

Babcock Management Limited

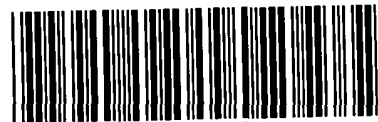
Annual Report

For the year ended 31 March 2017

Company registration number:

00107414

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COMPANIES HOUSE

Babcock Management 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 activity of the Company continues to be that of a holding company. The directors do not anticipate any change in the nature of the Company's activities in future periods.

Review of the business

	2017 £000	2016 £000
(Loss) / profit for the financial year	(39,249)	155,981

During the financial year the Company received £nil (2016: £160,900,000) in dividends from subsidiary undertakings. In addition, following a restructuring of intercompany debt the Company incurred finance costs totalling £37,189,000 (note 5).

Principal risks and uncertainties

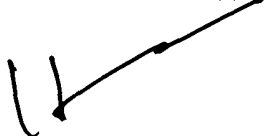
The management of the business and the execution of the Company's strategy are subject to a number of risks and uncertainties. These are managed through the operational review process supplemented at Group level by independent challenge and review by the Group Risk Manager and the Audit and Risk Committee.

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

No dividends were paid or declared (2016: £nil) during the financial year. 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

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

Babcock Management Limited

Independent auditors' report to the members of Babcock Management Limited

Report on the financial statements

Our opinion

In our opinion, Babcock Management 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 Management 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 Management 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 Management Limited
(continued)

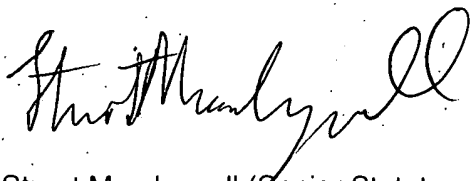
Responsibilities for the financial statements and the audit (continued)

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

Babcock Management Limited**Income statement***for the year ended 31 March 2017*

	Note	2017 £000	2016 £000
Administrative expenses		<u>(1,065)</u>	(230)
Operating loss	4	(1,065)	(230)
Income from shares in group undertakings		<u>-</u>	160,900
(Loss) / profit on ordinary activities before interest and taxation		(1,065)	160,670
Finance income	5	894	524
Finance costs	5	<u>(39,078)</u>	(3,813)
(Loss) / profit on ordinary activities before income taxation		(39,249)	157,381
Income tax expense	6	<u>-</u>	(1,400)
(Loss) / profit for the financial year		(39,249)	155,981

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	<u>(39,249)</u>	155,981
Total comprehensive (expense)/ income for the year	(39,249)	155,981

Babcock Management Limited

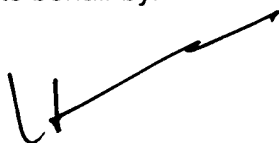
Balance sheet

as at 31 March 2017

	Note	2017 £000	2016 £000
Non-current assets			
Investments	7	<u>1,587,450</u>	<u>1,587,450</u>
Current assets			
Trade and other receivables – amounts falling due within one year	8	<u>336,082</u>	<u>335,192</u>
Cash and cash equivalents		<u>11</u>	<u>172</u>
		336,093	335,364
Current liabilities			
Trade and other payables – amounts falling due within one year	9	<u>(245,706)</u>	<u>(665,167)</u>
Net current assets / (liabilities)		<u>90,387</u>	<u>(329,803)</u>
Net assets		<u>1,677,837</u>	<u>1,257,647</u>
Equity			
Called up share capital	10	48,001	48,001
Share premium account		942,296	482,857
Other reserves		350,000	350,000
Retained earnings		<u>337,540</u>	<u>376,789</u>
Total shareholders' funds		<u>1,677,837</u>	<u>1,257,647</u>

The notes on pages 11 to 20 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

Babcock Management Limited**Statement of changes in equity**
for the year ended 31 March 2017

	Called up share capital £000	Share premium account £000	Other reserves £000	Retained earnings £000	Total shareholders' fund £000
Balance at 1 April 2015	48,001	482,857	350,000	220,808	1,101,666
Profit for the financial year	-	-	-	155,981	155,981
Balance at 31 March 2016	48,001	482,857	350,000	376,789	1,257,647
Loss for the financial year	-	-	-	(39,249)	(39,249)
Share issued	-	459,439	-	-	459,439
Balance at 31 March 2017	48,001	942,296	350,000	337,540	1,677,837

Babcock Management Limited

Notes to the financial statements

1 General information

Babcock Management 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 Investments 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)**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.

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.

Notes to the financial statements (continued)**3 Critical accounting estimates and judgements (continued)**

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. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

4 Operating loss

Operating loss is stated after charging:

	2017	2016
	£000	£000
Audit fees	(2)	(4)
Foreign exchange loss	(1,063)	(226)

5 Finance income and costs

2017	2016
£000	£000

Finance income:

Loan interest receivable from group undertakings	894	524
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Finance costs:

Interest payable to group undertakings	(39,078)	(3,813)
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6 Income tax expense

2017	2016
£000	£000

Current tax:

UK Corporation tax on (loss) / profit for the year	-	1,400
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Tax on (loss) / profit on ordinary activities	-	1,400
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Tax expense for the year is lower (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	(39,249)	157,381

(Loss) / profit on ordinary activities multiplied by standard UK corporation tax rate of 20% (2016: 20%)

(7,850)	31,476
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Effects of:

Expenses not deductible for tax purposes	-	(32,180)
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Group relief for nil consideration	7,850	704
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Tax on apportioned chargeable CFC profits	-	1,400
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Tax charge for the year	-	1,400
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Babcock Management Limited

Notes to the financial statements (continued)

6 Income tax expense (continued)

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.

7 Investments

	2017 £000	2016 £000
Shares in group undertakings		
Cost		
At 1 April and 31 March	<u>1,593,243</u>	<u>1,593,243</u>
Provision for impairment		
At 1 April and 31 March	<u>(5,793)</u>	<u>(5,793)</u>
Net book value		
At 1 April and 31 March	<u>1,587,450</u>	<u>1,587,450</u>

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 subsidiary undertakings has been included in Note 13 Related Undertakings.

8 Trade and other receivables – amounts falling due within one year

	2017 £000	2016 £000
Amounts due by group undertakings	335,424	334,534
Group relief receivable	<u>658</u>	<u>658</u>
	<u>336,082</u>	<u>335,192</u>

All amounts included in amounts due by group undertakings are unsecure, repayable on demand and:

- £19,216,000 (2016: £19,216,000) bears interest at 6 month UK LIBOR plus 4%;
- The remaining £316,866,000 (2016: £315,975,000) is non-interest bearing.

9 Trade and other payables– amounts falling due within one year

	2017 £000	2016 £000
Amounts due to parent and group undertakings	244,306	663,767
UK corporation tax payable	<u>1,400</u>	<u>1,400</u>
	<u>245,706</u>	<u>665,167</u>

Notes to the financial statements (continued)**9 Trade and other payables— amounts falling due within one year (continued)**

Amounts due to parent and group undertakings are repayable on demand and:

- £13,034,000 (2016: £13,034,000) bears interest at 6 month UK LIBOR +1%;
- £7,997,000 (2016: 6,957,000) bears interest at 1 year US LIBOR;
- £44,000,000 (2016: £44,000,000) bears interest at 6 month UK LIBOR +4%; and
- The remaining £179,275,000 (2015: £599,775,000) is non-interest bearing.

10 Called up share capital

	2017	2016
	£000	£000
Allotted and fully paid		
48,001,645 ordinary shares of £1 each (2016: 48,001,545)	48,001	48,001

On the 23 March 2017 Babcock Investments Limited subscribed for 100 ordinary shares in Babcock Management Limited.

11 Related party disclosures

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

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 undertakings

All related undertakings for the Company are as listed below:

Company Name	Registered address	Interest	Ultimate %	Direct %
ABC Electrification Limited	8th Floor, The Place High , Holborn, London , WC1V 7AA	200 Ordinary-B shares	33.3333%	33.3333%
Alert Communications (2006) Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	10 Ordinary shares, 4,693,137 Preference shares	20.0866%	100.0000%
Alert Communications (Holdings) Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	476,000 Ordinary shares	20.0866%	100.0000%
Alert Communications Group Holdings Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	2 Ordinary shares	20.0000%	20.0000%
Alert Communications Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	476,000 Ordinary shares	20.0866%	100.0000%

Babcock Management Limited

Notes to the financial statements (continued)

13 Related undertakings (continued)

Company Name	Registered address	Interest	Ultimate %	Direct %
Alstec Automation Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	1 Ordinary shares	100.0000%	100.0000%
Alstec Defence Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	1 Ordinary shares	100.0000%	100.0000%
Babcock 1234 Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	1 Ordinary shares	100.0000%	100.0000%
Babcock 2010 Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	1 Ordinary shares	100.0000%	100.0000%
Babcock 4S Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	801 Ordinary-A shares	74.4930%	80.1000%
Babcock Assessments Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	166,000 Ordinary shares	93.0000%	100.0000%
Babcock Careers Guidance (South) Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	51 Ordinary-A shares, 49 Ordinary-B shares	93.0000%	100.0000%
Babcock Careers Guidance Limited	33 Wigmore Street, London, W1U 1QX	1,050 Ordinary shares	93.0000%	100.0000%
Babcock Communications & Partners LLC	PO Box 248 (located at Muaskar Al Murtafa'a (MAM) Garrison), Muscat, 100, Sultanate of Oman	105,000 Ordinary shares	70.0000%	70.0000%
Babcock Communications Cyprus Limited	199 Mariakos III Ave, Neoclous House, CY 3030 Limassol, Cyprus	10,000 Ordinary shares	100.0000%	100.0000%
Babcock Communications Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	1,000,000 Ordinary shares	100.0000%	100.0000%
Babcock Education & Training Holdings LLP	33 Wigmore Street, London, W1U 1QX, United Kingdom	Holding Company > Subsidiary Company	93.0000%	93.0000%
Babcock Education Holdings Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	Holding Company > Subsidiary Company	93.0000%	100.0000%
Babcock Group Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	1,231 Ordinary shares	100.0000%	100.0000%
Babcock Integration LLP	33 Wigmore Street, London, W1U 1QX, United Kingdom	Holding Company > Subsidiary Company	5.2500%	5.2500%
Babcock Investments (Number Eight) Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	6,045,792 Ordinary shares	100.0000%	100.0000%
Babcock IP Management (Number One) Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	10,005 Ordinary shares	5.2885%	0.0100%
Babcock IP Management (Number Two) Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	10,001 Ordinary shares	5.2611%	100.0000%

Babcock Management Limited

Notes to the financial statements (continued)

13 Related undertakings (continued)

Company Name	Registered address	Interest	Ultimate %	Direct %
Babcock Learning and Development Partnership LLP	33 Wigmore Street, London, W1U 1QX, United Kingdom 12F rue Guillaume Kroll, L -	Holding Company > Subsidiary Company	74.4830%	80.1000%
Babcock Luxembourg Investments I S.a.r.l.	1882 Luxembourg, Luxembourg 12F rue Guillaume Kroll, L -	Holding Company > Subsidiary Company	100.0000%	100.0000%
Babcock Luxembourg Investments S.a.r.l.	1882 Luxembourg, Luxembourg Verdala Business Centre, Level 1, LM Complex, Brewery Street, Mriehel,	14,000 Ordinary shares 272,155,892 Ordinary-A shares, 272,155,891 Ordinary-B shares 1 Ordinary-C shares	100.0000%	100.0000%
Babcock Malta Finance Limited	Birkirkara , BKR 3000, Malta Verdala Business Centre, Level 1, LM Complex, Brewery Street, Mriehel,	149,997,333 Ordinary-A shares, 149,997,333 Ordinary-B shares	100.0000%	100.0000%
Babcock Malta Holdings Limited	Birkirkara , BKR 3000, Malta Unit 2, Red Cow Interchange Estate, Ballymounth, Dublin, 22, Ireland	2,000,000 Ordinary shares	100.0000%	100.0000%
Babcock Networks Ireland Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	10,076,900 Ordinary shares	100.0000%	100.0000%
Babcock Networks Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	162,002 Ordinary shares	100.0000%	100.0000%
Babcock Nuclear Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	2,900,000 Ordinary shares	100.0000%	100.0000%
Babcock Power Maintenance Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	10,225 Ordinary shares	100.0000%	100.0000%
Babcock Rail Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	586,146 Ordinary shares	100.0000%	100.0000%
Babcock Services Group Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	111 Ordinary shares	93.0000%	100.0000%
Babcock Skills Development and Training Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	1 Ordinary shares	100.0000%	100.0000%
Babcock SSD Services Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	10,307 Ordinary shares	100.0000%	100.0000%
Babcock Support Services (Investments) Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	Holding Company > Subsidiary Company	100.0000%	100.0000%
Babcock Training Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	2,000,000 Ordinary shares	100.0000%	100.0000%
BIL Solutions Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom			

Babcock Management Limited

Notes to the financial statements (continued)

13 Related undertakings (continued)

Company Name	Registered address	Interest	Ultimate %	Direct %
BNS Nuclear Services Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	12,100 Ordinary shares	100.0000%	100.0000%
British Nuclear Services Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	1 Ordinary shares	100.0000%	100.0000%
Capital Careers Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	8,825 Ordinary shares	82.0725%	88.2500%
Cavendish Boccard Nuclear Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	51 Ordinary shares	51.0000%	51.0000%
Cavendish Dounreay Partnership Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom C/O Babcock International Group PLC, 33 Wigmore Street, London, W1U 1QX, United Kingdom	50 Ordinary-A shares	50.0000%	50.0000%
Cavendish Fluor Partnership Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	65 Ordinary shares	65.0000%	65.0000%
Cavendish Nuclear (Overseas) Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	25,000 Ordinary shares	100.0000%	100.0000%
Cavendish Nuclear Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	15 Ordinary shares, 50,000 Preference shares	100.0000%	100.0000%
Cavendish Nuclear Manufacturing Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	1,000,000 Ordinary shares	100.0000%	100.0000%
Certas Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	2 Ordinary shares	100.0000%	100.0000%
Costpool Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	1 Ordinary shares	100.0000%	100.0000%
Dounreay Site Restoration Limited	Building D2003, Dounreay, Thurso, Caithness, KW14 7TZ, Scotland	1 Ordinary-A shares	50.0000%	100.0000%
Eve Construction Ltd	33 Wigmore Street, London, W1U 1QX, United Kingdom	2 Ordinary shares	100.0000%	100.0000%
Eve Developments Ltd	33 Wigmore Street, London, W1U 1QX, United Kingdom	2 Ordinary shares	100.0000%	100.0000%
Eve NCI Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	1,000 Ordinary shares	100.0000%	100.0000%
Eve Power Ltd	33 Wigmore Street, London, W1U 1QX, United Kingdom	2 Ordinary shares	100.0000%	100.0000%
First Fire and Rescue Service No 2 Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	2 Ordinary shares	100.0000%	100.0000%

Babcock Management Limited

Notes to the financial statements (continued)

13 Related undertakings (continued)

Company Name	Registered address	Interest	Ultimate %	Direct %
FSP (2004) Limited	Kintail House, 3 Lister Way, Hamilton International Park, Blantyre, G72 0FT, Scotland	50 Ordinary-A shares	50.0000%	50.0000%
FW 1B SPV Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100 Ordinary shares, 100 Deferred shares	100.0000%	100.0000%
Global Broadcast Telecommunication Services Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	2 Ordinary shares	100.0000%	100.0000%
Guidance Services Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	2 Ordinary shares	93.0000%	100.0000%
HCTC Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	17,621,361 Ordinary shares	93.0000%	100.0000%
Hiberna Network Solutions Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	650,000 Ordinary shares	100.0000%	100.0000%
INS Innovation Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	1 Ordinary shares	100.0000%	100.0000%
International Channel Europe Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	2 Ordinary shares	100.0000%	100.0000%
KML (UK) Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	Holding Company > Subsidiary Company	93.0000%	100.0000%
Magnox Limited	Oldbury Technical Centre, Oldbury Naite , Thornbury, Bristol, United Kingdom	1 Ordinary shares	32.5000%	50.0000%
Merlin Communications Group Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	296,001 Ordinary-B shares, 315,830 Ordinary-A shares	100.0000%	100.0000%
Merlin Orfordness Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	2 Ordinary shares	100.0000%	100.0000%
National Training Institute LLC	PO Box 267, MadinatQaboos, Sultanate of Oman, 115, Oman	350,000 Ordinary shares	65.1000%	70.0000%
Northern Cable Installations Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	1 Ordinary shares	100.0000%	100.0000%
Research Sites Restoration Limited	Oldbury Technical Centre, Oldbury Naite , Thornbury, Bristol, United Kingdom	1 Ordinary-A shares	65.0000%	100.0000%
SBRail Limited	33 Wigmore Street, London, W1U 1QX	1 Ordinary shares	100.0000%	100.0000%

Notes to the financial statements (continued)**13 Related undertakings (continued)**

Company Name	Registered address	Interest	Ultimate %	Direct %
Scimco Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	5,000,000 Ordinary shares	100.0000%	100.0000%
Skills2Learn Ltd	33 Wigmore Street, London, W1U 1QX, United Kingdom	100 Ordinary shares	93.0000%	100.0000%
Touchstone Learning & Skills 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	93.0000%	100.0000%
UKAEA Limited	Mainzer Landstrasse 16, 60325, Frankfurt Am Main, Germany	15,050,000 Ordinary shares	100.0000%	100.0000%
VT Communications GmbH	60325, Frankfurt Am Main, Germany	25,000 Ordinary shares	100.0000%	100.0000%
WRN Broadcast Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	104,824 Ordinary shares	100.0000%	100.0000%
WRN Facilities Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	1 ordinary shares	100.0000%	100.0000%

14 Immediate and ultimate parent undertakings

The Company's immediate parent company is Babcock Investments 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