

Babcock Overseas Investments Limited

Annual report

For the year ended 31 March 2016

Company *registration number*:

2669327

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Babcock Overseas Investments Limited

Directors and advisors

Current directors

I Urquhart (appointed 28 January 2016)
N Borrett (appointed 31 August 2016)
F Martinelli

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

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

Review of the business

	2016 £'000	2015 £'000
Loss for the financial year	14,435	22,987

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

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 Babcock Overseas Investments Limited, a division of Babcock International Group PLC, which includes the Company, is discussed on pages 28 to 35 and 32 to 34 of the annual report of Babcock International Group PLC, which does not form part of this report.

By order of the board



I Urquhart

Director

6 December 2016

Babcock Overseas Investments 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.

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 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
N Borrett
F Martinelli

Appointed 28 January 2016
Appointed 31 August 2016

Babcock Overseas Investments Limited

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.

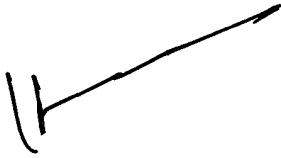
Babcock Overseas Investments Limited

Statement of directors' responsibilities *(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 Overseas Investments Limited

Report on the financial statements

Our opinion

In our opinion, Babcock Overseas Investments 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 loss 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 Overseas Investments Limited

Income statement

For the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Administration expenses		(3,694)	(12,446)
Operating loss	5	<u>(3,694)</u>	<u>(12,446)</u>
Loss on ordinary activities before interest and taxation		(3,694)	(12,446)
Finance income	4	22,286	63,658
Finance costs	4	<u>(33,027)</u>	<u>(74,199)</u>
Loss on ordinary activities before income tax		(14,435)	(22,987)
Income tax expense	6	-	-
Loss for the year		<u>(14,435)</u>	<u>(22,987)</u>

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
Loss for the year		<u>(14,435)</u>	<u>(22,987)</u>
Total comprehensive income for the year		<u>(14,435)</u>	<u>(22,987)</u>

Babcock Overseas Investments Limited

Balance sheet

As at 31 March 2016

	Note	2016 £'000	2015 £'000
Non-current assets			
Investments in subsidiaries	8	2,033,254	1,956,574
Trade and other receivables – amounts falling due after more than one year	7	95,379	74,521
		2,128,633	2,031,095
Current assets			
Trade and other receivables	7	363,214	361,289
Cash and cash equivalents		(108)	346
		363,106	361,635
Trade and other payables – amounts falling due within one year	9	(697,197)	(606,658)
		(334,091)	(245,023)
Net current Liabilities			
Total assets less current liabilities		1,794,542	1,786,072
Trade and other payables – amounts falling due after more than one year	9	(139,077)	(116,173)
Net assets		1,655,465	1,669,899
Equity			
Called up share capital	10	3,260	3,260
Share premium	10	724,432	724,432
Retained earnings	10	927,773	942,207
Total shareholders' funds		1,655,465	1,669,899

The notes on pages 11-24 are an integral part of these financial statements.

The financial statements on pages 9-24 were approved by the board of directors and signed on its behalf by:



I Urquhart
Director

6 December 2016

Babcock Overseas Investments Limited

Notes to the financial statements

1 General information

Babcock Overseas Investments 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 18.

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'

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Notes to the financial statements

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 Overseas Investments 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.

Notes to the financial statements

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

	2016 £'000	2015 £'000
Finance income:		
Fair value changes of derivative financial instruments	20,866	62,262
Loan interest receivable from group undertakings	1,420	1,396
	22,286	63,658
	2016 £'000	2015 £'000
Finance expenses:		
Fair value changes of derivative financial instruments	(20,866)	(62,262)
Loan interest payable to group undertakings	(12,161)	(11,937)
	(33,027)	(74,199)

5 Operating profit

Operating profit is stated after charging / (crediting):

	2016 £'000	2015 £'000
Foreign exchange (gains) / losses	3,679	12,421
Amortisation	10	10
Operating Lease Rentals		
- Land & Buildings	-	-
Legal and professional fees	5	5
	3,694	12,446

Babcock Overseas Investments Limited

Notes to the financial statements

6 Income tax

Tax expense included in income statement

	2016 £'000	2015 £'000
Current tax:		
UK Corporation tax on losses for the year	-	-
Adjustment in respect of prior year	-	-
Current tax charge for the year	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Total deferred tax charge / (credit)	-	-
Tax on loss on ordinary activities	-	-

Tax expense for the year is higher (2015: higher) 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
Loss on ordinary activities before taxation	(14,435)	(22,987)
Tax on profit on ordinary activities multiplied by standard UK corporation tax rate of 20% (2015: 21%)	(2,887)	(4,827)
Effects of:		
Group relief for nil consideration	2,887	2,887
Total tax charge for the year	-	-

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 Overseas Investments Limited

Notes to the financial statements

7. Trade and other receivables

	31 March 2016 £'000	31 March 2015 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	363,195	361,271
Other debtors	19	19
	363,214	361,635

Amounts falling due after more than one year:

	2016 £'000	2015 £'000
Amounts owed to group undertakings	(21,092)	(21,100)
Derivative financial instruments	(74,287)	(53,421)
	(95,380)	(74,521)

Included in amounts owed by group undertakings are the following:

£18,469,000 due after more than one year (2015: £18,469,000). The loan is interest bearing at six month UK LIBOR plus one hundred basis points.

£2,609,000 due after more than one year (2015: £2,631,000). The loan is non-interest bearing.

£26,900,000 (2015: £26,900,000) which is repayable on demand and bears interest at six month UK LIBOR plus one hundred basis points.

£3,715,000 (2015: £3,715,000) which is repayable on demand and bears interest at UK LIBOR plus four hundred basis points.

£32,884,000 (2015: £32,883,000) which is repayable on demand and bears interest at UK LIBOR plus one hundred basis points.

The remaining £299,711,000 (2015: £297,772,000) is non-interest bearing and repayable on demand.

Babcock Overseas Investments Limited

Notes to the financial statements

7. Trade and other receivables (continued)

Included in Derivative financial instruments:

	31 March 2016		31 March 2015	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Cross-currency interest rate swaps	74,287	(74,287)	53,421	(53,421)
	74,287	(74,287)	53,421	(53,421)
Current portion	-	-	-	-
Non-current portion	74,287	(74,287)	53,421	(53,421)

These derivatives are fair valued based on discounted future cash flows (fair value hierarchy, level 2) with gains and losses passing through the profit and loss account as hedge accounting is not available. Amounts recorded in the profit and loss account are shown below.

	31 March 2016 £'000	31 March 2015 £'000
Loss in profit and loss	-	-

The notional principal amount of outstanding interest rate swap contracts at 31 March 2016 included interest rate swaps in relation to the US\$650 million US\$ to GBP cross currency.

Babcock Overseas Investments Limited

7. Trade and other receivables (continued)

The Company held the following interest rate derivatives at 31 March 2016:

	Amount		Amount at swapped rates		Swap %	Maturity
	US\$'000	£'000	£'000	US\$'000		
Cross currency and interest rate swap	150,000		92,100		Fixed 4.94% US\$ to fixed 5.4% GBP	19/3/2018
Cross currency and interest rate swap	200,000		122,900		Fixed 5.64% US\$ to fixed 5.95% GBP	17/3/2021
Cross currency and interest rate swap	300,000		184,300		Fixed 5.64% US\$ to floating 3 month LIBOR +margin GBP	17/3/2021
Cross currency and interest rate swap		92,100		150,000	Fixed 5.4% GBP to fixed 4.94% US\$	19/3/2018
Cross currency and interest rate swap		122,900		200,000	Fixed 5.95% GBP to fixed 5.64% US\$	17/3/2021
Cross currency and interest rate swap		184,300		300,000	Floating 3 month LIBOR +margin GBP to fixed 5.64% US\$	17/3/2021
Total cross currency and interest rate swaps	650,000	399,300	399,300	650,000		

Babcock Overseas Investments Limited

8 Investments

2016

	Shares in group undertakings £'000	Provisions for impairment £'000	Total £'000
Cost			
At 1 April 2015	2,376,562	(419,988)	1,956,574
Additions	76,680	-	76,680
Disposals	-	-	
Carrying amount at 31 March	2,453,242	(419,988)	2,033,254

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

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

<u>Company</u>	<u>Country of registration</u>	<u>Principal activities</u>
Babcock International Middle East Limited	England and Wales	Holding company
Babcock Southern Holdings Limited	England and Wales	Holding company
Babcock US Investments Limited	England and Wales	Holding company
Gibraltar Investments (No. 7) Limited	England and Wales	Holding company
PHG Insurance Limited (99.99%)	England and Wales	Holding company
New Aus Co No 1	Australia	Holding company

Full lists of related undertakings for the Company have been disclosed in note 13.

Notes to the financial statements

9 Trade and other payables

	2016	2015
	£'000	£'000
Amounts falling due within one year:		
Amounts owed to parent and group undertakings	(697,048)	(606,508)
UK Corporation Tax payable	(149)	(149)
	(697,197)	(606,658)

Included in amounts owed to group undertakings are the following:

A loan of £4,000,000 (2015: £4,000,000) is repayable on demand and bearing an interest rate of six month UK LIBOR plus one hundred basis points.

Loans of £333,388,000 (2015: £333,388,000) bearing interest at six month UK LIBOR plus 400 basis points.

Loans of £16,500,000 (2015: £16,500,000) bearing interest at 10 basis point (0.1%).

The remaining £379,053,000 (2015: £276,140,000), is non-interest bearing.

Amounts falling due after more than one year:

	2016	2015
	£'000	£'000
Amounts owed to group undertakings	(64,082)	(62,044)
Derivative financial instruments	(74,287)	(53,421)
Other creditors	(708)	(708)
	(139,077)	(116,173)

This debt matures in between two and five years bearing interest at six month UK LIBOR plus 400 basis points.

Notes to the financial statements

10 Share capital

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 31 March 2015	3,260	724,432	942,207	1,669,899
Loss for the year	-	-	(14,435)	(14,435)
Ordinary shares issued	-	-	-	-
At 31 March 2016	3,260	724,432	927,773	1,665,465
At 31 March 2014	3,260	1,724,432	(34,806)	1,692,886
Loss for the year	-	-	(22,987)	(22,987)
Ordinary shares issued	-	-	-	-
Capital Reduction	-	(1,000,000)	1,000,000	-
At 31 March 2015	3,260	724,432	942,207	1,669,899

11 Related party disclosures

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

Babcock Overseas Investments Limited

Notes to the financial statements

12 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 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 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	1 Ordinary shares	0.0399720196%	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%

Babcock Overseas Investments Limited

12 Related undertakings (continued)

Company Name	Country	Interest	Ultimate %	All Parent %
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%
Cavendish Nuclear (Overseas) Limited	United Kingdom	25,000 Ordinary shares	100.0000000000%	100.0000000000%
BIL Solutions Limited	United Kingdom	2,000,000 Ordinary shares	100.0000000000%	100.0000000000%
British Nuclear Services Limited	United Kingdom	1 Ordinary shares	100.0000000000%	100.0000000000%
INS Rokkasho KK	Japan	68 Ordinary shares	34.0000000000%	34.0000000000%
Cavendish Nuclear Limited	United Kingdom	15 Ordinary shares, 50,000 Preference shares	100.0000000000%	100.0000000000%

12 Related undertakings (continued)

Company Name	Country	Interest	Ultimate %	All Parent %
Cavendish Boccord Nuclear Limited	United Kingdom	51 Ordinary shares	51.00000000000000%	51.00000000000000%
Cavendish Dounreay Partnership Limited	United Kingdom	50 Ordinary-A shares	50.00000000000000%	50.00000000000000%
Dounreay Site Restoration Limited	United Kingdom	1 Ordinary-A shares	50.00000000000000%	100.00000000000000%
Cavendish Fluor Partnership Limited	United Kingdom	65 Ordinary shares	65.00000000000000%	65.00000000000000%
Research Sites Restoration Limited	United Kingdom	1 Ordinary-A shares	65.00000000000000%	100.00000000000000%
Cavendish Nuclear Manufacturing Limited	United Kingdom	1,000,000 Ordinary shares	100.00000000000000%	100.00000000000000%
INS Innovation Limited	United Kingdom	1 Ordinary shares	100.00000000000000%	100.00000000000000%
Merlin Communications Group Limited	United Kingdom	296,001 Ordinary-B shares, 315,830 Ordinary-A shares	100.00000000000000%	100.00000000000000%
Babcock Communications Limited	United Kingdom	1,000,000 Ordinary shares	100.00000000000000%	100.00000000000000%
Babcock Communications & Partners LLC	Oman	105,000 Ordinary shares	70.00000000000000%	70.00000000000000%
Babcock Communications Cyprus Limited	Cyprus	10,000 Ordinary shares	100.00000000000000%	100.00000000000000%
VT Communications GmbH	Germany	25,000 Ordinary shares	100.00000000000000%	100.00000000000000%
WRN Broadcast Limited	United Kingdom	104,824 Ordinary shares	100.00000000000000%	100.00000000000000%
Global Broadcast Telecommunication Services Limited	United Kingdom	2 Ordinary shares	100.00000000000000%	100.00000000000000%
International Channel Europe Limited	United Kingdom	2 Ordinary shares	100.00000000000000%	100.00000000000000%
WRN Facilities Limited	United Kingdom	1 ordinary shares	100.00000000000000%	100.00000000000000%
Costpool Limited	United Kingdom	1 Ordinary shares	100.00000000000000%	100.00000000000000%
Alert Communications Group Holdings Limited	United Kingdom	2 Ordinary shares	20.00000000000000%	20.00000000000000%
Alert Communications (Holdings) Limited	United Kingdom	476,000 Ordinary shares	20.00000000000000%	100.00000000000000%
Alert Communications (2006) Limited	United Kingdom	10 Ordinary shares, 4,693,137 Preference shares	20.00000000000000%	100.00000000000000%
Alert Communications Limited	United Kingdom	476,000 Ordinary shares	20.00000000000000%	100.00000000000000%
Merlin Orfordness Limited	United Kingdom	2 Ordinary shares	100.00000000000000%	100.00000000000000%
Scimco Limited	United Kingdom	5,000,000 Ordinary shares	100.00000000000000%	100.00000000000000%
Babcock Rail Limited	United Kingdom	10,225 Ordinary shares	100.00000000000000%	100.00000000000000%
ABC Electrification Limited	United Kingdom	200 Ordinary-B shares	33.33333000000000%	33.33333000000000%
FSP (2004) Limited	United Kingdom	50 Ordinary-A shares	50.00000000000000%	50.00000000000000%
UKAEA Limited	United Kingdom	15,050,000 Ordinary shares	100.00000000000000%	100.00000000000000%

13 Parent undertakings

The Company's immediate parent company is Babcock Holdings 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

14 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'.