

GIBRALTAR INVESTMENTS (NO. 7) LIMITED

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 25 SEPTEMBER 2010

Company Registered Number : 4540026



GIBRALTAR INVESTMENTS (NO.7) LIMITED

DIRECTORS AND ADVISORS

DIRECTORS

W Tame
F Martinelli

COMPANY SECRETARY

V Teller

REGISTERED OFFICE

33 Wigmore Street
London
W1U 1QX

INDEPENDENT AUDITORS

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

GIBRALTAR INVESTMENTS (NO.7) LIMITED

DIRECTORS' REPORT for the year ended 25 September 2010

The directors present their Annual Report and the audited financial statements of the company for the year ended 25 September 2010

The report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

Principal activity

The principal activity of the company is an investment company. There are no plans to alter significantly the business of the company.

Results and dividends

The profit for the year was £4 (2009: £31). The directors do not propose a final dividend (2009: nil).

Key performance indicators

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

Qualifying third party indemnity provisions

Under their respective Articles of Association, the directors of the company are, and were during the year to 25 September 2010, entitled to be indemnified by the company against liabilities and costs incurred in connection with the execution of their duties or the exercise of the powers, to the extent permitted by the Companies Act 2006.

Principal risks and uncertainties

The management of the business is subject to a number of risks. Procedures are in place across the Group to identify, assess and mitigate major business risks. The management of risk is an integral part of our operational review process and is supplemented at Group level by independent challenge and review by the Group Risk Manager and the Audit and Risk Committee. Further details can be found in the Babcock International Group PLC Financial Statements pages 39-45.

Directors

The members of the Board during the year and up to the point of signing the financial statements were:

W Tame
F Martinelli

GIBRALTAR INVESTMENTS (NO.7) LIMITED

DIRECTORS' REPORT (continued) for the year ended 25 September 2010

Statement of directors' responsibilities

The directors are responsible for preparing 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 the law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 those 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 have been followed, subject to any material departures disclosed and explained in the 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 confirm that they have complied with the above requirements in preparing the financial statements

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

Statement of disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information, being information required by the auditors in connection with the preparation of the auditors' report, of which the auditors are unaware. Having made enquires of fellow directors, each director has taken all steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting

This report was approved by the Board on 29 June 2011 and signed on its behalf by



V Teller
Secretary

Independent auditors' report to the members of Gibraltar Investments (No.7) Limited

We have audited the financial statements of Gibraltar Investments (No 7) Limited for the year ended 25 September 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities set out on page 3 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 the financial statements in accordance with applicable law and International Standards on Auditing (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.

Scope of the audit of the financial statements

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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 25 September 2010 and of its profit and cash flows 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 Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Gibraltar Investments (No.7) Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the company, 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, or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the directors' report in accordance with the small company regime

Neil Grimes

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

GIBRALTAR INVESTMENTS (NO.7) LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 25 September 2010
Company Registered Number : 4540026

	Note	2010 £	2009 £
Interest receivable and similar income			
- bank interest		4	31
Profit on ordinary activities before tax		4	31
Tax on profit on ordinary activities	3	-	-
Profit for the financial year		4	31
Retained profit for the year		4	31

During the year there were no recognised gains and losses other than those dealt with in the profit and loss account

The accompanying notes form an integral part of this profit and loss account

There are no material differences between profit on ordinary activities before tax and the retained profit for the year stated above and their historical cost equivalent

GIBRALTAR INVESTMENTS (NO.7) LIMITED

**BALANCE SHEET
as at 25 September 2010**

	Note	2010 £	2009 £
FIXED ASSETS			
Investments	4	100,000	-
CURRENT ASSETS			
Debtors	5	1,376	-
Cash at bank		-	1,372
		101,376	1,372
CREDITORS – amounts fall due within one year	6	(100,000)	-
NET CURRENT ASSETS		1,376	1,372
NET ASSETS		1,376	1,372
CAPITAL AND RESERVES			
Called up share capital - equity	7	1,030	1,030
Profit and loss account	8	346	342
Total shareholders' funds		1,376	1,372

The financial statements on pages 6 to 11 were approved by the Board on 29 June 2011



F Martinelli
Director

The accompanying notes form an integral part of this balance sheet

1 ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards.

Cash flow statement

A cash flow statement has not been prepared as the company has taken advantage of the exemption under FRS1 (Revised 1996) 'Cash Flow Statements' available to wholly owned subsidiaries of a company whose consolidated financial statements include a consolidated cash flow statement and are available to the public.

Investments

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

Taxation

Current tax, including UK corporation tax and foreign 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. The taxation liabilities of certain group companies may be reduced, wholly or in part, by surrender of losses by fellow group companies. The decision to charge group relief is made on a case by case basis.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 ACCOUNTING POLICIES (continued)**Taxation (continued)**

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Group financial statements

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by the Companies Act 2006 because it is a wholly owned subsidiary of Babcock International Group PLC which prepares consolidated financial statements which are publicly available

2 OPERATING PROFIT, STAFF COSTS AND DIRECTORS REMUNERATION

There were no staff employed during the year and none of the directors received remuneration in respect of their services to the company during the year under review

The directors are remunerated by other group companies

Auditor's remuneration in respect of audit services is borne by Babcock International Group Plc

3 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

There is no corporate tax charge for the year as the company will receive group relief from its fellow subsidiaries for nil consideration

4 INVESTMENTS	2010 £	2009 £
Investments in group companies		
Cost and net book value at 25 September 2010	100,000	-

On 12 July 2010, the company purchased 100,000 ordinary £1 shares in Babcock International Guarantee Company

5 DEBTORS	2010 £	2009 £
Amount owed by other group undertakings	1,376	-

GIBRALTAR INVESTMENTS (NO.7) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

6	CREDITORS: amounts due within one year	2010	2009
		£	£
	Amounts owed to fellow subsidiary undertakings	100,000	-

7	CALLED UP SHARE CAPITAL	2010	2009
		£	£
	Authorised:		
	50,000,000 ordinary shares of £1 each	50,000,000	50,000,000
	Allotted, called up and fully paid:		
	1,000 ordinary shares of £1 each	1,000	1,000
	Allotted, called up and partly paid:		
	30,000,000 ordinary shares of £1 each (0 0001p paid per share)	30	30

8 RECONCILIATION OF MOVEMENT IN TOTAL SHAREHOLDERS' FUNDS

	Total shareholders' funds 2010 £	Total shareholders' funds 2009 £	Profit and loss account 2010 £	Profit and loss account 2009 £
At 26 September	1,372	1,341	342	311
Profit for the year	4	31	4	31
At 25 September	1,376	1,372	346	342

9 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption granted to 90% subsidiaries, by FRS8 Related Party Disclosures, not to disclose transactions with group undertakings

10 POST BALANCE SHEET EVENT

On 8 September 2010, Babcock Holdings Limited entered into an agreement with the company whereby the company agreed to sell shares in Babcock Investments Limited to Babcock Holdings Limited pursuant to a forward sale contract. In order to satisfy this obligation, the company has agreed to subscribe for new shares in Babcock Investments Limited under a forward subscription agreement. The subscription for the new shares in

GIBRALTAR INVESTMENTS (NO.7) LIMITED

Babcock Investments Limited happened on 16 March 2011, and the sale of those shares to Babcock Holdings Limited took place on 22 March 2011

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 ULTIMATE CONTROLLING PARTY

On 7 September 2010, Babcock Management Limited sold the shares in the company to Babcock Integrated Technology Limited. The company's immediate parent undertaking is Babcock Integrated Technology Limited. The company's ultimate parent company and 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 the Babcock International Group PLC accounts are available from the following address:

Company Secretary
Babcock International Group PLC
33 Wigmore Street
London, W1U 1QX