

Babcock2 Limited
Annual Report
For the year ended 31 March 2017

Company registration number:

02999029

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COMPANIES HOUSE

Babcock2 Limited

Directors and advisors

Current directors

I Urquhart
F Martinelli
N Borrett

Company secretary

Babcock Corporate Secretaries Limited
J Wood

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 2017

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

Principal activities

The principal activities of the Company continue to be that of an investment holding Company.

Review of the business

	2017 £000	2016 £000
Profit/(loss) for the financial year	21,468	(22)

During the financial year the Company received £21,494,000 (2016: £nil) in dividends from subsidiary undertakings.

Principal risks and uncertainties

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

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

Key performance indicators

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.

On behalf of the Board



I Urquhart
Director

18 August 2017

Directors' report for the year ended 31 March 2017

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

Dividends

Dividends declared and paid during the financial year was £21,493,993 (2016: £nil). There are no plans for a final dividend.

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 33 to 37 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	
P Rogers	(Resigned 31/08/2016)
N Borrett	(Appointed 31/08/2016)

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.

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

Statement of directors' responsibilities (continued)

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;
- 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.

Statement of disclosure of information to auditors

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

Reappointment of auditors

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

On behalf of the Board



I Urquhart
Director

18 August 2017

Babcock2 Limited

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 2017 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

Babcock 2 Limited's financial statements comprise:

- the Balance sheet as at 31 March 2017;
- the Income statement and the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the Notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and 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 of Babcock2 Limited (continued)

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 pages 3 to 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)

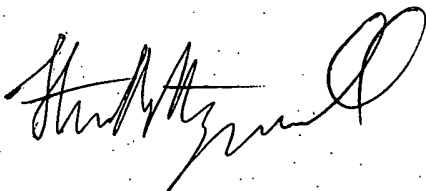
Responsibilities for the financial statements and the audit (continued)

What an audit of financial statements involves (continued)

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

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

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



Stuart Macdougall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

18 August 2017

Babcock2 Limited**Income statement***for the year ended 31 March 2017*

	Note	2017 £000	2016 £000
Administrative expenses		(2)	-
Operating loss	4	(2)	-
Income from shares in group undertakings		21,494	-
Profit on ordinary activities before interest and taxation		21,492	-
Finance income	5	1	3
Finance costs	5	(25)	(25)
Profit/(loss) on ordinary activities before taxation		21,468	(22)
Income tax expense	6	-	-
Profit/(loss) for the financial year		21,468	(22)

All of the above results derive from continuing operations.

Statement of comprehensive income*for the year ended 31 March 2017*

	2017 £000	2016 £000
Profit/(loss) for the financial year	21,468	(22)
Total comprehensive income/(expense) for the year	21,468	(22)

Babcock2 Limited

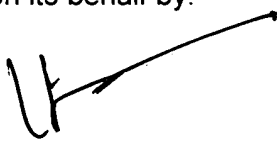
Balance sheet

as at 31 March 2017

	Note	2017 £000	2016 £000
Non-current assets			
Investments	7	<u>588,389</u>	588,389
Current assets			
Trade and other receivables – amounts falling due within one year	8	<u>38,502</u>	38,502
Cash and cash equivalents		<u>1,070</u>	1,069
		39,572	39,571
Current liabilities			
Trade and other payables – amounts falling due within one year	9	<u>(339)</u>	(312)
Net current assets		39,233	39,259
Total assets less current liabilities		627,622	627,648
Trade and other payables – amounts falling due after more than one year	9	<u>(500)</u>	(500)
Net assets		627,122	627,148
Equity			
Called up share capital	10	6,000	6,000
Share premium account		75,455	75,455
Retained earnings		<u>545,667</u>	545,693
Total shareholders' funds		627,122	627,148

The notes on pages 11 to 21 are an integral part of these financial statements.

The financial statements on pages 8 to 10 were approved by the Board of directors and signed on its behalf by:


I Urquhart
Director

18 August 2017

Statement of changes in equity
for the year ended 31 March 2017

	Called up share capital £000	Share premium account £000	Retained earnings £000	Total shareholders' funds £000
Balance at 1 April 2015	6,000	75,455	545,715	627,170
Loss for the financial year	-	-	(22)	(22)
Balance at 31 March 2016	6,000	75,455	545,693	627,148
Profit for the financial year	-	-	21,468	21,468
Dividends paid	-	-	(21,494)	(21,494)
Balance at 31 March 2017	6,000	75,455	545,667	627,122

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.

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 measured at fair value through profit and loss in accordance with the Companies Act 2006. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £'000.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. 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 and is included in the consolidated financial statements of Babcock International Group PLC which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

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'
- 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.

Notes to the financial statements *(continued)***2 Summary of significant accounting policies** *(continued)***Basis of preparation** *(continued)*

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors consider it appropriate to continue to adopt the going concern basis in preparing these financial statements.

Investments

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

Trade receivables

Trade receivables are stated at their cost less provision for bad debts. A provision for bad debt is established when there is objective evidence that the collection of the debt is no longer probable.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are initially recognised at fair value, which is usually original invoice amount and are subsequently held at amortised cost using the EIR method (although, in practice, the discount is often immaterial). If payment is due within one year or less payables are classified as current liabilities. If not, they are presented as non-current liabilities.

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 (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 Operating loss

The fee payable to the parent auditors and its associates in respect of the audit of the Company's financial statements was £2,000 (2016: £nil). The company has no employees (2016: nil)

5 Finance income and costs

	2017 £000	2016 £000
Finance income:		
Bank interest	<u>1</u>	<u>3</u>
Finance costs:		
Loan interest payable to group undertakings	<u>(25)</u>	<u>(25)</u>

6 Income tax expense

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

	2017 £000	2016 £000
Profit/(loss) on ordinary activities before taxation	<u>21,468</u>	<u>(22)</u>
Profit/ (loss) on ordinary activities multiplied by standard UK corporation tax rate of 20% (2016: 20%)	4,294	(4)
Effects of:		
Income not subject to UK Taxation	(4,299)	-
Group relief for nil consideration	<u>5</u>	<u>4</u>
Total tax charge for the year	<u>-</u>	<u>-</u>

It was announced in 2017 UK Budget that UK corporation tax will be reduced to 17% from April 2020. As a result of this change, UK deferred tax balances have been remeasured at 17% as this is the tax rate that will apply on reversal.

Notes to the financial statements (continued)**7 Investments**

	2017	2016
	£000	£000
Shares in group undertakings		
Cost		
At 1 April and 31 March	<u>710,761</u>	<u>710,761</u>
Provision for impairment		
At 1 April and 31 March	<u>(122,372)</u>	<u>(122,372)</u>
Net book value		
At 31 March	<u>588,389</u>	<u>588,389</u>

During the financial year the Company received £21,494,000 (2016: £nil) in dividends from subsidiary undertakings.

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

A full list of all subsidiary undertakings is disclosed in note 14.

8 Trade and other receivables

	2017	2016
	£000	£000
Amounts falling due within one year:		
Amounts due by group undertakings	<u>38,502</u>	<u>38,502</u>

All amounts due by group undertakings are unsecured, interest free and repayable on demand.

9 Trade and other payables

	2017	2016
	£000	£000
Amounts falling due within one year:		
Amounts due to parent and group undertakings	337	312
Audit accrual	<u>2</u>	<u>-</u>
	339	312

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

Amounts falling due after more than one year:

Amounts due to parent and group undertakings – 5% unsecured loan stock	<u>500</u>	<u>500</u>
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The 5% unsecured loan stock totalling £500,000 (2016: £500,000) excluding interest is repayable to Babcock International Limited only upon bankruptcy, winding up or liquidation of the Company.

Notes to the financial statements (continued)**10 Called up share capital**

	2017	2016
	£000	£000
Allotted, called up and fully paid		
6,000,145 Ordinary shares of £1 each (2016: 6,000,145)	6,000	6,000

11 Dividends

Dividends declared and paid during the financial year were £21,494,000 (2016: £nil). There are no plans for a final dividend.

12 Contingent liabilities

At the year-end date the Company had guaranteed or had joint and several liability for drawn Babcock International Group PLC bank facilities of £nil (2016: £nil) provided to certain Group companies. In addition, the Company had joint and several liabilities for the drawn bank overdraft facilities of other Group companies of £nil (2016: £nil).

13 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.

14 Related undertakings

All related undertakings are as follows:

Name	Address	Interest	Ultimate %	Immediate %
Active Management Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	2 Ordinary-A shares	100.0000%	100.0000%
Advanced Jet Training Holdings Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	68,000 Ordinary shares	100.0000%	100.0000%
Advanced Jet Training Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	68,000 Ordinary shares	100.0000%	100.0000%
Air Power International Limited	C/O DWF LLP , 110 Queen Street , Glasgow , Scotland, G1 3HD, United Kingdom	93,840 ORDINARY shares	100.0000%	100.0000%
Airwork Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	Holding Company > Subsidiary Company	100.0000%	100.0000%

Notes to the financial statements (continued)
14 Related undertakings (continued)

Name	Address	Interest	Ultimate %	Immediate %
Airwork Technical Services & Partners LLC	PO Box 248 (located at Muaskar Al Murtafa'a (MAM) Garrison), Muscat, 100, Sultanate of Oman The Sherard Building, Edmund Halley Road, Oxford, Oxfordshire, OX4	127,500 Ordinary shares	51.0000%	51.0000%
ALC (FMC) Limited	4DQ, United Kingdom The Sherard Building, Edmund Halley Road, Oxford, Oxfordshire, OX4	1 Ordinary shares	100.0000%	100.0000%
ALC (Holdco) Limited	4DQ, United Kingdom The Sherard Building, Edmund Halley Road, Oxford, Oxfordshire, OX4	10,000 Ordinary shares	100.0000%	100.0000%
ALC (SPC) Limited	4DQ, United Kingdom The Sherard Building, Edmund Halley Road, Oxford, Oxfordshire, OX4	10,000 Ordinary shares	100.0000%	100.0000%
ALC (Superholdco) Limited	4DQ, United Kingdom	5,000 Ordinary shares	50.0000%	50.0000%
Armstrong Technology Associates Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	50,000 ORDINARY shares	100.0000%	100.0000%
Ascent Flight Training (Holdings) Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	814,000 Ordinary shares	50.0000%	50.0000%
Ascent Flight Training (Management) Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	1,500,000 Ordinary shares	100.0000%	100.0000%
Ascent Flight Training (Services) Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	30,000 Ordinary shares	100.0000%	100.0000%
Babcock Aerospace Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	Holding Company >	100.0000%	100.0000%
Babcock Airports Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	Subsidiary Company >	100.0000%	100.0000%
Babcock Assessments Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	Holding Company >	100.0000%	100.0000%
Babcock B.V.	33, Wigmore Street, London, W1U 1QX, United Kingdom	Subsidiary Company	100.0000%	100.0000%
Babcock Brisco Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	166,000 Ordinary shares	100.0000%	100.0000%
Babcock Career Progressions Limited	Bezuidenhoutseweg 1, 2594AB, 's-Gravenhage, Netherlands	18,000 Ordinary shares	100.0000%	100.0000%
Babcock Careers Guidance (South) Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	2 Ordinary shares	100.0000%	100.0000%
Babcock Careers Guidance Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	1,200 ORDINARY shares	100.0000%	100.0000%
Babcock Careers Guidance Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	51 Ordinary-A shares, 49 Ordinary-B shares	100.0000%	100.0000%
Babcock Careers Guidance Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	1,050 Ordinary shares	100.0000%	100.0000%

Notes to the financial statements (continued)
14 Related undertakings (continued)

Name	Address	Interest	Ultimate %	Immediate %
Babcock Civil Infrastructure Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	Holding Company > Subsidiary Company	100.0000%	100.0000%
Babcock Corporate Services Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	181,369,248 Ordinary shares	100.0000%	100.0000%
Babcock Critical Assets Holdings LLP	33, Wigmore Street, London, W1U 1QX, United Kingdom C/O DWF LLP, 110 Queen Street, Glasgow, Scotland, G1 3HD, United Kingdom	Holding Company > Subsidiary Company	93.0000%	93.0000%
Babcock Critical Services Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	Holding Company > Subsidiary Company	100.0000%	100.0000%
Babcock Defence & Security Holdings LLP	33, Wigmore Street, London, W1U 1QX, United Kingdom	Holding Company > Subsidiary Company	99.1100%	99.1100%
Babcock Defence and Security Investments Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	Holding Company > Subsidiary Company	100.0000%	100.0000%
Babcock Defence Systems Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	10,000 ORDINARY shares	100.0000%	100.0000%
Babcock DSG Ltd	33, Wigmore Street, London, W1U 1QX, United Kingdom	100 Ordinary shares	100.0000%	100.0000%
Babcock Dyncorp Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	560 Ordinary-A shares	56.0000%	56.0000%
Babcock Education and Skills Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	2 ORDINARY shares	100.0000%	100.0000%
Babcock Engine Controls Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	7,000,000 Ordinary shares	100.0000%	100.0000%
Babcock Engineering Assessments Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	43,100 A ORDINARY shares, 43,100 B ORDINARY shares, 16,300 C ORDINARY shares	100.0000%	100.0000%
Babcock Engineering Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	2,500,000 Ordinary shares	100.0000%	100.0000%
Babcock Finance Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	Holding Company > Subsidiary Company	100.0000%	100.0000%
Babcock Fire Services (SW) Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	50,000 Ordinary shares	100.0000%	100.0000%
Babcock Fire Services Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	Holding Company > Subsidiary Company	100.0000%	100.0000%
Babcock Flagship Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	Holding Company > Subsidiary Company	100.0000%	100.0000%
Babcock HSPS Trustees Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	2 ORDINARY shares	100.0000%	100.0000%
Babcock Infrastructure Holdings LLP	33, Wigmore Street, London, W1U 1QX, United Kingdom	Holding Company > Subsidiary Company	93.0000%	93.0000%
Babcock Integration LLP	33, Wigmore Street, London, W1U 1QX, United Kingdom	Holding Company > Subsidiary Company	8.9200%	8.9200%

Babcock2 Limited

Notes to the financial statements (continued)

14 Related undertakings (continued)

Name	Address	Interest	Ultimate %	Immediate %
Babcock International Support Services Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	26,250,000 Ordinary shares	100.0000%	100.0000%
Babcock Investments (Fire Services) Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	1 Ordinary shares	100.0000%	100.0000%
Babcock Investments (Number Eight) Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	1 Ordinary shares	0.0000%	0.0000%
Babcock IP Management (Number One) Limited	33, Wigmore Street, London, England, W1U 1QX, United Kingdom	10,002 Ordinary shares	99.9500%	99.9500%
Babcock IP Management (Number Two) Limited	33, Wigmore Street, London, England, W1U 1QX, United Kingdom	10,001 Ordinary shares	100.0000%	100.0000%
Babcock Land (Whitefleet Management) Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	1 Ordinary shares	100.0000%	100.0000%
Babcock Land Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	Holding Company > Subsidiary Company	100.0000%	100.0000%
Babcock Leaseco Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	1 Ordinary shares	100.0000%	100.0000%
Babcock Lifeskills Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	10,000 Ordinary shares	100.0000%	100.0000%
Babcock Malta Limited		141 Ordinary shares	100.0000%	100.0000%
Babcock Marine Products Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	5,500,000 Ordinary shares	100.0000%	100.0000%
Babcock Money Purchase Trustees Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	12 ORDINARY shares	100.0000%	100.0000%
Babcock Partner No 6 Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	45,309,880 Ordinary shares	100.0000%	100.0000%
Babcock Partner No 7 Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	500,000 Ordinary shares	100.0000%	100.0000%
Babcock Partners No 2010 Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	2 ORDINARY shares	100.0000%	100.0000%
Babcock Porchester Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	1 Ordinary shares 25,000 Ordinary-A shares, 25,000 Ordinary-B shares	100.0000%	100.0000%
Babcock Project Services Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom		100.0000%	100.0000%
Babcock Skills Development and Training Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	111 Ordinary shares	100.0000%	100.0000%

Babcock2 Limited

Notes to the financial statements (continued)

14 Related undertakings (continued)

Name	Address	Interest	Ultimate %	Immediate %
Babcock Southern Careers Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom Berliner Platz 12, 41061, Monchengladbach, Germany	15,020 Ordinary-A shares, 3,980 Ordinary-B shares, 1,000 Ordinary-C shares	100.0000%	100.0000%
Babcock Support Services GmbH	C/O DWF LLP, 110 Queen Street, Glasgow, Scotland, G1 3HD, United Kingdom	25,000 Ordinary shares	100.0000%	100.0000%
Babcock Support Services Limited	Via Foro Buonaparte, 70 20121, Milano, Italy	Holding Company > Subsidiary Company	100.0000%	100.0000%
Babcock Support Services s.r.l.		10,000 Ordinary shares	100.0000%	100.0000%
Babcock Technical Services Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	2 ORDINARY shares	100.0000%	100.0000%
Babcock Training Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	1 Ordinary shares	0.0000%	0.0000%
Babcock Trustees Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	2 Ordinary shares	100.0000%	100.0000%
Babcock West Sussex Careers Limited	The French Quarter, 114 High Street, Southampton, SO14 2AA, United Kingdom	80,100 Ordinary-A shares	80.1000%	80.1000%
Capital Careers Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	8,825 Ordinary shares	88.2500%	88.2500%
Chart Distribution Services Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	1 Ordinary shares	100.0000%	0.0500%
Chart Distribution Services Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	1,999 Ordinary shares	100.0000%	99.9500%
Chart Services Limited	C/O DWF LLP, 110 Queen Street, Glasgow, Scotland, G1 3HD, United Kingdom	6,345,292 Ordinary shares	100.0000%	100.0000%
Chart Storage & Transportation Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	1,108,935 Ordinary shares	100.0000%	99.9977%
Chart Storage & Transportation Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	25 Ordinary shares	100.0000%	0.0023%
Chepstow Insurance Limited	St Martin's House, Le Bordage, St Peter Port, GY1 4AU	600,000 Ordinary shares	100.0000%	100.0000%
Debut Services (Contracts) Limited	142 Northolt Road, Harrow, Middlesex, HA2 0EE, United Kingdom	1 Ordinary shares	9.0909%	9.0909%
Debut Services (South West) Limited	c/o Bovis Lend Lease Limited, 20 Triton Street, Regent's Place, London, England, NW1 3BF	500 Ordinary shares	50.0000%	50.0000%
Debut Services Limited	c/o Bovis Lend Lease Limited, 20 Triton Street, Regent's Place, London, England, NW1 3BF	150 Ordinary shares	15.0000%	15.0000%

Notes to the financial statements (continued)**14 Related undertakings (continued)**

Name	Address	Interest	Ultimate %	Immediate %
Devonport Management Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom c/o Babcock International Group PLC, 33 Wigmore Street, London, W1U 1QX, United Kingdom	2 ORDINARY shares	100.0000%	100.0000%
Fixed Wing Training Holdings Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom c/o Babcock International Group PLC, 33 Wigmore Street, London, W1U 1QX, United Kingdom	30,000 Ordinary shares	100.0000%	100.0000%
Fixed Wing Training Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	30,000 Ordinary shares	100.0000%	100.0000%
Flagship Fire Fighting Training Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	100 ORDINARY shares	100.0000%	100.0000%
Form Land Support Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	191,287 Ordinary shares	100.0000%	100.0000%
Guidance Services Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	2 Ordinary shares	100.0000%	100.0000%
Hackney Schools For The Future 2 Limited	Tempsford Hall, Sandy, Bedfordshire, SG19 2BD, United Kingdom	10 Ordinary-B shares	10.0000%	10.0000%
Hackney Schools for the Future Limited	Tempsford Hall, Sandy, Bedfordshire, SG19 2BD, United Kingdom	40,000 Ordinary shares	80.0000%	80.0000%
HCTC Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	17,621,361 Ordinary shares	100.0000%	100.0000%
Hiberna FM Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	2 ORDINARY shares	100.0000%	100.0000%
Holdfast Training Services Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	740 Ordinary shares	74.0000%	74.0000%
KML (UK) Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	Holding Company > Subsidiary Company	100.0000%	100.0000%
Mouchel Babcock Education Investments Limited	Tempsford Hall, Sandy, Bedfordshire, SG19 2BD, England	1 Ordinary shares	50.0000%	50.0000%
Mouchel Babcock Education Services Limited	Tempsford Hall, Sandy, Bedfordshire, SG19 2BD, England	1 Ordinary shares	50.0000%	50.0000%
Municipal Vehicle Hire Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom PO Box 267,	100 Ordinary shares	100.0000%	100.0000%
National Training Institute LLC	MadinatQaboos, Sultanate of Oman, 115, Oman Berliner Platz 12, 41061, Monchengladbach, Germany	350,000 Ordinary shares	70.0000%	70.0000%
Peterhouse GmbH	25,600 Ordinary shares		100.0000%	100.0000%
Rear Crew Training Holdings Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	1,000 Ordinary shares	100.0000%	100.0000%
Rear Crew Training Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	1,000 Ordinary shares	100.0000%	100.0000%

Notes to the financial statements (continued)**14 Related undertakings (continued)**

Name	Address	Interest	Ultimate %	Immediate %
Rotary Wing Training Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	1,000 Ordinary shares	100.0000%	100.0000%
S.MacNeillie & Son Limited	33, Wigmore Street, London, England, W1U 1QX, 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%	100.0000%
Skills2Learn Ltd	33, Wigmore Street, London, W1U 1QX, United Kingdom	100 Ordinary shares	100.0000%	100.0000%
Surrey Careers Services Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	23,328 ORDINARY shares	94.1063%	94.1063%
Touchstone Learning & Skills Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	2 Ordinary shares	100.0000%	100.0000%
Transfleet Distribution Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	20,000 Ordinary shares	100.0000%	100.0000%
Transfleet Truck Rentals Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	2 Ordinary shares	100.0000%	100.0000%
Vosper ManTech Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	30,000 Ordinary-A shares, 20,000 Ordinary-B shares	100.0000%	100.0000%
Vosper Thornycroft (UK) Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	7,100,000 Ordinary 20p shares	30.3528%	30.3528%
Westminster Education Consultants Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	10,000 Ordinary shares	100.0000%	100.0000%

15 Immediate and 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