the company's performance as it performs; or
- the company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for work done; or
- the company's performance creates or enhances an asset controlled by the customer.

Most of the Company's contracts meet the requirements to satisfy performance obligations and recognise revenue over time either because the customer simultaneously receives and consumes the benefits of the Company's performance as it performs or the Company's performance does not

2 Summary of significant accounting policies *(continued)*

Revenue *(continued)*

create an asset with an alternative use to the Company and the Company has an enforceable right to payment for work done.

Where the Company satisfies performance obligations over time, revenue is recognised using costs incurred as a proportion of total estimated costs to assess stage of completion, but with the stage of completion and revenue assessed in relation to each performance obligation. In some circumstances the Company also uses an output based earned value approach, as an indicator, to validate the cost based input approach and this approach uses suitably qualified and experienced Company personnel to assess the stage of completion of performance obligations.

If a performance obligation is not satisfied over time, then revenue is recognised at the point in time that control is transferred to the customer. Point in time recognition mainly applies to sale of goods. Control typically transfers to the customer when the customer has legal title to the goods and this is usually coincident with delivery of the goods to the customer and right to payment by the Company.

Profit is recognised to the extent that the final outcome on contracts can be reliably assessed. Contract outturn assessments are carried out on a contract-by-contract basis by suitably qualified and experienced Group personnel and the assessments of all significant contracts are subject to review and challenge by local management, sector management and Group management. Assessment of outcomes are in relation to separate performance obligations and include variable consideration, measured using the most likely outcome approach, to the extent that it is highly probable that there will not be a reversal in the amount of cumulative revenue recognised. Any expected loss on a contract is recognised immediately in the income statement.

The Company operates in a partnering environment with some customers and certain contracts include pain/gain share arrangements under which cost under/over spends against the contract target cost are shared with the customer. These contract sharing arrangements are included in the assessment of contract outturns.

The Company presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. The Company presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

(d) Costs of obtaining a contract

Pre-contract costs are recognised as expenses as incurred, except that directly attributable costs are recognised as an asset and amortised over the life of the contract when it can be reliably expected that a contract will be obtained, typically at preferred bidder stage, and the contract is expected to result in future net cash inflows.

(e) Contract mobilisation costs

Post-contract award but pre-contract operational start-up mobilisation costs are recognised as an asset and amortised over the life of the contract. These mobilisation costs are included within the contract value and relate to ensuring that assets and resources are mobilised as necessary to support delivery of performance obligations in accordance with contract requirements.

2 Summary of significant accounting policies *(continued)*

Intangible assets

Intangible assets are stated at cost less accumulated amortisation. The intangible assets are amortised on a straight line basis as follows:

a) Goodwill

Goodwill relating to acquisitions prior to transition date is maintained at its net book value on the date of transition to FRS 101.

Annual impairment reviews are performed as outlined in note 9.

Property, plant and equipment

Property, plant and equipment is shown at cost less subsequent depreciation and impairment, except for land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is provided on a straight-line basis to write off the cost of PPE over the estimated useful lives to their estimated residual value (reassessed at each balance sheet date) at the following annual rates:

Plant and equipment	6.6% to 33.3%

PPE is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount exceeds the higher of an asset's fair value less cost to sell or value in use.

Investments

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

Inventory and work in progress

Inventory is valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis. In the case of finished goods and work in progress, cost comprises direct material and labour and an appropriate proportion of overheads.

Trade 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.

Taxation

(a) 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 statement of financial position date.

2 Summary of significant accounting policies *(continued)*

Taxation *(continued)*

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Tax is recognised in the income statement except to the extent that it relates to items recognised directly in either other comprehensive income or in equity.

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 statement of financial position date of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Lessee Accounting

For all leases in which the Company is a lessee (other than those meeting the criteria detailed below), the present value of future lease payments are capitalised to the statement of financial position in accordance with IFRS 16 'Leases', with a corresponding right of use asset recognised.

Lease payments are discounted using the interest rate implicit in the lease or the incremental borrowing rate where the interest rate implicit in the lease is not available.

Depreciation of right of use assets is recognised as an expense in the income statement on a straight-line basis over the shorter of the asset's useful life or expected term of the lease.

Interest on the lease liability is recognised as a finance expense in the income statement over time, with the rate being determined at lease inception based on a number of factors including asset type, lease currency and lease term.

2 Summary of significant accounting policies *(continued)*

Lessee Accounting *(continued)*

Right of use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, with the impairment expense being recognised in the income statement. Where a lease is terminated early, any termination fees or gain or loss relating to the release of right of use asset and lease obligation are recognised as a gain or loss through the income statement.

Payments in respect of short-term leases or low-value leases are expensed straight-line to the income statement as permitted by IFRS 16 'Leases'. A lease is considered short-term if the total lease length is less than 12 months, and low-value if the underlying asset would cost less than £5,000 to buy new.

Provisions for liabilities

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at an appropriate discount rate.

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been publicly announced. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. A provision for warranties is recognised on completed contracts and disposals when there is a realistic expectation of the Company incurring further costs.

Provisions for losses on contracts are recorded when it becomes probable that total estimated contract costs will exceed total contract revenues.

Such provisions are recorded as write downs of contract balances for that portion of the work which has already been completed, and as liability provisions for the remainder. Losses are determined on the basis of estimated results on completion of contracts and are contract assessments are updated regularly. A provision is made where operating leases are deemed to be onerous.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative is entered into and are subsequently remeasured at their fair value. The Company designates certain of the derivative instruments within its portfolio to be hedges of the fair value of recognised assets or liabilities or unrecognised firm commitments.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

For derivatives that qualify as cash flow hedges, gains and losses are deferred in equity until such time as the firm commitment is recognised, at which point any deferred gain or loss is included in the assets' carrying amount. These gains or losses are then realised through the income statement as the asset is sold.

Certain derivatives do not qualify or are not designated as hedging instruments and any movement in their fair values is recognised in the income statement immediately.

3 Critical accounting estimates and judgements

In the course of preparation of the financial statements no judgements have been made in applying the Company's accounting policies, other than those involving estimates, that have had a material effect on the amounts recognised in the financial statements. The application of the Company's accounting policies requires the use of estimates and the inherent uncertainty in forward looking estimates may result in a material adjustment to the carrying amount of assets and liabilities in the next financial year.

Critical accounting estimates are subject to continuing evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable in light of known circumstances. Critical accounting estimates in relation to these financial statements are considered below:

Revenue and profit recognition

Revenue and profit recognition on contracts is based on estimates of outturn revenues and costs on a contract-by-contract basis. Both of these estimates can involve significant levels of estimation uncertainty. Estimating contract revenues can involve judgements around whether the Company will meet performance targets, earn incentives and the pricing of any scope changes, variations or claims under the contract. When considering variations to contracts, the Company must make a judgement as to whether the variation should be accounted for as a separate, distinct contract or be considered, and accounted for, as part of the original contract. This judgement will depend on the scope of the variation, its pricing and the contractual terms. Contract outturn assessments are carried out by suitably qualified and experienced personnel and include assessments of variable consideration and contract contingencies arising out of technical, commercial, operational and other risks. When considering variations, claims and contingencies, the Company analyses various factors including the contractual terms, status of negotiations with the customer and historic experience with that customer and similar contracts. The assessment of all significant contracts are subject to review and challenge. As contracts near completion, often less judgement is needed to determine the size of the expected outturn.

4 Revenue

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

	2021 £000 Vessel build	2021 £000 Naval Support	2021 £000 Maritime Design and Commercial	2021 £000 Total
Long term contracts - transferred over time	-	-	13,527	13,527
	-	-	13,527	13,527

	2020 £000 Restated Vessel build	2020 £000 Naval Support	2020 £000 Maritime Design and Commercial	2020 £000 Total
By area of activity:				
Rendering of services - transferred over time	-	-	24,056	24,056
Long term contracts -transferred at a point in time	110,093	18,837	34,653	163,583
	110,093	18,837	58,709	187,639

5 Finance income and costs

	2021 £000	2020 £000
Finance income:		
Bank interest	-	27
Loan interest receivable from group undertakings	-	10
	-	37

	2021 £000	2020 £000
Finance costs:		
Bank interest	-	(83)
	-	(83)

6 Operating loss

Operating loss is stated:

	2021 £000	2020 £000
Depreciation of tangible fixed assets (note 10)	-	591
Impairment of trade receivables	-	62
Decrease in inventory provisions	-	493
Prior year operating leases charges – other	-	67
Foreign exchange gains	-	(52)
Audit fees payable to the Company's auditors	-	75

The audit fee of £5,296 in the current financial year was borne by the wholly owned subsidiary company, Rosyth Royal Dockyard Limited.

7 Directors' remuneration

The emoluments of the directors, including pension contributions, paid by any company in respect of services provided to this Company were as follows:

The remuneration of the directors which was paid by the Company was as follows:	**2021 £000**	2020 £000
Emoluments (including benefits in-kind)	-	148
Defined contribution pension scheme	-	-
	-	148

No (2020: one) directors of the Company are remunerated by other Babcock Group companies. During the year no (2020: nil) director remunerated by Babcock Marine (Rosyth) Limited exercised share options under long term incentive plans and no (2020: nil) director was entitled to receive share options under long term incentive plans.

Retirement benefits are accruing for no directors (2020: one) under defined benefit pension schemes.

Retirement benefits are accruing to no directors (2020: nil) under defined contribution pension schemes.

7 Directors' remuneration *(continued)*

It is not possible to make an accurate apportionment of these directors' emoluments relating to services provided to the Company and as such no disclosure of emoluments received by these directors has been made in these financial statements. No recharge is made for costs borne by the Company in relation to services performed by the directors in relation to other Babcock Group companies.

The above amounts for remuneration include the following in respect of the highest paid director:

	2021	2020
	£000	£000
Emoluments (excluding pension contributions)	-	148
Company pension contributions (in place of accrued benefit entitlement under the group's defined contribution scheme)	-	-
Defined benefit pension scheme:		
- Accrued pension at the end of the year	-	-
- Accrued lump sum at the end of the year	-	-

8 Income tax expense

Tax expense included in income statement	**2021**	Restated 2020
	£000	£000
Current tax:		
UK Corporation tax on profits for the year	-	-
Adjustment in respect of prior year	-	-
Current tax charge for the year	-	-
Deferred tax:		
Origination and reversal of timing differences	**176**	406
Adjustment in respect of prior years	**510**	(458)
Impact of change in UK tax rate	-	(116)
Total deferred tax charge (note 19)	**686**	(168)
Tax on loss on ordinary activities	**686**	(168)

8 Income tax expense *(continued)*

Tax expense included in other comprehensive income

Current tax	-	-
Deferred tax:		
- Tax impact of actuarial gains/losses on pension liability	-	-
- Impact of change in tax rates	-	-
Tax expense included in other comprehensive income	-	-

The tax expense for the year is lower (2020: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 March 2021 of 19% (2020: 19%). The differences are explained below:

	2021 £000	Restated 2020 £000
Loss before income tax	**(5,396)**	**(1,362)**
Profit /(loss) before income tax multiplied by standard UK corporation tax rate of 19% (2020: 19%)	**(1,025)**	**(259)**
Effects of:		
Adjustments in respect of deferred tax for prior years	**510**	**(458)**
Expenses not deductible for tax purposes	**-**	**10**
Transfer of property	**101**	**-**
Deferred Tax Asset not recognised on losses	**1,100**	**655**
Impact of change in UK tax rate	**-**	**(116)**
Total tax charge for the year	**686**	**(168)**

In 2020 budget, it was announced that the decrease in the UK rate of corporation tax from 19% to 17% was cancelled. On 24 May 2021, the Finance Act 2021 was substantively enacted, increasing the main rate of UK corporation tax from 19% to 25% with effect from 1 April 2023. As the increase of the rate to 25% had not been substantively enacted at the Balance Sheet date, its effects are not included in these Financial Statements.

9 Intangible assets

	Intellectual Property £000	Goodwill £000	Total £000
Cost			
At 1 April 2020	**3,952**	**115,653**	**119,605**
Transfer of business	(3,952)	(115,653)	(119,605)
At 31 March 2021	-	-	-
Accumulated amortisation and impairment			
At 1 April 2020	(3,952)	-	(3,952)
Transfer of business	3,952	-	3,952
At 31 March 2021	-	-	-
Net book value			
At 31 March 2021	-	-	-
At 31 March 2020	-	115,653	115,653

On 1st April 2020, BMRL transferred its trade and assets to RRDL, its wholly owned subsidiary, for a consideration of £118,021,000 being the net book value of the assets.

10 Tangible assets

	Plant and equipment £000	Total £000
Cost		
At 1 April 2020	9,593	**9,593**
Transfer of business	(9,593)	**(9,593)**
At 31 March 2021	-	-
Accumulated depreciation		
At 1 April 2020	(7,562)	**(7,562)**
Transfer of business	7,562	**7,562**
At 31 March 2021	-	-
Net book value		
At 31 March 2021	-	-
At 31 March 2020	**2,031**	**2,031**

On 1st April 2020, BMRL transferred its assets to RRDL, its wholly owned subsidiary, for a consideration equal to the net book value.

11 Investments

	2021 £000 Shares in group undertakings	2020 £000 Shares in group undertakings
Cost		
At 1 April	27,747	27,747
Transfer of business	118,021	-
Carrying amount at 31 March	**145,768**	**27,747**

The directors believe that the carrying value of the investments is supported by their value in use and forecast cash flow going forward.

On 1st April 2020, BMRL's wholly owned subsidiary issued 50 £1 ordinary shares to it at a premium of £118,020,950 / £2,360,419 per share, being the consideration in respect of the trade and assets transferred to RRDL from BMRL on that date.

12 Inventories

	2021 £000	2020 £000
Raw materials	-	337
	-	337

	2021 £000	2020 £000
Recognised as an expense in the year	-	3,354

On 1st April 2020, BMRL transferred its assets to RRDL, its wholly owned subsidiary, for a consideration equal to the net book value.

13 Trade and other receivables

	2021 £000	Restated 2020 £000	Restated 2019 £000
Amounts falling due within one year:			
Trade receivables	**2,780**	2,203	3,516
Amounts due from customers for contract work	**-**	16,982	45,290
Amounts owed from group undertakings	**11,484**	30,322	1,493
Capitalised Contract Costs	**-**	5,412	-
Amounts owed from group undertakings (loans)	**78,729**	78,694	78,688
Deferred tax asset (note 19)	**-**	686	519
Other receivables	**260**	1,807	1,562
Corporation Tax	**27,635**	18,041	14,442
Prepayments and accrued income	**-**	5,662	773
	120,888	159,809	146,283

Amounts owed by group undertakings are unsecured and repayable on demand.

There are six major loans (2020: six) to group companies:

- A loan of £10,000,000 (2020: £10,000,000) is repayable on demand, the interest rate is 0.1%, payable annually.
- Seven loans (2020: seven) totalling £68,729,000 (2020: £68,694,000) are repayable on demand, with no interest charge.

Trade receivables are stated after provisions for impairment of £61,683 (2020: £61,683).

	Amounts due for contract work £000	Accrued Income £000	Capitalised contract costs £000	Total £000
At 1 April 2020	25,441	5,662	5,412	36,515
Transfers of assets to RRDL	(25,441)	(5,662)	(5,412)	(36,515)
At 31 March 2021	-	-	-	-

On 1st April 2020, BMRL transferred its assets to RRDL, its wholly owned subsidiary, for a consideration equal to the net book value.

14 Trade and other payables

	2021 £000	Restated 2020 £000	Restated 2019 £000
Amounts falling due within one year:			
Trade creditors	**130**	5,388	16,702
Amounts owed to parent and group undertakings (loans)	**132,043**	120,433	61,667
Amounts owed to group undertakings	**16,159**	-	-
Taxation and social security	**-**	2,436	2,740
Payments received on account	**23,703**	46,232	16,519
Value Added Tax	**-**	33	892
Head office accrual			306
Accruals and deferred income	**639**	45,085	26,031
	172,674	219,607	124,857

There are two major loans (2020: two) from group companies of £132,043,000 (2020: £120,433,000) which are repayable on demand, with no interest charge.

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 21).

	Contract cost accrual £000	**Restated Advance payments £000**	**Total £000**
At 1 April 2020	**38,247**	**54,632**	**92,879**
Transfer of business	(37,608)	(30,929)	(68,537)
At 31 March 2021	**639**	**23,703**	**24,342**

15 Bank loans and overdrafts

Bank overdraft balances at the year end are shown below:

	2021 £000	2020 £000
Amounts falling due within one year:		
USD	-	585
	-	585

16 Other financial assets and liabilities

Included in Derivative financial instruments at fair value:

	31 March 2021		31 March 2020	
	Assets £000	**Liabilities £000**	Assets £000	Liabilities £000
Forward FX contracts – cash flow hedges	**4,203**	**432**	1,860	12,178
Current portion	**4,203**	**432**	1,860	12,178

17 Guarantees and financial commitments

Capital Commitments

At 31 March 2021 the Company had capital commitments of £nil (2020: £nil) for the purchase of plant and equipment.

18 Dividends

Dividends declared and received in the year were £nil (2020: £nil), this is equivalent to £nil per share (2020: £nil).

19 Deferred taxation

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

Deferred tax asset	**Accelerated capital allowances £000**	**Pension liability Restated £000**	**Short term timing differences £000**	**Total Restated £000**
At 1 April 2019 as previously stated:	**125**	**23,343**	**394**	**23,861**
Deferred Tax adjustment	-	(23,343)	-	(23,343)
At 1 April 2019 Restated:	**125**	-	**394**	**519**
- Charged to the income statement	(24)	-	191	167
- Charged to other comprehensive income	-	-	-	-
At 31 March 2020 Restated:	**101**	-	**585**	**686**
- Charged to the income statement	**(101)**	-	**(585)**	**(686)**
- Charged to other comprehensive income	-	-	-	-
At 31 March 2021:	-	-	-	-

Notes to the financial statements *(continued)*

20 Called up share capital

	2021 £000	2020 £000
Allotted and fully paid		
101,000 ordinary shares of £1 each (2020: 101,000)	101	101

21 Contingent liabilities

At 31 March 2021 the Company had guaranteed or had joint and several liability for drawn Babcock International Group PLC bank facilities of £nil (2020: £307.2 million) provided to certain Group companies. In addition, the Company at the 31 March 2021 had joint and several liabilities for the drawn bank overdraft facilities of other group companies of £nil (2020: £nil).

22 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.

There were no (2020: none) other transactions during the year or balances at the end of the year (2020: none) with related parties.

Babcock Marine (Rosyth) Limited

Notes to the financial statements *(continued)*

23 Subsidiary, and associate and Joint Venture undertakings

All related undertakings for the Company are as listed below:

Ownership	Company Name	Country	Interest	Interest %
Direct				
	Rosyth Royal Dockyard Limited [1]	United Kingdom	250,020 Ordinary shares	100.0%
	Babcock Design & Technology Limited [1]	United Kingdom	2 Ordinary shares	100.0%
	Port Babcock Rosyth Limited [1]	United Kingdom	10,000 Ordinary shares	100.0%
	Marine Engineering & Fabrications (Holdings) Limited[2]	United Kingdom	60 Ordinary shares	100.0%
	Babcock Integration LLP[2]	United Kingdom	Member	4.1%
Indirect				
	Rosyth Royal Dockyard Pension Trustees Limited [1]	United Kingdom	-	100.0%
	Marine Engineering & Fabrications Limited [2]	United Kingdom	-	100.0%
	Babcock IP Management (Number One) Limited[2]	United Kingdom	-	4.1%
	Babcock IP Management (Number Two) Limited[2]	United Kingdom	-	4.1%

[1] The registered address is c/o Babcock International, Rosyth Business Park, Rosyth, Dunfermline, Fife, KY11 2YD[2] The registered address is c/o Babcock International Group, 33 Wigmore Street, London W1U 1QX

24 Ultimate parent undertaking

The Company's immediate parent company is Babcock Marine & Technology Holdings Limited, a company registered in England and Wales. 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