

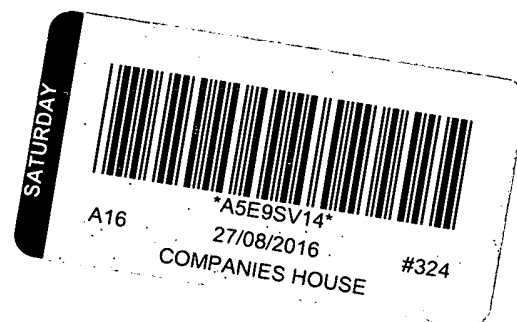
# **Babcock2 Limited**

## **Annual report**

**For the year ended 31 March 2016**

**Company registration number:**

**02999029**



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## **Babcock2 Limited**

### **Directors and advisors**

#### **Current directors**

I Urquhart  
P Rogers  
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 an investment holding Company.

**Review of the business**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Loss for the financial year	<b>22</b>	<b>24</b>

**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**

19 August 2016

**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**

No dividends were paid (2015: £nil) during the financial year. The board does not recommend a dividend for the financial year (2015: £nil).

**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  
P Rogers  
F Martinelli

**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.

**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 'U' followed by a horizontal line that extends to the right and then curves upwards at the end.

I Urquhart

**Director**

19 August 2016

## **Independent auditors' report to the members of Babcock2 Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Babcock2 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 the Statement of comprehensive income for the year then ended; and
- 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 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 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.

**Independent auditors' report to the members Babcock2 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.

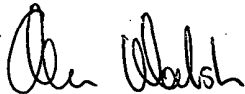


**Independent auditors' report to the members of Babcock2 Limited** *(continued)*

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 those reports include the disclosures required by applicable legal requirements.



Alan Walsh (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London, United Kingdom

19 August 2016

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**Babcock2 Limited****Income statement***For the year ended 31 March 2016*

	Note	2016 £000	2015 £000
Administration expenses		-	-
<b>Operating profit/(loss)</b>		-	-
<b>Profit/(loss) on Ordinary activities before interest and taxation</b>		-	-
Finance income	4	3	1
Finance costs	4	(25)	(25)
<b>Loss on Ordinary activities before income tax</b>		(22)	(24)
Income tax expense	5	-	-
<b>Loss for the year</b>		(22)	(24)

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
<b>Total comprehensive loss for the year</b>		(22)	(24)

## Babcock2 Limited

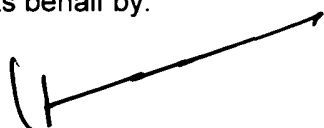
### Balance sheet

As at 31 March 2016

	Note	2016 £000	2015 £000
<b>Non-current Assets</b>			
Investments –shares in group undertakings	6	<u>588,389</u>	588,389
<b>Current assets</b>			
Trade and other receivables	7	<u>38,502</u>	38,502
Cash and cash equivalents		<u>1,069</u>	1,066
		<b>39,571</b>	39,568
Trade and other payables – amounts falling due within one year	8	<u>(312)</u>	(287)
<b>Net current assets</b>		<b>39,259</b>	39,281
<b>Total assets less current liabilities</b>		<b>627,648</b>	627,670
Trade and other payables – amounts falling due after more than one year	8	<u>(500)</u>	(500)
<b>Net assets</b>		<b>627,148</b>	627,170
<b>Equity</b>			
Called up share capital	9	<b>6,000</b>	6,000
Share premium		<b>75,455</b>	75,455
Retained earnings		<u><b>545,693</b></u>	545,715
<b>Total shareholders' funds</b>		<b>627,148</b>	627,170

The notes on pages 12 to 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

19 August 2016

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

	<b>Called-up share capital £000</b>	<b>Share premium £000</b>	<b>Retained earnings £000</b>	<b>Total £000</b>
<b>Balance at 1 April 2014</b>	6,000	75,455	545,739	627,194
Loss for the financial year	-	-	(24)	(24)
Other comprehensive income / (loss)	-	-	-	-
Dividends paid	-	-	-	-
<b>Balance at 31 March 2015</b>	6,000	75,455	545,715	627,170
Loss for the financial year	-	-	(22)	(22)
Other comprehensive income / (loss)	-	-	-	-
Dividends paid	-	-	-	-
<b>Balance at 31 March 2016</b>	6,000	75,455	545,693	627,148

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

Babcock2 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 15.

**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 Southern Holdings Limited, a Company registered 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****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.

**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.

**Provisions for liabilities**

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

**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 income and costs**

	<b>2016 £000</b>	<b>2015 £000</b>
<b>Finance income:</b>		
Bank interest	<b>3</b>	<b>1</b>
Loan interest receivable from group undertakings	<b>-</b>	<b>-</b>
	<b>3</b>	<b>1</b>
<b>Finance expenses:</b>		
Loan interest payable to group undertakings	<b>(25)</b>	<b>(25)</b>
	<b>(25)</b>	<b>(25)</b>

**Notes to the financial statements****5 Income tax****Tax expense included in income statement**

	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
<b>Current tax:</b>		
UK Corporation tax on profits for the year	-	-
<b>Current tax charge for the year</b>	<b>-</b>	<b>-</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	-	-
<b>Total deferred tax charge / (credit)</b>	<b>-</b>	<b>-</b>
<b>Tax on profit on Ordinary activities</b>	<b>-</b>	<b>-</b>

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:

	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
Loss on Ordinary activities before taxation	<b>(22)</b>	<b>(24)</b>
Loss on Ordinary activities multiplied by standard UK corporation tax rate of 20% (2015: 21%)	<b>(4)</b>	<b>(5)</b>
Group relief for nil consideration	<b>4</b>	<b>5</b>
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

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.



**Notes to the financial statements**

**6 Investments - Shares in group undertakings**

	<b>2016</b>		<b>2015</b>	
	<b>Shares in group undertakings £000</b>	<b>Total £000</b>	<b>Shares in group undertakings £000</b>	<b>Total £000</b>
<b>Cost</b>				
At 1 April	710,761	710,761	710,761	710,761
Provisions	(122,372)	(122,372)	(122,372)	(122,372)
<b>Carrying amount at 31 March</b>	<b>588,389</b>	<b>588,389</b>	<b>588,389</b>	<b>588,389</b>

During the financial year the Company received £nil (2015: £nil) in dividends from subsidiary undertakings.

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

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

<b><u>Company</u></b>	<b><u>Country of Registration</u></b>	<b><u>Principal Activities</u></b>
Vosper Thornycroft (UK) Limited (30.3528%)	England	Investment holding Company
Chepstow Insurance Limited (99.9998%)	Guernsey	Captive insurance
Babcock Defence Systems Limited	England	Non trading
Armstrong Technology Associates Limited	England	Non trading

A full list of all subsidiary undertakings will be annexed to the ultimate parent company's next annual return filed with the Registrar of Companies.

**Notes to the financial statements****7 Trade and other receivables**

	<b>2016</b>	2015
	<b>£000</b>	£000
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	<b>38,502</b>	38,502
	<b>38,502</b>	38,502

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

**8 Trade and other payables**

	<b>2016</b>	2015
	<b>£000</b>	£000
<b>Amounts falling due within one year:</b>		
Amounts owed to parent and group undertakings	<b>312</b>	287
	<b>312</b>	287

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

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

	<b>2016</b>	2015
	<b>£000</b>	£000
Amounts owed to parent and group undertakings - 5% unsecured loan stock	<b>500</b>	500
	<b>500</b>	500

The 5% unsecured loan stock totalling £500,000 (2015: £500,000) excluding interest is repayable to Babcock International Limited only upon bankruptcy, winding up or liquidation of the Company.

**9 Share capital**

	<b>2016</b>	2015
	<b>£000</b>	£000
<b>Allotted and fully paid</b>		
6,000,145 (2015: 6,000,145) Ordinary shares of £1 each	<b>6,000</b>	6,000

**10 Guarantees and financial commitments**

The Company at the year-end had no joint and several liabilities for drawn bank overdraft facilities of other group companies (2015: £nil).

**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.

The Company, as a wholly owned subsidiary, has taken advantage of the exemption, granted under Financial Reporting Standard 8, Related Party Disclosures, from disclosing details of sales and purchases with other members of the group headed up by Babcock International Group PLC.

**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 %	Direct %
Armstrong Technology Associates Limited	United Kingdom	50,000 Ordinary shares	100.0000%	100.0000%
Babcock Defence Systems Limited	United Kingdom	10,000 Ordinary shares	100.0000%	100.0000%
Chepstow Insurance Limited	Guernsey	599,999 Ordinary shares	99.9998%	99.9998%
Vosper Thornycroft (UK) Limited	United Kingdom	7,100,000 Ordinary 20p shares	30.3528%	30.3528%
Babcock Brisco Limited	United Kingdom	2 Ordinary shares	100.0000%	30.3528%
Babcock Corporate Services Limited	United Kingdom	181,369,248 Ordinary shares	100.0000%	30.3528%
Babcock Finance Limited	United Kingdom	1 Ordinary shares	0.0100%	0.0030%
Babcock Critical Assets Holdings LLP	United Kingdom	Holding Company > Subsidiary Company	93.0000%	28.2281%
Babcock Airports Limited	United Kingdom	Holding Company > Subsidiary Company	100.0000%	28.2281%
Babcock B.V.	Netherlands	18,000 Ordinary shares	100.0000%	28.2281%
Babcock Critical Services Limited	United Kingdom	Holding Company > Subsidiary Company	100.0000%	28.2281%
Chart Services Limited	United Kingdom	6,345,292 Ordinary shares	100.0000%	28.2281%
Chart Distribution Services Limited	United Kingdom	2,000 Ordinary shares	100.0000%	28.2275%
Chart Storage & Transportation Limited	United Kingdom	1,108,950 Ordinary shares	100.0000%	28.2275%
Babcock Investments (Number Eight) Limited	United Kingdom	1 Ordinary shares	0.0000%	0.0000%
S.MacNeillie & Son Limited	United Kingdom	92 Ordinary-A shares, 108 Ordinary-B shares, 40 Ordinary-C shares, 4 Ordinary-D shares, 1 Ordinary-E shares, 1 Ordinary-F shares	100.0000%	28.2281%
Transfleet Distribution Limited	United Kingdom	20,000 Ordinary shares	100.0000%	28.2281%
Municipal Vehicle Hire Limited	United Kingdom	100 Ordinary shares	100.0000%	28.2281%
Transfleet Truck Rentals Limited	United Kingdom	2 Ordinary shares	100.0000%	28.2281%
Babcock Defence & Security Holdings LLP	United Kingdom	Holding Company > Subsidiary Company	93.0000%	28.2281%
Airwork Limited	United Kingdom	Holding Company > Subsidiary Company	100.0000%	28.2281%
Airwork Advanced Group Company LLC	United Arab Emirates	98,000 Ordinary shares	49.0000%	13.8318%
Airwork Technical Services & Partners LLC	Oman	127,500 Ordinary shares	51.0000%	14.3963%
Babcock Aerospace Limited	United Kingdom	Holding Company > Subsidiary Company	100.0000%	28.2281%
Babcock Defence and Security Investments Limited	United Kingdom	Holding Company > Subsidiary Company	100.0000%	28.2281%
ALC (Superholdco) Limited	United Kingdom	5,000 Ordinary shares	50.0000%	14.1141%
ALC (FMC) Limited	United Kingdom	1 Ordinary shares	100.0000%	14.1141%
ALC (Holdco) Limited	United Kingdom	10,000 Ordinary shares	100.0000%	14.1141%
ALC (SPC) Limited	United Kingdom	10,000 Ordinary shares	100.0000%	14.1141%
Ascent Flight Training (Holdings) Limited	United Kingdom	799,000 Ordinary shares	50.0000%	14.1141%

## Babcock2 Limited

### Notes to the financial statements

#### 12 Related undertakings (continued)

Company Name	Country	Interest	Ultimate %	Direct %
Advanced Jet Training Holdings Limited	United Kingdom	68,000 Ordinary shares	100.0000%	14.1141%
Advanced Jet Training Limited	United Kingdom	68,000 Ordinary shares	100.0000%	14.1141%
Ascent Flight Training (Management) Limited	United Kingdom	1,500,000 Ordinary shares	100.0000%	14.1141%
Ascent Flight Training (Services) Limited	United Kingdom	30,000 Ordinary shares	100.0000%	14.1141%
Rear Crew Training Holdings Limited	United Kingdom	1,000 Ordinary shares	100.0000%	14.1141%
Rear Crew Training Limited	United Kingdom	1,000 Ordinary shares	100.0000%	14.1141%
Defence Integrated Supply Chain Solutions Limited	United Kingdom	2 Ordinary shares	50.0000%	14.1141%
Holdfast Training Services Limited	United Kingdom	740 Ordinary shares	74.0000%	20.8888%
Babcock Fire Services Limited	United Kingdom	Holding Company > Subsidiary Company	100.0000%	28.2281%
Babcock Flagship Limited	United Kingdom	Holding Company > Subsidiary Company	100.0000%	28.2281%
Fast Holdings Limited	United Kingdom	54 Ordinary-B shares	4.9908%	1.4088%
Fast Training Services Limited	United Kingdom	2 Ordinary shares	100.0000%	1.4088%
Flagship Fire Fighting Training Limited	United Kingdom	100 Ordinary shares	100.0000%	28.2281%
Babcock Land Limited	United Kingdom	Holding Company > Subsidiary Company	100.0000%	28.2281%
Babcock Land (Whitefleet Management) Limited	United Kingdom	1 Ordinary shares	100.0000%	28.2281%
Whitefleet Limited	United Kingdom	25,000 Ordinary-B shares	50.0000%	14.1141%
Babcock Support Services Limited	United Kingdom	Holding Company > Subsidiary Company	100.0000%	28.2281%
Active Management Limited	United Kingdom	100 Ordinary-A shares, 1 Ordinary-B shares	100.0000%	28.2281%
Air Power International Limited	United Kingdom	93,840 Ordinary shares	100.0000%	28.2281%
Babcock Dyncorp Limited	United Kingdom	560 Ordinary-A shares	56.0000%	15.8077%
Babcock HSPS Trustees Limited	United Kingdom	2 Ordinary shares	100.0000%	28.2281%
Babcock Money Purchase Trustees Limited	United Kingdom	12 Ordinary shares	100.0000%	28.2281%
Babcock Partners No 2010 Limited	United Kingdom	50,000 ORDINARY shares	100.0000%	28.2281%
Babcock Support Services s.r.l.	Italy	10,000 Ordinary shares	100.0000%	28.2281%
Debut Services (Contracts) Limited	United Kingdom	1 Ordinary shares	9.0909%	2.5662%
Debut Services (South West) Limited	United Kingdom	500 Ordinary shares	50.0000%	14.1141%
Debut Services Limited	United Kingdom	150 Ordinary shares	15.0000%	4.2342%
Devonport Management Limited	United Kingdom	2 Ordinary shares	100.0000%	28.2281%
Hiberna FM Limited	United Kingdom	2 Ordinary shares	100.0000%	28.2281%
Mouchel Babcock Education Investments Limited	United Kingdom	1 Ordinary shares	50.0000%	14.1141%
Hackney Schools for the Future Limited	United Kingdom	40,000 Ordinary shares	80.0000%	11.2912%

## Babcock2 Limited

### Notes to the financial statements 12 Related undertakings (continued)

Company Name	Country	Interest	Ultimate %	Direct %
Mouchel Babcock Education Services Limited	United Kingdom	1 Ordinary shares	50.0000%	14.1141%
Peterhouse GmbH	Germany	25,600 Ordinary shares	100.0000%	28.2281%
Babcock Support Services GmbH	Germany	25,000 Ordinary shares	100.0000%	28.2281%
Babcock Engine Controls Limited	United Kingdom	7,000,000 Ordinary shares	100.0000%	30.3528%
Babcock Engineering Limited	United Kingdom	2,500,000 Ordinary shares	100.0000%	30.3528%
Babcock Fire Services (SW) Limited	United Kingdom	50,000 Ordinary shares	100.0000%	30.3528%
Babcock Infrastructure Holdings LLP	United Kingdom	Holding Company > Subsidiary Company	93.0000%	28.2281%
Babcock Civil Infrastructure Limited	United Kingdom	Holding Company > Subsidiary Company	100.0000%	28.2281%
Babcock International Support Services Limited	United Kingdom	26,250,000 Ordinary shares	100.0000%	30.3528%
Babcock Careers Management Limited	United Kingdom	43,100 A Ordinary shares, 43,100 B Ordinary shares, 16,300 C Ordinary shares	100.0000%	30.3528%
Babcock Career Progressions Limited	United Kingdom	1,200 Ordinary shares	100.0000%	30.3528%
Babcock Lifeskills Limited	United Kingdom	10,000 Ordinary shares	100.0000%	30.3528%
Surrey Careers Services Limited	United Kingdom	18,613 Ordinary shares	75.0857%	22.7906%
Sussex Advice and Skills Limited	United Kingdom	Guarantor > Guarantee	50.0000%	15.1764%
Babcock Education and Skills Limited	United Kingdom	2 ORDINARY shares	100.0000%	30.3528%
Babcock Careers Guidance Limited	United Kingdom	1,050 Ordinary shares	100.0000%	0.0000%
Babcock Careers Guidance (North) Limited	United Kingdom	166,000 Ordinary shares	100.0000%	0.0000%
Careers Yorkshire and the Humber Limited	United Kingdom	Guarantor > Guarantee	20.0000%	0.0000%
Guidance Services Limited	United Kingdom	2 Ordinary shares	100.0000%	0.0000%
Babcock Careers Guidance (South) Limited	United Kingdom	51 Ordinary-A shares, 49 Ordinary-B shares	100.0000%	0.0000%
Capital Careers Limited	United Kingdom	8,825 Ordinary shares	88.2500%	0.0000%
Babcock Skills Development and Training Limited	United Kingdom	111 Ordinary shares	100.0000%	0.0000%
HCTC Limited	United Kingdom	17,621,361 Ordinary shares	100.0000%	0.0000%
KML (UK) Limited	United Kingdom	10,526 Ordinary shares	95.6909%	0.0000%
Touchstone Learning & Skills Limited	United Kingdom	2 Ordinary shares	100.0000%	0.0000%
National Training Institute LLC	Oman	350,000 Ordinary shares	70.0000%	0.0000%
Skills2Learn Ltd	United Kingdom	100 Ordinary shares	100.0000%	0.0000%
Babcock Project Services Limited	United Kingdom	25,000 Ordinary-A shares, 25,000 Ordinary-B shares	100.0000%	30.3528%
Babcock Southern Careers Limited	United Kingdom	15,020 Ordinary-A shares, 3,980 Ordinary-B shares, 1,000 Ordinary-C shares	100.0000%	30.3528%
Babcock Technical Services Limited	United Kingdom	2 Ordinary shares	100.0000%	30.3528%
Babcock West Sussex Careers Limited	United Kingdom	80,100 Ordinary-A shares	80.1000%	24.3126%

**Notes to the financial statements**  
**12 Related undertakings (continued)**

Company Name	Country	Interest	Ultimate %	Direct %
Vosper ManTech Limited	United Kingdom	30,000 Ordinary-A shares, 20,000 Ordinary-B shares	100.0000%	30.3528%
Westminster Education Consultants Limited	United Kingdom	10,000 Ordinary shares	100.0000%	30.3528%
Babcock Investments (Fire Services) Limited	United Kingdom	1 Ordinary shares	100.0000%	30.3528%
Babcock Leaseco Limited	United Kingdom	1 Ordinary shares	100.0000%	30.3528%
Babcock Malta Limited	Jersey	141 Ordinary shares	100.0000%	30.3528%
Babcock Marine Products Limited	United Kingdom	5,500,000 Ordinary shares	100.0000%	30.3528%
Babcock Partner No 7 Limited	United Kingdom	500,000 Ordinary shares	100.0000%	30.3528%
Form Land Support Limited	United Kingdom	191,287 Ordinary shares	100.0000%	30.3528%
Babcock Partner No 6 Limited	United Kingdom	45,309,880 Ordinary shares	100.0000%	30.3528%
Babcock Porchester Limited	United Kingdom	1 Ordinary shares	100.0000%	30.3528%
Babcock Trustees Limited	United Kingdom	2 Ordinary shares	100.0000%	30.3528%
Vosper Thornycroft (Malaysia) Sdn Bhd	Malaysia	9 Ordinary shares	100.0000%	30.3528%

**13 Ultimate parent undertakings**

The Company's immediate parent Company is Babcock Southern Holdings Limited, a Company incorporated 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

**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'.