

# **Babcock International Limited**

## **Annual report**

**For the year ended 31 March 2017**

**Company registration number:**

**00065805**



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# Babcock International Limited

## **Directors and advisors**

### **Current directors**

I Urquhart  
F Martinelli  
N Borrett

### **Company secretary**

Babcock Corporate Secretaries Limited

### **Registered office**

33 Wigmore Street  
London  
W1U 1QX

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH

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## Babcock International Limited

### Strategic report for the year ended 31 March 2017

The directors present their Strategic report on the Company for the year ended 31 March 2017.

#### Principal activities

The principal activities of the company continue to be that of a trading company acting as a group finance company within the group headed by Babcock International Group PLC.

#### Review of the business

	2017 £'000	2016 £'000
Loss for the financial year	(2,822)	(1,540)

The loss for the year is increased primarily due to adverse foreign exchange movements.

#### Principal risks and uncertainties

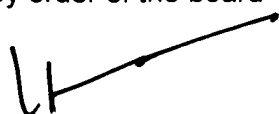
The management of the business and the execution of the Company's strategy are subject to a number of risks and uncertainties. These are managed through the operational review process supplemented at Group level by independent challenge and review by the Group Risk Manager and the Audit and Risk Committee.

Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on pages 68 to 79 of the annual report of Babcock International Group PLC, which does not form part of this report.

#### 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.

By order of the board



I Urquhart  
Director

28 September 2017

**Directors' report for the year ended 31 March 2017**

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2017.

**Dividends**

No dividends for the year ended 31 March 2017 have been provided by the directors (2016: £nil).

**Future developments**

Information on the future developments of the Company can be found in the Strategic report.

**Financial risk management**

All treasury transactions are carried out only with prime rated counter-parties. Financial risk is managed in accordance with Group policies and procedures which are discussed on pages 34 to 36 and Note 2 of the annual report of Babcock International Group PLC, which does not form part of this report.

**Directors**

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

I Urquhart  
F Martinelli  
N Borrett  
P Rogers

Appointed 31 August 2016  
Resigned 31 August 2016

**Directors' report for the year ended 31 March 2017** *(continued)*

**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; 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.

**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.

**Directors' report for the year ended 31 March 2017** *(continued)*

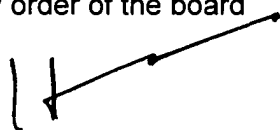
**Disclosure of information to auditors**

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.

**Reappointment of independent auditors**

PriceWaterhouseCoopers LLP were reappointed as auditors at the Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'I Urquhart', is written over a horizontal line. The signature is slanted upwards to the right.

I Urquhart  
**Director**

28 September 2017

# Babcock International Limited

## Independent auditors' report to the members of Babcock International Limited

### Report on the financial statements

#### Our opinion

In our opinion, Babcock International Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### What we have audited

Babcock International Limited's financial statements comprise:

- the Balance Sheet as at 31 March 2017
- the Income Statement and the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the Notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the directors have made a number of subjective judgments, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### Opinion on other matter prescribed by the Companies Act 2006

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 financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic report and Directors' report. We have nothing to report in this respect.

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# Babcock International Limited

## **Independent auditors' report to the members of Babcock International Limited** (continued)

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland)) ("ISAs (UK and Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

#### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.



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## Babcock International Limited


### **Independent auditors' report to the members of Babcock International Limited** (continued)

#### **What an audit of financial statements involves** (continued)

We primarily focus our work in these areas by assessing the directors' judgments against available evidence, forming our own judgments, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic report and Directors' report, we consider whether these reports include the disclosures required by applicable legal requirements.



Nicholas Campbell-Lambert (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London, United Kingdom

15 September 2017

# Babcock International Limited

## Income statement

*For the year ended 31 March 2017*

	Note	2017 £'000	2016 £'000
Administrative expenses		(2,359)	(829)
<b>Operating loss</b>	5	<u>(2,359)</u>	<u>(829)</u>
<b>Loss on ordinary activities before interest and taxation</b>		(2,359)	(829)
Finance income	4	163	176
Finance costs	4	<u>(517)</u>	<u>(630)</u>
<b>Loss on ordinary activities before income tax</b>		(2,713)	(1,283)
Income tax expense	6	<u>(109)</u>	<u>(257)</u>
<b>Loss for the financial year</b>		<u><u>(2,822)</u></u>	<u><u>(1,540)</u></u>

All of the above results derive from continuing operations.

## Statement of comprehensive Income/ (Loss)

*For the year ended 31 March 2017*

	2017 £'000	2016 £'000
<b>Loss for the financial year</b>	<u>(2,822)</u>	<u>(1,540)</u>
<b>Total comprehensive income/(loss) for the year</b>	<u><u>(2,822)</u></u>	<u><u>(1,540)</u></u>

# Babcock International Limited

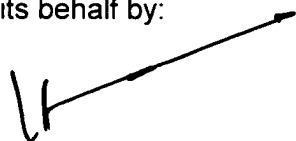
## Balance sheet

As at 31 March 2017

	Note	2017 £'000	2016 £'000
<b>Non-current assets</b>			
Tangible fixed assets	7	2,315	2,448
Investments – shares in group undertakings	8	20,838	20,838
Amounts due from group undertakings	9	10,305	10,305
Deferred tax	13	55	164
		<b>33,513</b>	<b>33,755</b>
<b>Current assets</b>			
Trade and other receivables	9	436,646	407,657
Cash and cash equivalents		5	8
		<b>436,651</b>	<b>407,665</b>
Trade and other payables – amounts falling due within one year	10	(432,472)	(400,906)
<b>Net current assets</b>		<b>4,179</b>	<b>6,759</b>
<b>Total assets less current liabilities</b>		<b>37,692</b>	<b>40,514</b>
Trade and other payables – amounts falling due after more than one year	11	(26,439)	(26,439)
<b>Net assets</b>		<b>11,253</b>	<b>14,075</b>
<b>Equity</b>			
Called up share capital	12	10,500	10,500
Share premium		4,633	4,633
Retained earnings		(3,880)	(1,058)
<b>Total shareholders' funds</b>		<b>11,253</b>	<b>14,075</b>

The notes on pages 12-21, are an integral part of these financial statements.

The financial statements on pages 9-21 were approved by the board of directors and signed on its behalf by:



I Urquhart  
Director

28 September 2017

# Babcock International Limited

## Statement of changes in equity

For the year ended 31 March 2017

	Called-up share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
<b>Balance at 1 April 2015</b>	10,500	4,633	482	15,615
Loss for the financial year	-	-	(1,540)	(1,540)
Other comprehensive income / (loss)	-	-	-	-
<b>Balance at 31 March 2016</b>	10,500	4,633	(1,058)	14,075
Loss for the financial year	-	-	(2,822)	(2,822)
Other comprehensive income / (loss)	-	-	-	-
<b>Balance at 31 March 2017</b>	10,500	4,633	(3,880)	11,253

## Notes to the financial statements

### 1 General information

Babcock International Limited is a private company which is incorporated and domiciled in the UK. The address of the registered Office is 33 Wigmore Street, London W1U 1QX.

### 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented. The Company has adopted FRS 101 in these financial statements.

#### 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, as modified by the revaluation of land and buildings and certain financial assets and liabilities measure 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. 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 Birchill Investment Co. Limited, a company incorporated in England and Wales. The Company's ultimate parent company and ultimate controlling party is Babcock International Group PLC. It is included in the consolidated financial statements of Babcock International Group PLC which are publicly available.

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

- a) Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share based payments'
- b) IFRS 7, 'Financial instruments: Disclosures'
- c) 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)
- d) 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)
- e) The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), 10(f), 16, 38, 40, 111, and 134-136
- f) IAS 7, 'Statement of cash flows'
- g) Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'

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

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

- h) Paragraph 17 of IAS 24, 'Related party transactions' in respect of key management compensation
- i) The requirements of IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

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.

**Investments**

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

**Investments in subsidiaries**

Fixed asset investments in subsidiaries shares are held at cost in accordance with IAS27, less any provision for impairment as necessary.

**Tangible Fixed Assets**

Tangible fixed assets are shown at cost less subsequent depreciation and 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 Tangible fixed assets over the estimated useful lives to their estimated residual value (reassessed at each balance sheet date) at the following annual rates:

Leasehold property	Lease term
Plant and equipment	6.6% to 33.3%

Tangible fixed assets are 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.

**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 balance sheet date.

**(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 consolidated 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

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

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

for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet 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 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.

**4 Finance expenses**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Finance income:</b>		
Bank interest	<b>2</b>	-
Loan interest receivable from group undertakings	<b>161</b>	176
	<b>163</b>	176
	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Finance expenses:</b>		
Bank interest	<b>(208)</b>	(294)
Loan interest payable to group undertakings	<b>(309)</b>	(336)
	<b>(517)</b>	(630)

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

**5 Operating loss**

Operating loss is stated after charging :

	<b>2017</b>	2016
	<b>£'000</b>	£'000
Foreign exchange losses	<b>1,784</b>	518
Depreciation- owned fixed assets	<b>256</b>	186

**6 Income tax**

**Tax expense included in income statement**

	<b>2017</b>	2016
	<b>£'000</b>	£'000
<b>Current tax:</b>		
UK Corporation tax on profits for the year	-	-
Adjustment in respect of prior year	-	-
<b>Current tax charge for the year</b>	<b>-</b>	<b>-</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	<b>10</b>	(102)
Adjustment in respect of prior years	<b>97</b>	341
Impact of change in UK tax rate	<b>2</b>	18
<b>Total deferred tax charge (note 13)</b>	<b>109</b>	257
<b>Tax on profit on ordinary activities</b>	<b>109</b>	257



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

**6 Income tax (*continued*)**

Tax expense for the year is higher (2016: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 March 2017 of 20% (2016: 20%). The differences are explained below:

	<b>2017</b> <b>£'000</b>	2016 £'000
Profit on ordinary activities before taxation	<b>(2,713)</b>	(1,283)
Tax on profit on ordinary activities multiplied by standard UK corporation tax rate of 20% (2016: 20%)	<b>(543)</b>	(256)
Effects of:		
Expenses not deductible for tax purposes	<b>43</b>	26
Group relief for nil consideration	<b>510</b>	128
Adjustment in respect of deferred tax prior years	<b>97</b>	341
Impact of change in UK tax rate	<b>2</b>	18
Total tax charge for the year	<b>109</b>	257

In the UK 2015 Budget it was announced that the UK corporation tax rate will reduce to 19% for April 2017. It was announced in the 2016 UK Budget that it will be further reduced to 18% from April 2020. It was subsequently announced in 2017 UK Budget that it will be reduced to 17% from April 2020. As a result of this change, UK deferred tax balances have been re-measured at 17% as this is the tax rate that will apply on reversal.

Notes to the financial statements (*continued*)

**7 Tangible fixed assets**

	<b>Leasehold property £'000</b>	<b>Plant and machinery £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 April 2016	3,255	197	3,452
Additions	69	54	123
<b>At 31 March 2017</b>	<b>3,324</b>	<b>251</b>	<b>3,575</b>
<b>Accumulated depreciation</b>			
At 1 April 2016	887	117	1,004
Charge for the year	213	43	256
<b>At 31 March 2017</b>	<b>1,100</b>	<b>160</b>	<b>1,260</b>
<b>Net book value</b>			
<b>At 31 March 2017</b>	<b>2,224</b>	<b>91</b>	<b>2,315</b>
At 31 March 2016	2,368	80	2,448

**8 Investments**

	<b>2017</b>			<b>2016</b>		
	<b>Shares in group undertakings £'000</b>	<b>Provisions for impairment £'000</b>	<b>Total £'000</b>	<b>Shares in group undertakings £'000</b>	<b>Provisions for impairment £'000</b>	<b>Total £'000</b>
<b>Cost</b>						
At 1 April 2016	21,454	(616)	20,838	21,454	(616)	20,838
Additions	-	-	-	-	-	-
<b>Carrying amount at 31 March 2017</b>	<b>21,454</b>	<b>(616)</b>	<b>20,838</b>	<b>21,454</b>	<b>(616)</b>	<b>20,838</b>

# Babcock International Limited

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

### 8 Investments (*continued*)

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

<u>Company</u>	<u>Country of Registration</u>	<u>Principal Activities</u>
Babcock Nominees Limited	Great Britain	Dormant
The Stirling Boiler Company Limited	Great Britain	Dormant
Hiberna Contract Services Limited	Great Britain	Dormant
Babcock Contractors Limited	Great Britain	Dormant
Babcock Woodall-Duckham (Overseas) Limited	Great Britain	Dormant
Babcock-Moxey Limited	Great Britain	Dormant
BMH (2002) Limited	Great Britain	Dormant
Hiberna Limited	Great Britain	Dormant
St Helen's Securities Limited	Great Britain	Dormant

On 15 September 2010, the use of the Babcock name was sublicensed to Babcock Integration LLP in exchange for an interest in the partnership. This was in order to facilitate the integration of the Babcock and VT groups. The Babcock name was not capitalised in the financial statements of the Company in accordance with FRS10 "Goodwill and Intangible Assets".

The partnership interest has been recognised at a cost of £nil given that the use of the Babcock name was not recognised in the financial statements of the Company prior to the sublicense to the LLP.

Full lists of related undertakings for the Company have been disclosed in note 15.

### 9 Trade and other receivables

	2017 £'000	2016 £'000
<b>Amounts falling due within one year:</b>		
Trade receivables	63	416
Amounts due from group undertakings	434,136	404,501
Amounts due from Joint Ventures	207	174
Other receivables	107	1
Prepayments and accrued income	2,133	2,565
	<b>436,646</b>	<b>407,657</b>

All amounts due from group undertakings are interest free and repayable on demand.

#### Amounts due after more than one year:

Amounts due from group undertakings	<b>10,305</b>	<b>10,305</b>
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Included in amounts due from group undertakings due after more than one year, is an amount of £10,000,000 (2016: £10,000,000) that bears an interest rate of UK LIBOR plus 100 basis points, the remaining balance is interest free.

# Babcock International Limited

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

### 10 Trade and other payables

	2017 £'000	2016 £'000
<b>Amounts falling due within one year:</b>		
Bank loans and overdrafts	14,504	36,112
Trade creditors	2,677	3,274
Amounts due to group undertakings	405,655	350,791
Taxation and social security	300	289
Accruals and deferred income	9,336	10,440
	<b>432,472</b>	<b>400,906</b>

Included in amounts due to group undertakings are loans of £3,398,000 (2016: £3,398,000) bearing interest at UK LIBOR plus 100 basis points and a loan of £1,599,000 (US\$2,000,000) (2016: £1,391,000) that bears interest at US LIBOR plus 100 basis points. The remaining balances are repayable on demand and non-interest bearing.

### 11 Trade and other payables

#### Amounts falling due after more than one year:

	2017 £'000	2016 £'000
Amounts due to group undertakings	<b>26,439</b>	<b>26,439</b>

These debts are repayable between two and five years. £7,970,000 (2015: £7,970,000) is non-interest bearing. The debt of £18,469,000 (2016: £18,469,000) bears an interest rate of UK LIBOR plus 100 basis points.

### 12 Share capital

	£'000
<b>Allotted, issued and fully paid</b>	
100,000,000 (2015: 100,000) ordinary shares of £0.10 each	10,000
5,000,000 (2015: 5,000,000) preference shares of £0.10 each	500
<b>At 31 March 2016 and 31 March 2017</b>	<b>10,500</b>

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

**13 Deferred taxation**

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

<b>Deferred tax (assets) / liabilities:</b>	<b>Accelerated capital allowances £000</b>	<b>Other £000</b>	<b>Total £000</b>
At 1 April 2016:	<b>(65)</b>	<b>(99)</b>	<b>(164)</b>
- Charged to the income statement	<b>10</b>	<b>99</b>	<b>109</b>
- Charged to other comprehensive income	-	-	-
At 31 March 2017	<b>(55)</b>	<b>-</b>	<b>(55)</b>

**14 Related party disclosures**

The Company has taken advantage of the exemptions within FRS 101 not to disclose transactions and balances with Babcock International Group PLC and its wholly owned subsidiaries, on the grounds that the Company itself is a wholly owned subsidiary of Babcock International Group PLC, for which the consolidated financial statements are publicly available.

# Babcock International Limited

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

### 15 Related undertakings

The Company's directly owned subsidiary undertakings, all of which are wholly-owned unless otherwise stated are listed in note 8; all related undertakings are as follows:

Company Name	Address	Interest	Ultimate %	All Parent %
Babcock Contractors Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	6,700,000 ORDINARY shares	100.0000000000%	100.0000000000%
Babcock Nominees Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	700,000 ORDINARY shares	100.0000000000%	100.0000000000%
Babcock Integration LLP	33 Wigmore Street, London, W1U 1QX, United Kingdom	Partnership interest	66.8000000000%	66.8000000000%
Babcock IP Management (Number One) Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	10,002 ORDINARY shares	66.7666000000%	66.7666000000%
Babcock IP Management (Number Two) Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	10,001 ORDINARY shares	66.8000000000%	66.8000000000%
Babcock Woodall-Duckham (Overseas) Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	108,485 'B' ORDINARY shares, 515,515 ORDINARY shares, 180,000 6% CUMULATIVE PREFERENCE shares	99.9990000000%	99.9990000000%
Babcock-Moxey Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	20,447 ORDINARY shares	100.0000000000%	100.0000000000%
BMH (2002) Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	129,572 ORDINARY shares	100.0000000000%	100.0000000000%
Hiberna Contract Services	33 Wigmore Street, London, W1U 1QX, United Kingdom	8,614,327 ORDINARY shares	100.0000000000%	100.0000000000%
Hiberna Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100 ORDINARY shares	100.0000000000%	100.0000000000%
St Helen's Securities Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	11,361,934 ORDINARY shares	100.0000000000%	100.0000000000%
The Stirling Boiler Company Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	15,000 ORDINARY shares	100.0000000000%	100.0000000000%

### 16 Parent undertakings

The Company's immediate parent company is Birchill Investment Co. Limited, a company registered in England and Wales. The ultimate parent undertaking and controlling party is Babcock International Group PLC, a company incorporated in Great Britain and registered in England and Wales. The largest group in which the results of the Company are consolidated is that headed by Babcock International Group PLC. Copies of Babcock International Group PLC consolidated financial statements can be obtained from the following address:

The Company Secretary  
Babcock International Group PLC  
33 Wigmore Street  
London  
W1U 1QX