

Babcock Management Limited

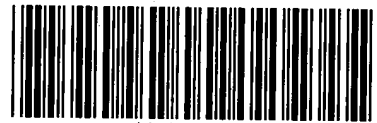
Annual report

For the year ended 31 March 2016

Company registration number:

00107414

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COMPANIES HOUSE

Babcock Management Limited

Directors and advisors

Current directors

I Urquhart
F Martinelli
N Borrett (Appointed 31 August 2016)

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

Babcock Management Limited

Strategic report for the year ended 31 March 2016

The directors present their Strategic report on the Company for the year ended 31 March 2016.

Principal activities

The principal activity of the Company continues to be that of a holding company. The directors do not anticipate any change in the nature of the Company's activities during the financial year

Review of the business

	2016 £000	2015 £000
Profit / (loss) for the financial year	155,981	(2,929)

Principal risks and uncertainties

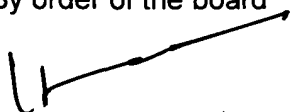
The management of the business and the execution of the Company's strategy are subject to a number of risks and uncertainties. These are managed through the operational review process supplemented at Group level by independent challenge and review by the Group Risk Manager and the Audit and Risk Committee.

Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on pages 64 to 74 of the annual report of Babcock International Group PLC, which does not form part of this report.

Key performance indicators

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

By order of the board



I Urquhart

Director

6 December 2016

Babcock Management Limited

Directors' report for the year ended 31 March 2016

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2016.

Dividends

Dividends declared and paid during the financial year were £nil (2015: 18,000,000).

Future developments

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

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 32 to 34 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

(Appointed 31 August 2016)

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.

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.

Babcock Management Limited

Directors' report for the year ended 31 March 2016 (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.

By order of the board

A handwritten signature in black ink, consisting of a stylized 'I' followed by a long, sweeping horizontal stroke that ends in a small upward flick.

I Urquhart

Director

6 December 2016

Independent auditors' report to the members of Babcock Management Limited

Report on the financial statements

Our opinion

In our opinion, Babcock Management 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 2016 and of its profit for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Balance Sheet as at 31 March 2016;
- the Income Statement and Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended;
- 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 the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

Opinions on other matters 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 the 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 the Directors' Report. We have nothing to report in this respect.

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 Directors' Responsibilities Statement, 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 & 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, 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 those reports include the disclosures required by applicable legal requirements.

A handwritten signature in black ink, appearing to read 'J Baker', with a long horizontal flourish extending to the right.

John Baker (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
6th December 2016

Babcock Management Limited**Income statement***For the year ended 31 March 2016*

	Note	2016 £000	2015 £000
Administrative expenses		(230)	(759)
Operating (loss)		(230)	(759)
Income from shares in group undertakings		160,900	18,000
Profit on ordinary activities before interest and taxation		160,670	
Finance charge		(1,525)	17,241
Finance income	4	524	(18,427)
Finance costs	4	(2,288)	519
			(2,262)
Profit / (loss) on ordinary activities before income tax		157,381	(2,929)
Income tax expense	5	(1,400)	-
Profit / (loss) for the financial year		155,981	(2,929)

All of the above results derive from continuing operations.

Statement of comprehensive Income/ (Loss)*For the year ended 31 March 2016*

	Note	2016 £000	2015 £000
Total comprehensive income/ (expense) for the year		155,981	(2,929)

Babcock Management Limited

Balance sheet

As at 31 March 2016

	Note	2016 £000	2015 £000
Non-current assets			
Investments - shares in group undertakings	6	1,587,450	1,609,450
Current assets			
Trade and other receivables	7	335,192	154,425
Cash and cash equivalents		172	172
		335,364	154,597
Trade and other payables – amounts falling due within one year	8	(665,167)	(662,381)
Net current assets		(329,803)	(507,784)
Total assets less current liabilities		1,259,047	1,101,666
Net assets		1,257,647	1,101,666
Equity			
Called up share capital	9	48,001	48,001
Share premium		482,857	482,857
Other reserve		350,000	350,000
Retained earnings		376,789	220,808
Total shareholders' funds		1,257,647	1,101,666

The notes on pages 12-22 are an integral part of these financial statements.

The financial statements on pages 9-22 were approved by the board of directors and signed on its behalf by:


I Urquhart
Director

6 December 2016

Babcock Management Limited**Statement of changes in equity***For the year ended 31 March 2016*

Note	Called-up share capital £000	Share premium £000	Capital reserve £000	Retained earnings £000	Total Shareholders' Funds £000
Balance at 1 April 2014	48,001	482,857	350,000	241,737	1,122,595
Loss for the financial year	-	-	-	(2,929)	(2,929)
Other comprehensive income / (loss)	-	-	-	-	-
Dividends paid	-	-	-	(18,000)	(18,000)
Balance at 31 March 2015	48,001	482,857	350,000	220,808	1,101,666
Profit for the financial year	-	-	-	155,981	155,981
Other comprehensive income / (loss)	-	-	-	-	-
Dividends paid	-	-	-	-	-
Balance at 31 March 2016	48,001	482,857	350,000	376,789	1,257,647

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

Babcock Management 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 principle 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. Details of the transition to FRS 101 are disclosed in note 16.

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 Babcock Holdings 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.

On the basis of the ongoing review of the activities, Babcock Management Limited has provided a letter of support, confirming that the parent will provide ongoing financial support to the Company until at least 12 months from the date of approval of the financial statements, to enable it to continue its operating activities. Accordingly, the directors consider it appropriate to continue to adopt the going concern basis in preparing these financial statements.

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 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.

Babcock Management Limited

Notes to the financial statements (continued)

3 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4 Finance income and costs

	2016 £000	2015 £000
Finance income:		
Bank interest	-	2
Loan interest receivable from group undertakings	524	517
	524	519
	2016 £000	2015 £000
Finance expenses:		
Finance Charge	(1,525)	(18,427)
Loan interest payable to group undertakings	(2,288)	(2,262)
	(3,289)	(20,689)

Babcock Management Limited

Notes to the financial statements (continued)

5 Income tax

Tax expense included in income statement

	2016 £000	2015 £000
Current tax:		
UK Corporation tax on profits for the year	1,400	-
Current tax charge for the year	1,400	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Total deferred tax charge / (credit) (note 10)	-	-
Tax on profit on ordinary activities	1,400	-

Tax expense for the year is lower (2015: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 March 2016 of 20% (2015: 21%). The differences are explained below:

	2016 £000	2015 £000
Profit / (loss) on ordinary activities before taxation	157,381	(2,929)
Profit on ordinary activities multiplied by standard UK corporation tax rate of 20% (2015: 21%)	31,476	(615)
Effects of:		
Income not subject to tax	(32,180)	(3,780)
Expenses not deductible for tax purposes	-	-
Difference between capital allowances and depreciation	-	-
Group relief for nil consideration	(704)	(4,395)
Tax on apportioned chargeable CFC profits	1,400	-
Total tax charge for the year	1,400	-

In the 2015 Budget, it was announced that the UK corporation tax rate will reduce from 20% to 19% from April 2017. It was further announced in the 2016 Budget that it will be further reduced to 18% from April 2020. As a result of this change, UK deferred tax balances have been re-measured at 18% as this is the tax rate that will apply on reversal.

Babcock Management Limited

Notes to the financial statements (continued)

6 Investments – shares in group undertakings

	2016		2015	
	Shares in group undertakings £000	Total £000	Shares in group undertakings £000	Total £000
Cost				
At 1 April	1,609,450	1,609,450	1,615,243	1,615,243
Additions	-	-	-	-
Capital Reduction	(22,000)	(22,000)	-	-
Provisions	-	-	(5,793)	(5,793)
Carrying amount at 31 March	1,587,450	1,587,450	1,609,450	1,609,450

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

On the 23 March 2016 Babcock Luxembourg Investment Sarl carried out a return of capital amounting to £22,000,000.

The company received a dividend of £160,900 (2015: £18,000,000) from Babcock Luxembourg Investments sarl.

The Company's directly owned subsidiary undertakings, all of which are wholly-owned, are:

<u>Company</u>	<u>Country of Registration</u>	<u>Principal Activity</u>
Babcock Management Limited	Great Britain	Holding company
Babcock Brazil Investments Limited	Great Britain	Holding company
BMH Technologies (Holdings) GmbH	Germany	Holding company

Subsidiaries not wholly owned by the company are:

<u>Company</u>	<u>Country of Registration</u>	<u>Principal Activities</u>
Babcock Malta Finance Limited	Malta	Investment company

A full list of all subsidiary undertakings has been included in Note 14 Related Undertakings.

Babcock Management Limited

Notes to the financial statements (continued)

7 Trade and other receivables

	2016 £000	2015 £000
Amounts falling due within one year:		
Amounts owed by group undertakings	335,192	154,425
	-	-
	335,192	154,425
Amounts due after more than one year:		
Amounts owed by group undertakings	-	-
	335,192	154,425

Included in amounts due from group undertakings within one financial year are loans of £11,041,000 (2015: £11,041,000) bearing an interest rate of 6 monthly UK LIBOR plus four hundred basis points.

The remaining £324,150,000 (2015: £125,924,000) is non interest bearing.

8 Trade and other payables

	2016 £000	2015 £000
Amounts falling due within one year:		
Amounts owed to parent and group undertakings	663,767	662,381
UK corporation tax payable	1,400	-
	-	-
	665,167	662,381

Included in amounts due to parent and group undertakings are loans of £13,034,000 (2015: £13,034,000) which bear interest at UK LIBOR six monthly plus one hundred basis points and £6,957,000 (2015: 6,736,000) bearing an interest rate of US LIBOR plus 143 basis points, and £44,000,000 (2015: £44,000,000) bearing an interest rate of UK LIBOR six monthly plus 400 basis points.

The remaining £599,775,000 (2015: £598,610,000) is non interest bearing.

On the 2 July 2014 the company issued an unsecured discounted note to a fellow group company at an issue price of £407,000,000 (2015: £407,000,00) which accrued finance charges of £15,250,000, with a redemption date of 9 April 2015 at a redemption price of £422,250,000.

9 Called up share capital

	2016 £000	2015 £000
Allotted and fully paid		
48,001,545 ordinary shares of £1 each (2015: 48,001,545)	48,001	48,001

Notes to the financial statements (continued)

10 Dividends

Dividends declared and paid were £nil (2015: £18,000,000). There are no plans for a final dividend.

11 Contingent liabilities

In addition, the Company at the year-end had joint and several liabilities for drawn bank overdraft facilities of other group companies for the value of £Nil (2015: £Nil).

Notes to the financial statements (continued)**12 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.

13 Related undertakings

The Company's directly owned subsidiary undertakings, all of which are wholly-owned unless otherwise stated are listed in note 6; all related undertakings are as follows:

Company Name	Country	Interest	Ultimate %	All Parent %
Babcock Luxembourg Investments S.a.r.l.	Luxembourg	14,000 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Luxembourg Investments I S.a.r.l.	Luxembourg	14,002 Ordinary shares	99.9857183662%	99.9857183662%
Babcock Malta Holdings Limited	Malta	149,997,333 Ordinary-A shares, 149,997,333 Ordinary-B shares	99.9857183662%	100.0000000000%
Babcock Malta Finance Limited	Malta	272,155,892 Ordinary-A shares, 272,155,891 Ordinary-B shares 1 Ordinary-C shares	99.9857183662%	100.0000000000%
Babcock Investments (Number Eight) Limited	United Kingdom	6,045,792 Ordinary shares	99.9857018282%	99.9999834596%
Babcock Support Services (Investments) Limited	United Kingdom	10,307 Ordinary shares	100.0000000000%	100.0000000000%
Babcock 2010 Limited	United Kingdom	1 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Education & Training Holdings LLP	United Kingdom	Holding Company > Subsidiary Company	93.0000000000%	93.0000000000%
Babcock Education Holdings Limited	United Kingdom	Holding Company > Subsidiary Company	93.0000000000%	100.0000000000%
Babcock 4S Limited	United Kingdom	801 Ordinary-A shares	74.4930000000%	80.1000000000%
Babcock Learning and Development Partnership LLP	United Kingdom	Holding Company > Subsidiary Company	74.4930000000%	80.1000000000%
Babcock Training Limited	United Kingdom	Holding Company > Subsidiary Company	93.0000000000%	100.0000000000%
Babcock Careers Guidance Limited	United Kingdom	1,050 Ordinary shares	93.0000000000%	100.0000000000%
Babcock Careers Guidance (North) Limited	United Kingdom	166,000 Ordinary shares	93.0000000000%	100.0000000000%
Careers Yorkshire and the Humber Limited	United Kingdom	Guarantor > Guarantee	18.6000000000%	20.0000000000%
Guidance Services Limited	United Kingdom	2 Ordinary shares	93.0000000000%	100.0000000000%
Babcock Careers Guidance (South) Limited	United Kingdom	51 Ordinary-A shares, 49 Ordinary-B shares	93.0000000000%	100.0000000000%
Capital Careers Limited	United Kingdom	8,825 Ordinary shares	82.0725000000%	88.2500000000%
Babcock Skills Development and Training Limited	United Kingdom	111 Ordinary shares	93.0000000000%	100.0000000000%
HCTC Limited	United Kingdom	17,621,361 Ordinary shares	93.0000000000%	100.0000000000%
KML (UK) Limited	United Kingdom	10,526 Ordinary shares	88.9925454545%	95.6909090909%
Touchstone Learning & Skills Limited	United Kingdom	2 Ordinary shares	88.9925454545%	100.0000000000%
National Training Institute LLC	Oman	350,000 Ordinary shares	65.1000000000%	70.0000000000%
Skills2Learn Ltd	United Kingdom	100 Ordinary shares	93.0000000000%	100.0000000000%

Babcock Management Limited

Notes to the financial statements (continued)

13. Related undertakings (continued)

Company Name	Country	Interest	Ultimate %	All Parent %
Babcock Networks Limited	United Kingdom	10,076,900 Ordinary shares	100.0000000000%	100.0000000000%
Babcock 1234 Limited	United Kingdom	1 Ordinary shares	100.0000000000%	100.0000000000%
BNS Nuclear Services Limited	United Kingdom	12,100 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Group Limited	United Kingdom	1,231 Ordinary shares	100.0000000000%	100.0000000000%
Eve NCI Limited	United Kingdom	1,000 Ordinary shares	100.0000000000%	100.0000000000%
Babcock IP Management (Number One) Limited	United Kingdom	4 Ordinary shares	0.03997202%	0.159888078%
Babcock Networks Ireland Limited	Ireland	2,000,000 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Nuclear Limited	United Kingdom	162,002 Ordinary shares	100.0000000000%	100.0000000000%
Certas Limited	United Kingdom	2 Ordinary shares	100.0000000000%	100.0000000000%
Eve Construction Ltd	United Kingdom	2 Ordinary shares	100.0000000000%	100.0000000000%
Eve Developments Ltd	United Kingdom	2 Ordinary shares	100.0000000000%	100.0000000000%
Eve Power Ltd	United Kingdom	2 Ordinary shares	100.0000000000%	100.0000000000%
First Fire and Rescue Service No 2 Limited	United Kingdom	2 Ordinary shares	100.0000000000%	100.0000000000%
FW 1B SPV Limited	United Kingdom	100 Ordinary shares, 100 Deferred shares	100.0000000000%	100.0000000000%
Hiberna Network Solutions Limited	United Kingdom	650,000 Ordinary shares	100.0000000000%	100.0000000000%
Integrated Safety Services Group Ltd	United Kingdom	1 Ordinary shares	0.0000046574%	0.0000046574%
Eve Group Limited	United Kingdom	100 Ordinary shares	0.0000046574%	100.0000000000%
Gaycrete Ltd	United Kingdom	5,333 Ordinary shares	0.0187558284%	100.0000000000%
Jackson (EBP) Limited	United Kingdom	100 Ordinary shares	0.0000046574%	100.0000000000%
Jackson Management Services Limited	United Kingdom	12,498 Ordinary shares	0.0080059372%	100.0000000000%
Pearson & Raby Limited	United Kingdom	100 Ordinary shares	1.0000046108%	100.0000000000%
Peterhouse5 (Shorco) Limited	United Kingdom	50,100 Ordinary-A shares, 50,000 Ordinary-B shares	0.0000046574%	100.0000000000%
Babcock Corporate Secretaries Limited	United Kingdom	2 Ordinary shares	0.0000046574%	100.0000000000%
Babcock Systems Limited	United Kingdom	100,000 Ordinary shares	0.0000046574%	100.0000000000%
Peterhouse6 (IETG) Limited	United Kingdom	57,147,364 Ordinary shares	0.0000046574%	100.0000000000%
Babcock Services Limited	United Kingdom	100,000 Ordinary shares, 73,568 Ordinary-A shares, 632,830 Preference shares	0.0000046574%	100.0000000000%
Babcock Transmission Limited	United Kingdom	101,000 Ordinary shares	0.0000046574%	100.0000000000%
Babcock Welbeck Limited	United Kingdom	100 Ordinary shares	0.0000046574%	100.0000000000%
BCRA Chesterfield Limited	United Kingdom	225,000 Ordinary shares, 75,000 Ordinary-A shares, 400,000 Redeemable Preference shares	0.0000046574%	100.0001000000%
Alstec Limited	United Kingdom	2 Ordinary shares	0.0000046574%	100.0000000000%
First Engineering Limited	United Kingdom	150,000 Ordinary shares	0.0000046574%	100.0000000000%
Northern Cable Installations Limited	United Kingdom	1 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Services Group Limited	United Kingdom	586,146 Ordinary shares	100.0000000000%	100.0000000000%
Alstec Automation Limited	United Kingdom	1 Ordinary shares	100.0000000000%	100.0000000000%
Alstec Defence Limited	United Kingdom	1 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Power Maintenance Limited	United Kingdom	2,900,000 Ordinary shares	100.0000000000%	100.0000000000%

Notes to the financial statements (continued)

13. Related undertakings (continued)

Company Name	Country	Interest	Ultimate %	All Parent %
Cavendish Nuclear (Overseas) Limited	United Kingdom	25,000 Ordinary shares	100.000000000000%	100.000000000000%
BIL Solutions Limited	United Kingdom	2,000,000 Ordinary shares	100.000000000000%	100.000000000000%
British Nuclear Services Limited	United Kingdom	1 Ordinary shares	100.000000000000%	100.000000000000%
INS Rokkasho KK	Japan	68 Ordinary shares	34.000000000000%	34.000000000000%
Cavendish Nuclear Limited	United Kingdom	15 Ordinary shares, 50,000 Preference shares	100.000000000000%	100.000000000000%
Cavendish Boccord Nuclear Limited	United Kingdom	51 Ordinary shares	51.000000000000%	51.000000000000%
Cavendish Dounreay Partnership Limited	United Kingdom	50 Ordinary-A shares	50.000000000000%	50.000000000000%
Dounreay Site Restoration Limited	United Kingdom	1 Ordinary-A shares	50.000000000000%	100.000000000000%
Cavendish Fluor Partnership Limited	United Kingdom	65 Ordinary shares	65.000000000000%	65.000000000000%
Research Sites Restoration Limited	United Kingdom	1 Ordinary-A shares	65.000000000000%	100.000000000000%
Cavendish Nuclear Manufacturing Limited	United Kingdom	1,000,000 Ordinary shares	100.000000000000%	100.000000000000%
INS Innovation Limited	United Kingdom	1 Ordinary shares	100.000000000000%	100.000000000000%
Merlin Communications Group Limited	United Kingdom	296,001 Ordinary-B shares, 315,830 Ordinary-A shares	100.000000000000%	100.000000000000%
Babcock Communications Limited	United Kingdom	1,000,000 Ordinary shares	100.000000000000%	100.000000000000%
Babcock Communications & Partners LLC	Oman	105,000 Ordinary shares	70.000000000000%	70.000000000000%
Babcock Communications Cyprus Limited	Cyprus	10,000 Ordinary shares	100.000000000000%	100.000000000000%
VT Communications GmbH	Germany	25,000 Ordinary shares	100.000000000000%	100.000000000000%
WRN Broadcast Limited	United Kingdom	104,824 Ordinary shares	100.000000000000%	100.000000000000%
Global Broadcast Telecommunication Services Limited	United Kingdom	2 Ordinary shares	100.000000000000%	100.000000000000%
International Channel Europe Limited	United Kingdom	2 Ordinary shares	100.000000000000%	100.000000000000%
WRN Facilities Limited	United Kingdom	1 ordinary shares	100.000000000000%	100.000000000000%
Costpool Limited	United Kingdom	1 Ordinary shares	100.000000000000%	100.000000000000%
Alert Communications Group Holdings Limited	United Kingdom	2 Ordinary shares	20.000000000000%	20.000000000000%
Alert Communications (Holdings) Limited	United Kingdom	476,000 Ordinary shares	20.000000000000%	100.000000000000%
Alert Communications (2006) Limited	United Kingdom	10 Ordinary shares, 4,693,137 Preference shares	20.000000000000%	100.000000000000%
Alert Communications Limited	United Kingdom	476,000 Ordinary shares	20.000000000000%	100.000000000000%
Merlin Offordness Limited	United Kingdom	2 Ordinary shares	100.000000000000%	100.000000000000%
Scimco Limited	United Kingdom	5,000,000 Ordinary shares	100.000000000000%	100.000000000000%
Babcock Rail Limited	United Kingdom	10,225 Ordinary shares	100.000000000000%	100.000000000000%
ABC Electrification Limited	United Kingdom	200 Ordinary-B shares	33.333330000000%	33.333330000000%
FSP (2004) Limited	United Kingdom	50 Ordinary-A shares	50.000000000000%	50.000000000000%
UKAEA Limited	United Kingdom	15,050,000 Ordinary shares	100.000000000000%	100.000000000000%

Notes to the financial statements (continued)

14 Ultimate parent undertakings

The Company's immediate parent company is Babcock Investments Limited, a company registered in England and Wales. The Company's ultimate parent company and ultimate 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

15 Transition to FRS 101

This is the first year that the Company has presented its results under FRS 101. The last financial statements under the UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 101 was 1 April 2014. There was no transitional effect on loss for the financial year, equity or the balance sheet.

On transition to FRS 101, the Company has applied the requirements of paragraphs 6-33 of IFRS 1, 'First time adoption of International Financial Reporting Standards'.