

Babcock International Limited

Annual report

For the year ended 31 March 2016

Company registration number:

00065805

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COMPANIES HOUSE

Babcock International Limited

Directors and advisors

Current directors

I Urquhart
F Martinelli
N Borrett (appointed 31 August 2016)
P Rogers (resigned 31 August 2016)

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

Babcock International Limited

Strategic report for the year ended 31 March 2016

The directors present their Strategic report on the Company for the year ended 31 March 2016.

Principal activities

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

Review of the business

	2016 £'000	2015 £'000
Loss for the financial year	(1,539)	(1,867)

Principal risks and uncertainties

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

Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on pages 64 to 74 of the annual report of Babcock International Group PLC, which does not form part of this report.

Key performance indicators

The Company's activities are managed on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company. The growth and performance of Babcock Support Services (Investments) Limited, a division of Babcock International Group PLC, which includes the Company, is discussed on pages 28 to 35 and 32 to 34 of the annual report of Babcock International Group PLC, which does not form part of this report.

By order of the board



I Urquhart

Director

6 December 2016

Babcock International Limited

Directors' report for the year ended 31 March 2016

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2016.

Future developments

Information on the future developments of the Company can be found in the Strategic report.

Financial risk management

All treasury transactions are carried out only with prime rated counter-parties. Financial Risk is managed in accordance with Group policies and procedures which are discussed on pages 32 to 34 and Note 2 of the annual report of Babcock International Group PLC, which does not form part of this report.

Directors

The directors who held office during the year and up to the date of signing the annual report were as follows:

I Urquhart
F Martinelli
N Borrett
P Rogers

Appointed 31 August 2016
Resigned 31 August 2016

Babcock International Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of the disclosure exemptions, if any, of FRS 101 used in the preparation of these financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Qualifying third party indemnity provisions

Babcock International Group PLC provides protections for directors of companies within the Group against personal financial exposure they may incur in their capacity as such. These include qualifying third party indemnity provisions (as defined by Companies Act 2006) for the benefit of members of Babcock International Group PLC, including, where applicable, in their capacity as a director of the Company and other companies within the Group. These indemnities came into force in 2012 and remain in force.

Babcock International Limited

Statement of directors' responsibilities *(continued)*

Disclosure of information to auditors

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

By order of the board

A handwritten signature in black ink, consisting of a stylized 'I' followed by a long, slightly curved horizontal line.

I Urquhart

Director

6 December 2016

Independent auditors' report to the members of Babcock International Limited

Report on the financial statements

Our opinion

In our opinion, Babcock International Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Balance Sheet as at 31 March 2016;
- the Income Statement and Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

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

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

A handwritten signature in black ink, appearing to read 'J Baker', with a long horizontal flourish extending to the right.

John Baker (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
6th December 2016

Babcock International Limited

Income statement

For the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Administration expenses		(829)	(1,458)
Operating loss	5	(829)	(1,458)
Loss on ordinary activities before interest and taxation		(829)	(1,458)
Finance income	4	176	175
Finance costs	4	(630)	(361)
Profit on ordinary activities before income tax		(1,282)	(1,644)
Income tax expense	6	(257)	(223)
Profit for the year		(1,539)	(1,867)

All of the above results derive from continuing operations.

Statement of comprehensive Income/ (Loss)

For the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Loss for the year		(1,539)	(1,867)
Total comprehensive income for the year		(1,539)	(1,867)

Babcock International Limited

Balance sheet

As at 31 March 2016

	Note	2016 £'000	2015 £'000
Non-current assets			
Tangible fixed assets	7	2,448	679
Investments shares in group undertakings	8	20,838	20,838
		<u>23,286</u>	<u>21,517</u>
Current assets			
Trade and other receivables	8	418,126	317,905
Cash and cash equivalents		8	34
		<u>418,134</u>	<u>371,939</u>
Trade and other payables – amounts falling due within one year	11	(400,907)	(351,402)
		<u>17,227</u>	<u>20,537</u>
Net assets			
Total assets less current liabilities		<u>40,512</u>	<u>42,054</u>
Trade and other payables – amounts falling due after more than one year	12	(26,439)	(26,439)
		<u>14,075</u>	<u>15,615</u>
Net assets			
Equity			
Called up share capital		10,500	10,500
Share premium		4,633	4,633
Retained earnings		(1,058)	482
Total shareholders' funds		<u>14,075</u>	<u>15,615</u>

The notes on pages 12-21 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
6 December 2016

Babcock International Limited

Statement of changes in equity

For the year ended 31 March 2016

Note	Called-up share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2014	10,500	4,633	2,349	17,482
Loss for the year	-	-	(1,867)	(1,867)
Other comprehensive income / (loss)	-	-	-	-
Dividends paid	-	-	-	-
Balance at 31 March 2015	10,500	4,633	482	15,615
Profit for the year	-	-	(1,539)	(1,539)
Other comprehensive income / (loss)	-	-	-	-
Dividends paid	-	-	-	-
Balance at 31 March 2016	10,500	4,633	(1,058)	14,075

Notes to the financial statements

1 General information

Babcock Support Services (Investments) Limited is a private company which is incorporated and domiciled in the UK. The address of the registered Office is 33 Wigmore Street, London W1U 1QX.

2 Summary of significant accounting policies

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented. The Company has adopted FRS 101 in these financial statements. Details of the transition to FRS 101 are disclosed in note 18.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measure at fair value through profit and loss in accordance with the Companies Act 2006. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £'000.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The Company is a wholly owned subsidiary of Babcock Malta Finance Limited, a company incorporated in England and Wales. The Company's ultimate parent company and ultimate controlling party is Babcock International Group PLC. It is included in the consolidated financial statements of Babcock International Group PLC which are publicly available.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- a) Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share based payments'
- b) IFRS 7, 'Financial instruments: Disclosures'
- c) Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- d) Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information in respect of:
 - paragraph 79(a) (iv) of IAS 1 Share capital and reserves;
 - paragraph 73(e) of IAS 16 Property, plant and equipment; and
 - paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- e) The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), 10(f), 16, 38, 40, 111, and 134-136
- f) IAS 7, 'Statement of cash flows'
- g) Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'

Notes to the financial statements (*continued*)

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.

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 Finance expenses

	2016 £'000	2015 £'000
Finance income:		
Bank interest	-	-
Loan interest receivable from group undertakings	<u>176</u>	<u>175</u>
	176	175
	2016 £'000	2015 £'000
Finance expenses:		
Bank interest	(294)	(29)
Loan interest payable to group undertakings	<u>(336)</u>	<u>(332)</u>
	(630)	(361)

5 Operating profit

Operating profit is stated after charging / (crediting):

	2016 £'000	2015 £'000
Foreign exchange (gains) / losses	518	1,160
Depreciation- owned fixed assets	<u>186</u>	<u>210</u>
	704	1,370

Babcock International Limited

Notes to the financial statements (*continued*)

6 Income tax

Tax expense included in income statement

	2016 £'000	2015 £'000
Current tax:		
UK Corporation tax on profits for the year	-	-
Adjustment in respect of prior year	-	-
Current tax charge for the year	-	-
Deferred tax:		
Origination and reversal of timing differences	(102)	(353)
Adjustment in respect of prior years	341	559
Impact of change in UK tax rate	18	17
Total deferred tax charge / (credit) (note 19)	257	223
Tax on profit on ordinary activities	257	223

Tax expense for the year is higher (2015: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 March 2016 of 20% (2015: 21%). The differences are explained below:

	2016 £'000	2015 £'000
Profit on ordinary activities before taxation	(1,282)	(1,644)
Tax on profit on ordinary activities multiplied by standard UK corporation tax rate of 20% (2015: 21%)	(256)	(345)
Effects of:		
Expenses not deductible for tax purposes	26	27
Group relief for nil consideration	128	(35)
Adjustment in respect of deferred tax prior years	341	559
Impact of change in UK tax rate	18	17
Total tax charge for the year	257	223

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 (*continued*)

7 Tangible fixed assets

	Leasehold property £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 April 2015	1,345	2,493	3,838
Additions	1,910	51	1,961
Disposals	-	(2,347)	(2,347)
At 31 March 2016	3,255	197	3,452
Accumulated depreciation			
At 1 April 2015	754	2,405	3,159
Charge for the year	134	52	186
Disposals		(2,340)	(2,340)
At 31 March 2016	888	117	1,005
Net book value			
At 31 March 2016	2,368	80	2,448
At 31 March 2015	591	88	679

8 Investments

	2016			2015		
	Shares in group undertakings £'000	Provisions for impairment £'000	Total £'000	Shares in group undertakings £'000	Provisions for impairment £'000	Total £'000
Cost						
At 1 April 2015	21,454	(616)	20,838	21,454	(616)	20,838
Additions	-	-	-	-	-	-
Carrying amount at 31 March 2016	21,454	(616)	20,838	21,454	(616)	20,838

Babcock International Limited

Notes to the financial statements (*continued*)

9 Investments (*continued*)

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

<u>Company</u>	<u>Country of Registration</u>	<u>Principal Activities</u>
Babcock Nominees Limited	Great Britain	Dormant
The Stirling Boiler Company Limited	Great Britain	Dormant
Hiberna Contract Services Limited	Great Britain	Dormant
Babcock Contractors Limited	Great Britain	Dormant
Babcock Woodall-Duckham (Overseas) Limited	Great Britain	Dormant
Babcock-Moxey Limited	Great Britain	Dormant
BMH (2002) Limited	Great Britain	Dormant
Hiberna Limited	Great Britain	Dormant
St Helen's Securities Limited	Great Britain	Dormant

On 15 September 2010, the use of the Babcock name was sublicensed to Babcock Integration LLP in exchange for an interest in the partnership. This was in order to facilitate the integration of the Babcock and VT groups. The Babcock name was not capitalised in the financial statements of the Company in accordance with FRS10 "Goodwill and Intangible Assets".

The partnership interest has been recognised at a cost of £nil given that the use of the Babcock name was not recognised in the financial statements of the Company prior to the sublicense to the LLP.

Full lists of related undertakings for the Company have been disclosed in note 17.

10 Trade and other receivables

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Trade receivables	416	204
Amounts owed by group undertakings	414,980	368,130
Deferred tax asset (note 13)	164	422
Other receivables	1	8
Prepayments and accrued income	2,564	3,141
	418,303	371,905

Included in amounts owed by group undertakings is £10,305,000(2015: £10,305,000) due after more than one year, of which £10,000,000 (2015: £10,000,000) bears an interest rate of UK LIBOR plus 100 basis points, the balance is interest free. The remaining £405,796,000 (2015: £357,825,000) is interest free and repayable on demand.

Babcock International Limited

Notes to the financial statements (*continued*)

11 Trade and other payables

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Bank loans and overdrafts	36,112	20,311
Trade creditors	3,274	1,237
Amounts owed to parent and group undertakings	350,791	317,066
Taxation and social security	-	817
UK Corporation Tax payable	-	-
VAT	289	-
Accruals and deferred income	10,441	11,971
	400,907	351,402

Included in amounts owed to group undertakings are loans of £2,053,000 (2014: £2,053,000) bearing interest at UK LIBOR plus 100 basis points. A loan of £1,347,000 (US\$2,000,000) (2014: £1,200,000) bearing interest at US LIBOR plus 100 basis points. The remaining £313,666,000.

12 Trade and other payables

Amounts falling due after more than one year:

	2016 £'000	2015 £'000
Amounts owed to group undertakings	26,439	26,439

These debts are repayable between two and five years. £7,970,000 (2015 £7,970,000) is non-interest bearing. The debt of (2015:£18,469,000) bears an interest rate of UK LIBOR plus 100 basis points.

13 Share capital

	Ordinary shares £'000
Allotted, issued and fully paid	
100,000,000 (2015: 100,000) ordinary shares of £0.10 each	10,000
5,000,000 (2015: 5,000,000) preference shares of £0.10 each	500
At 31 March 2016	10,500

Babcock International Limited

Notes to the financial statements (*continued*)

14 Deferred taxation

The major components of the deferred tax liabilities and deferred tax asset are recorded are as follows:

	2016 Provided £'000	2015 Provided £'000
Accelerated capital allowances	(65)	(81)
Short-term timing differences	(99)	(341)
Capital losses	-	-
	(164)	(422)

The movement on the deferred tax asset is as follows:

	Total £'000
At 1 April 2015	(422)
Current year movement	(102)
Adjustments in respect of prior years	341
Impact of change in UK tax rate	18
At 31 March 2016	(164)

15 Related party disclosures

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

Babcock International Limited

Notes to the financial statements (*continued*)

16 Related undertakings

The Company's directly owned subsidiary undertakings, all of which are wholly-owned unless otherwise stated are listed in note 6; all related undertakings are as follows:

Company Name	Country	Interest	Ultimate %	All Parent %
Babcock Contractors Limited	United Kingdom	6,7000,000 ORDINARY shares	100.0000000000%	100.0000000000%
Babcock Nominees Limited	United Kingdom	700,000 ORDINARY shares	100.0000000000%	100.0000000000%
Babcock UK Finance	United Kingdom	10 ORDINARY shares	0.0024729215%	0.0024729215%
Chepstow Insurance Limited	United Kingdom	1 ORDINARY shares	0.0001666667%	0.0001666667%
Babcock Woodall-Duckham (Overseas) Limited	United Kingdom	108,485 'B' ORDINARY shares, 515,515 ORDINARY shares, 180,000 6% CUMULATIVE PREFERENCE shares	99.9990000000%	99.9990000000%
Babcock-Moxey Limited	United Kingdom	20,447 ORDINARY shares	100.0000000000%	100.0000000000%
BMH (2002) Limited	United Kingdom	129,572 ORDINARY shares	100.0000000000%	100.0000000000%
Hiberna Contract Services	United Kingdom	8,614,327 ORDINARY shares	100.0000000000%	100.0000000000%
Hiberna Limited	United Kingdom	100 ORDINARY shares	100.0000000000%	100.0000000000%
St Helen's Securities Limited	United Kingdom	11,361,934 ORDINARY shares	100.0000000000%	100.0000000000%
The Stirling Boiler Company Limited	United Kingdom	15,000 ORDINARY shares	100.0000000000%	100.0000000000%

17 Parent undertakings

The Company's immediate parent company is Babcock Management Limited, a company registered in England and Wales. The ultimate parent undertaking and controlling party is Babcock International Group PLC, a company incorporated in Great Britain and registered in England and Wales. The largest group in which the results of the Company are consolidated is that headed by Babcock International Group PLC. Copies of Babcock International Group PLC consolidated financial statements can be obtained from the following address:

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

18 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'.