Babcock Project Investments Limited

Annual Report

For the year ended 31 March 2017

Company registration number:

03463927

Babcock Project Investments Limited

Directors and advisors

Current directors

I Urquhart
F Martinelli
N Borrett

Company secretary

Babcock Corporate Secretaries Limited

Registered office

33 Wigmore Street
London
W1U 1QX

Independent auditors

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

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	2016
	£000	£000
(Loss)/ profit for the financial year	**(2)**	8,127

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

28 July 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 in the current financial year were £nil (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
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

28 July 2017

Independent auditors' report to the members of Babcock Project Investments Limited

Report on the financial statements

Our opinion

In our opinion, Babcock Project 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 2017 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

Babcock Project Investments 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 Babcock Project Investments 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 pages 3 and 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 Babcock Project Investments 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
28 July 2017

Income statement
for the year ended 31 March 2017

	Note	**2017** **£000**	2016 £000
Administrative expenses		**(2)**	(4)
Loss on ordinary activities before interest and taxation	4	**(2)**	(4)
Non-operating exceptional	5	**-**	8,129
Finance income	6	**-**	2
(Loss)/ profit on ordinary activities before income tax		**(2)**	8,127
Income tax expense	7	**-**	-
(Loss)/ profit for the financial year		**(2)**	8,127

All of the above results derive from continuing operations.

Statement of comprehensive Income
for the year ended 31 March 2017

	2017 **£000**	2016 £000
(Loss) / profit for the financial year	**(2)**	8,127
Total comprehensive (expense) / income for the year	**(2)**	8,127

Balance sheet
as at 31 March 2017

	Note	**2017 £000**	2016 £000
Non-current assets			
Investments	8	**684**	882
Current assets			
Trade and other receivables – amounts falling due within one year	9	**24,500**	24,500
Cash and cash equivalents		**486**	288
		24,986	24,788
Current liabilities			
Trade and other payables – amounts falling due within one year	10	**(501)**	(499)
Net current assets		**24,485**	24,289
Net assets		**25,169**	25,171
Equity			
Called up share capital	11	**5,000**	5,000
Retained earnings		**20,169**	20,171
Total shareholders' funds		**25,169**	25,171

The notes on pages 11 to 15 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

28 July 2017

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

	Called up are capital £000	Retained earnings £000	Total Shareholders' funds £000
Balance at 1 April 2015	**5,000**	**12,044**	**17,044**
Profit for the year	-	8,127	8,127
Balance at 31 March 2016	**5,000**	**20,171**	**25,171**
Loss for the year	-	(2)	(2)
Balance at 31 March 2017	**5,000**	**20,169**	**25,169**

Notes to the financial statements

1 General information

Babcock Project 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.

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 of its ultimate parent, Babcock International Group PLC. It is included in the consolidated financial statements of Babcock International Group PLC which are publicly available. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

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)*

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.

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.

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 Loss on ordinary activities before interest and taxation

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).

Notes to the financial statements *(continued)*

5 Non-operating exceptional

On 17 April 2015 Lewisham PSP limited and all the Lewisham Schools for the Future Holdings group of companies were sold for a consideration of £14,286,000. This was offset by loans of £6,104,000 and investment of £55,000 leaving an exceptional profit of £8,129,000.

6 Finance income

	2017	2016
	£000	£000
Bank interest	-	2

7 Income tax expense

Tax expense for the year is the same as (2016: lower) 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	2016
	£000	£000
(Loss)/ profit on ordinary activities before taxation	**(2)**	8,127
(Loss)/ profit on ordinary activities multiplied by standard UK corporation tax rate of 20% (2016: 20%)	-	1,625
Effects of:		
Income not subject to tax	-	(1,625)
Total tax charge for the year	-	-

It was announced in 2017 UK Budget that the UK corporation tax rate 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.

8 Investments

Shares in joint ventures	**2017**	2016
	£000	£000
Cost		
At 1 April	**882**	908
Additions	-	29
Disposals	**(198)**	(55)
Carrying amount at 31 March	**684**	882

The directors believe that the carrying value of the investments is supported by their underlying assets. No dividends were received for the year ended 31 March 2017 (2016: £nil). A full list of related undertakings for the Company has been disclosed in note 14.

Notes to the financial statements *(continued)*

9 Trade and other receivables – *amounts falling due within one year*

	2017 £000	2016 £000
Amounts due by group undertakings	**24,500**	24,500

Amounts due by group undertakings are unsecured, non-interest bearing and repayable on demand.

10 Trade and other payables – *amounts falling due within one year*

	2017 £000	2016 £000
Trade creditors	**6**	6
Amounts due to parent and group undertakings	**145**	145
UK corporation tax payable	**336**	336
Accruals and deferred income	**14**	12
	501	499

Amounts due to group undertakings are non-interest bearing and repayable on demand.

11 Called up share capital

	2017 £000	2016 £000
Allotted and fully paid		
5,000,000 ordinary shares of £1 each (2016: 5,000,000)	**5,000**	5,000

12 Related party disclosures

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

13 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).

Notes to the financial statements *(continued)*

14 Related undertakings

All related undertakings for the Company are as listed below:

Company Name	Registered address	Interest	Ultimate %	Direct %
Babcock Emergency Services Ltd	33 Wigmore Street, London, W1U 1QX, United Kingdom	2 Ordinary shares	100.0000%	100.0000%
Babcock Fire Training (Avonmouth) Ltd	33 Wigmore Street, London, W1U 1QX, United Kingdom	1Ordinary share	100.0000%	100.0000%
Cura Classis Canada (Hold Co) Inc.	c/o Stewart McKelvey, 44 Chipman Hill, Suite 1000, PO Box 7289, Stn. "A", Saint John, N.B. NB E2L 2A9, Canada.	631,200 Common shares, 576,000 Ordinary-A shares	48.0000%	48.0000%
Cura Classis (Canada) Inc.	c/o Stewart McKelvey, 44 Chipman Hill, Suite 1000, PO Box 7289, Stn. "A", Saint John, N.B. NB E2L 2A9, Canada.	1,315,000 Common shares	100.0000%	100.0000%
Cura Classis UK (Hold Co) Ltd	33 Wigmore Street, London, W1U 1QX, United Kingdom	178,560 Ordinary shares	48.0000%	48.0000%
Cura Classis (UK) Ltd	33 Wigmore Street, London, W1U 1QX, United Kingdom	372,000 Ordinary shares	48.0000%	100.0000%
Learning21 Ltd	33 Wigmore Street, London, W1U 1QX, United Kingdom	1 Ordinary share	100.0000%	100.0000%

15 Immediate and Ultimate parent undertakings

The Company's immediate parent company is 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, 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