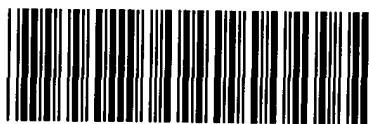

Babcock Management Limited
Directors' report and financial statements

For the year ended 31 March 2015

Company registration number:

00107414

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COMPANIES HOUSE

Babcock Management Limited

Directors and advisor

Directors

I Urquhart (appointed 17 December 2014)

P L Rogers

F Martinelli

W Tame (resigned 17 December 2014)

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 Management Limited

Strategic report

The directors present their Strategic report of the Company for the year ended 31 March 2015.

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 during the financial year.

Results

The result for the financial year was a loss of £2,929,000 (2014: profit £12,471,000) which will be transferred to reserves.

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.

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 discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on pages 60 to 69 of the annual report of Babcock International Group PLC, which does not form part of this report.

By order of the Board 09 December 2015:



I Urquhart
Director

Babcock Management Limited

Directors' report

The directors present their Directors' report and the audited financial statements of the Company, for the year ended 31 March 2015.

Future direction of the Company

There are no plans to alter significantly the business of the Company.

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued support of the immediate parent company Babcock Investments Limited. The directors have received confirmation that Babcock Holdings Limited intends to support the Company for at least one year after these financial statements are signed.

Dividends

The directors paid a dividend of £18,000,000 (2014: £27,000,000).

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. For further information refer to Note 2 of the Babcock International Group PLC financial statements.

Qualifying third party indemnity provisions

Under their respective Articles of Association, the directors of the Company are, and were during the year to 31 March 2015, entitled to be indemnified by the Company against liabilities and costs incurred in connection with the execution of their duties or the exercise of their powers, to the extent permitted by the Companies Act 2006.

Babcock International Group PLC also 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 directors 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 2014 and remain in force.

Directors of the Company

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

I Urquhart	(appointed 17 December 2014)
P L Rogers	
F Martinelli	
W Tame	(resigned 17 December 2014)

Babcock Management Limited

Directors' report (continued)

Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic report, 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 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 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 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 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.

Auditors and the disclosure of information

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 enquiries 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.

Reappointment of independent auditors

A resolution proposing to reappoint PricewaterhouseCoopers LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board on 09 December 2015:



I Urquhart
Director

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 2015 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 comprise:

- the Balance Sheet as at 31 March 2015;
- the Profit and loss account 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 their preparation is applicable law and United Kingdom Accounting Standards (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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

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 set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Babcock Management Limited

Independent auditors' report to the members of Babcock Management Limited (continued)

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK & 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 and 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 sample 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 Financial Statements 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.



John Baker (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

09 December 2015

Babcock Management Limited

Profit and loss account

For the year ended 31 March 2015

	Notes	2015 £'000	2014 £'000
Administrative expenses	3	(759)	591
Operating (loss) /profit		(759)	591
Profit on sale of investments		-	-
Income from shares in group undertakings		18,000	27,000
Profit on ordinary activities before interest and taxation		17,241	27,591
Interest receivable and similar income	2	519	508
Amounts written off investments	6	-	-
Interest payable and similar charges	2	(20,689)	(15,628)
(Loss) / profit on ordinary activities before taxation	4	(2,929)	12,471
Tax on (loss)/profit on ordinary activities	5	-	-
(Loss) / profit for the financial year	10	(2,929)	12,471

There is no difference between the (loss) / profit on ordinary activities before taxation and the (loss)/profit for the year stated above and their historical cost equivalents.

There were no other recognised gains or losses aside from those shown in the Profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

All results derive from continuing operations.

The accompanying notes form an integral part of these financial statements.

Babcock Management Limited

Company registration number: 00107414

Balance sheet as at 31 March 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Shares in group undertakings	6	<u>1,609,450</u>	1,609,450
		<u>1,609,450</u>	1,609,450
Current assets			
Debtors	7	<u>154,425</u>	136,965
Cash at bank and in hand		<u>172</u>	-
		<u>154,597</u>	136,965
Creditors: amounts falling due within one year	8	<u>(662,381)</u>	(623,820)
Net current liabilities		<u>(507,784)</u>	(486,855)
Total assets less current liabilities		<u>1,101,666</u>	1,122,595
Net assets		<u>1,101,666</u>	1,122,595
Capital and reserves			
Called up share capital	9	<u>48,001</u>	48,001
Share premium account	10	<u>482,857</u>	482,857
Other reserves	10	<u>350,000</u>	350,000
Profit and loss account	10	<u>220,808</u>	241,737
Total shareholders' funds	10	<u>1,101,666</u>	1,122,595

The financial statements on pages 7-17 were approved by the board of directors and signed on its behalf by:



I Urquhart
Director

09 December 2015

Babcock Management Limited

Notes to the financial statements

1. Accounting policies

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

Basis of preparation

The Company has net current liabilities at 31 March 2015. The directors of Babcock Investments Limited have confirmed that they will continue to provide financial support for at least one year from the date of signing these financial statements, such that the Company continues to settle third party liabilities as they fall due accordingly, the financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 applicable accounting standards in the United Kingdom.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less provision for impairment. Any impairment is recognised in the profit and loss account in the period in which it arises.

Taxation

Current tax, including UK Corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted as at 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 taxation 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 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. Deferred tax is measured on a non-discounted basis.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the Profit and loss account.

Babcock Management Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

Group financial statements

The Company has taken advantage of Section 400 of the Companies Act 2006 and has not prepared group financial statements as it is a wholly owned subsidiary undertaking of Babcock International Group PLC which prepares consolidated financial statements which are publicly available.

Cash flow statement

The Company has taken advantage of the exemption in Financial Reporting Standard 1 (revised 1996) to dispense with the requirement to prepare a cash flow statement in its financial statements, as a consolidated cash flow statement is included in the financial statements of the ultimate parent company, which are publically available.

2. Interest (payable)/receivable and similar (charges)/income

	2015 £'000	2014 £'000
Interest payable and similar charges:		
Bank interest	-	-
Finance charges	(18,427)	(13,398)
Interest payable to group undertakings	(2,262)	(2,230)
	<u>(20,689)</u>	<u>(15,628)</u>
Interest receivable and similar income:		
Bank interest	2	-
Loan interest receivable from group undertaking	517	508
	<u>519</u>	<u>508</u>
Net interest payable and similar charges	<u>(20,170)</u>	<u>(15,120)</u>

3. Staff costs and directors remuneration

There were no staff (2014: none) employed by the Company during the current year and none (2014: none) of the directors received remuneration in respect of their services to the Company.

4. (Loss)/profit on ordinary activities before taxation

(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting):

	2015 £'000	2014 £'000
Tax compliance fee	3	3
Auditors' remuneration		
- audit fees	4	3
Exchange (profit)/loss	752	(597)

Babcock Management Limited

Notes to the financial statements (continued)

5. Tax on (loss)/profit on ordinary activities

	2015 £'000	2014 £'000
Current tax		
UK Corporation tax on profit for the year	-	-
Adjustments in respect of prior years	-	-
Group relief for consideration	-	-
Current tax charge for the year	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Adjustment in respect of prior years:	-	-
ACT irrecoverable written off	-	-
Impact of change in UK tax rate	-	-
Tax charge	-	-

The tax assessed for the year is higher (2014: lower) than the standard effective rate of Corporation tax in the UK for the year ended 31 March 2015 of 21% (2014: 23%). The differences are explained below:

	2015 £'000	2014 £'000
(Loss)/profit on ordinary activities before tax	(2,929)	12,471
Tax on (loss)/profit on ordinary activities at standard UK Corporation tax rate of 21% (2014: 23%)	(615)	2,868
Effects of:		
Timing differences	-	-
Intangible amortisation not deductible for tax purposes	-	-
Expenses not deductible for tax purposes		
Income not subject to tax	(3,780)	(6,210)
Tax adjustments in respect of prior years	-	-
Group relief for nil consideration	4,395	3,342
Non-taxable gains	-	-
Current tax credit for the year	-	-

Factors affecting current and future tax charges

A number of changes to the UK Corporation tax system were announced in the March 2012 Budget Statement. Legislation to reduce the main rate of Corporation tax from 23% to 21% from 1 April 2015 is included in the Finance Act 2014. Further changes to the UK Corporation tax system were announced in the March 2014 Budget Statement. These included further reductions to the main corporation rate from 21% to 20% by 1 April 2015. These further changes have been substantively enacted at the balance sheet date and, therefore the impact is included in these financial statements. As a result of the above all deferred tax balances are restated at 20% at the balance sheet date.

The Company has not recognised potential deferred tax assets of £7,906,000 (2014: £7,906,000) in relation to capital tax losses on the basis that assets are not likely to be disposed of in the foreseeable future.

Babcock Management Limited**Notes to the financial statements (continued)****6. Fixed assets – Shares in group undertakings**

Cost	Total £'000
At 1 April 2014	1,615,243
Additions	
Disposals	
At 31 March 2015	1,615,243
Provision for impairment	
At 1 April 2014	(5,793)
Disposals	-
At 31 March 2015	(5,793)
Net book value	
At 31 March 2015	1,609,450
At 31 March 2014	1,609,450

During the year the Company received dividends from Babcock Support Services Investments Limited of £18,000,000 (2014: £27,000,000).

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

The Company's directly owned subsidiary undertakings, all of which are wholly-owned, are:

<u>Company</u>	<u>Country of Registration</u>	<u>Principal Activities</u>
Babcock Luxembourg Investments Sarl	Luxembourg	Investment company
Babcock Support Services Investments Limited	England and Wales	Investment company

The Company's directly owned subsidiary undertakings, those of which are not wholly owned, are

<u>Company</u>	<u>Country of Registration</u>	<u>Principal Activities</u>
Babcock Malta Finance Limited	Malta	Investment company

Except as otherwise stated, all shares held comprise ordinary share capital.

A full list of related undertakings for the Company have been disclosed in note 14,

Babcock Management Limited

Notes to the financial statements (continued)

7. Debtors

	2015 £'000	2014 £'000
Due within one year:		
Amounts owed by group undertakings	154,425	136,965
UK Corporation tax recoverable		-
	154,425	136,965

Included in amounts due from group undertakings within one financial year are loans of £11,041,000 (2014: £11,041,000) bearing an interest rate of 6 monthly UK LIBOR plus four hundred basis points.

The remaining £143,384,000 (2014: £125,924,000) is non interest bearing.

8. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Bank loans and overdrafts	-	546
Trade creditors	-	-
Amounts owed to group undertakings	662,381	623,274
UK corporation tax payable	-	-
VAT	-	-
	662,381	623,820

Included in amounts due to parent and group undertakings are loans of £13,034,000 (2014: £13,034,000) which bear interest at UK LIBOR six monthly plus one hundred basis points and £6,736,000 (2014: £5,998,000) bearing an interest rate of US LIBOR plus 143 basis points, and £44,000,000 (2014: £44,000,000) bearing an interest rate of UK LIBOR six monthly plus 400 basis points. On the 2 July 2014 the company issued an unsecured discounted note to a fellow group company at an issue price of £407,000,000 (2014: £371,150,000) which accrued finance charges of £13,725,000, with a redemption date of 9 April 2015 at a redemption price of £422,250,000

The remaining £598,610,000 (2014: £546,844,000) is non interest bearing.

9. Called up share capital

	2015 £'000	2014 £'000
Allotted, called up and fully paid		
48,001,545 ordinary shares of £1 each (2014: 48,001,545)	48,001	48,001

Babcock Management Limited

Notes to the financial statements (continued)

10. Reconciliation of movements in shareholders' funds and reserves

	Called up share capital £'000	Share premium account £'000	Capital Reserve £'000	Profit and loss account £'000	Total £'000
At 1 April 2014	48,001	482,857	350,000	241,737	1,122,595
(Loss)/profit for the year				(2,929)	(2,929)
Dividends paid				(18,000)	(18,000)
At 31 March 2015	48,001	482,857	350,000	220,808	1,101,666
At 1 April 2013	48,001	482,857	350,000	256,266	1,137,124
(Loss)/profit for the year	-	-	-	12,471	12,471
Dividends paid	-	-	-	(27,000)	(27,000)
At 31 March 2014	48,001	482,857	350,000	241,737	1,122,595

11. Dividends

	2015 £'000	2014 £'000
Dividends paid of £0.3750 (2014: £0.5625) per £1 share	18,000	27,000

12. Contingent liabilities

The Company at the year end had guaranteed or had joint and several liabilities for drawn bank facilities of £nil (2014: £nil) provided to other group companies.

13. Related party disclosures

The Company, as a wholly owned subsidiary, has taken advantage of the exemption, granted under Financial Reporting Standard 8, Related Party Disclosures, from disclosing details of sales and purchases with other members of the group headed up by Babcock International Group PLC, whose financial statements are publically available.

14. 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 Luxembourg Investments S.a.r.l.	Luxembourg	14,000 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Luxembourg Investments I S.a.r.l.	Luxembourg	14,002 Ordinary shares	99.9857183662%	99.9857183662%
Babcock Malta Holdings Limited	Malta	149,997,333 Ordinary-A shares, 149,997,333 Ordinary-B shares	99.9857183662%	100.0000000000%
Babcock Malta Finance Limited	Malta	272,155,892 Ordinary-A shares, 272,155,891 Ordinary-B shares 1 Ordinary-C shares	99.9857183662%	100.0000000000%
Babcock Investments (Number Eight) Limited	United Kingdom	6,045,792 Ordinary shares	99.9857018282%	99.9999834596%
Babcock Support Services (Investments) Limited	United Kingdom	10,307 Ordinary shares	100.0000000000%	100.0000000000%

Babcock Management Limited

Notes to the financial statements (continued)

14. Related undertakings (continued)

Company Name	Country	Interest	Ultimate %	All Parent %
Babcock 2010 Limited	United Kingdom	1 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Education & Training Holdings LLP	United Kingdom	Holding Company > Subsidiary Company	93.0000000000%	93.0000000000%
Babcock Education Holdings Limited	United Kingdom	Holding Company > Subsidiary Company	93.0000000000%	100.0000000000%
Babcock 4S Limited	United Kingdom	801 Ordinary-A shares	74.4930000000%	80.1000000000%
Babcock Learning and Development Partnership LLP	United Kingdom	Holding Company > Subsidiary Company	74.4930000000%	80.1000000000%
Babcock Training Limited	United Kingdom	Holding Company > Subsidiary Company	93.0000000000%	100.0000000000%
Babcock Careers Guidance Limited	United Kingdom	1,050 Ordinary shares	93.0000000000%	100.0000000000%
Babcock Careers Guidance (North) Limited	United Kingdom	166,000 Ordinary shares	93.0000000000%	100.0000000000%
Careers Yorkshire and the Humber Limited	United Kingdom	Guarantor > Guarantee	18.6000000000%	20.0000000000%
Guidance Services Limited	United Kingdom	2 Ordinary shares	93.0000000000%	100.0000000000%
Babcock Careers Guidance (South) Limited	United Kingdom	51 Ordinary-A shares, 49 Ordinary-B shares	93.0000000000%	100.0000000000%
Capital Careers Limited	United Kingdom	8,825 Ordinary shares	82.0725000000%	88.2500000000%
Babcock Skills Development and Training Limited	United Kingdom	111 Ordinary shares	93.0000000000%	100.0000000000%
HCTC Limited	United Kingdom	17,621,361 Ordinary shares	93.0000000000%	100.0000000000%
KML (UK) Limited	United Kingdom	10,526 Ordinary shares	88.9925454545%	95.6909090909%
Touchstone Learning & Skills Limited	United Kingdom	2 Ordinary shares	88.9925454545%	100.0000000000%
National Training Institute LLC	Oman	350,000 Ordinary shares	65.1000000000%	70.0000000000%
Skills2Learn Ltd	United Kingdom	100 Ordinary shares	93.0000000000%	100.0000000000%
Babcock Networks Limited	United Kingdom	10,076,900 Ordinary shares	100.0000000000%	100.0000000000%
Babcock 1234 Limited	United Kingdom	1 Ordinary shares	100.0000000000%	100.0000000000%
BNS Nuclear Services Limited	United Kingdom	12,100 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Group Limited	United Kingdom	1,231 Ordinary shares	100.0000000000%	100.0000000000%
Eve NCI Limited	United Kingdom	1,000 Ordinary shares	100.0000000000%	100.0000000000%
Babcock IP Management (Number One) Limited	United Kingdom	4 Ordinary shares	0.03997202%	0.159888078%
Babcock Networks Ireland Limited	Ireland	2,000,000 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Nuclear Limited	United Kingdom	162,002 Ordinary shares	100.0000000000%	100.0000000000%
Certas Limited	United Kingdom	2 Ordinary shares	100.0000000000%	100.0000000000%
Eve Construction Ltd	United Kingdom	2 Ordinary shares	100.0000000000%	100.0000000000%
Eve Developments Ltd	United Kingdom	2 Ordinary shares	100.0000000000%	100.0000000000%
Eve Power Ltd	United Kingdom	2 Ordinary shares	100.0000000000%	100.0000000000%
First Fire and Rescue Service No 2 Limited	United Kingdom	2 Ordinary shares	100.0000000000%	100.0000000000%
FW 1B SPV Limited	United Kingdom	100 Ordinary shares, 100 Deferred shares	100.0000000000%	100.0000000000%
Hiberna Network Solutions Limited	United Kingdom	650,000 Ordinary shares	100.0000000000%	100.0000000000%
Integrated Safety Services Group Ltd	United Kingdom	1 Ordinary shares	0.0000046574%	0.0000046574%
Eve Group Limited	United Kingdom	100 Ordinary shares	0.0000046574%	100.0000000000%
Gaycrete Ltd	United Kingdom	5,333 Ordinary shares	0.0187558284%	100.0000000000%
Jackson (EBP) Limited	United Kingdom	100 Ordinary shares	0.0000046574%	100.0000000000%
Jackson Management Services Limited	United Kingdom	12,498 Ordinary shares	0.0080059372%	100.0000000000%

Babcock Management Limited

Notes to the financial statements (continued)

14. Related undertakings (continued)

Company Name	Country	Interest	Ultimate %	All Parent %
Pearson & Raby Limited	United Kingdom	100 Ordinary shares	1.0000046108%	100.0000000000%
Peterhouse5 (Shorco) Limited	United Kingdom	50,100 Ordinary-A shares, 50,000 Ordinary-B shares	0.0000046574%	100.0000000000%
Babcock Corporate Secretaries Limited	United Kingdom	2 Ordinary shares	0.0000046574%	100.0000000000%
Babcock Systems Limited	United Kingdom	100,000 Ordinary shares	0.0000046574%	100.0000000000%
Peterhouse6 (IETG) Limited	United Kingdom	57,147,364 Ordinary shares	0.0000046574%	100.0000000000%
Babcock Services Limited	United Kingdom	100,000 Ordinary shares, 73,568 Ordinary-A shares, 632,830 Preference shares	0.0000046574%	100.0000000000%
Babcock Transmission Limited	United Kingdom	101,000 Ordinary shares	0.0000046574%	100.0000000000%
Babcock Welbeck Limited	United Kingdom	100 Ordinary shares	0.0000046574%	100.0000000000%
BCRA Chesterfield Limited	United Kingdom	225,000 Ordinary shares, 75,000 Ordinary-A shares, 400,000 Redeemable Preference shares	0.0000046574%	100.0001000000%
Alstec Limited	United Kingdom	2 Ordinary shares	0.0000046574%	100.0000000000%
First Engineering Limited	United Kingdom	150,000 Ordinary shares	0.0000046574%	100.0000000000%
Northern Cable Installations Limited	United Kingdom	1 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Services Group Limited	United Kingdom	586,146 Ordinary shares	100.0000000000%	100.0000000000%
Alstec Automation Limited	United Kingdom	1 Ordinary shares	100.0000000000%	100.0000000000%
Alstec Defence Limited	United Kingdom	1 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Power Maintenance Limited	United Kingdom	2,900,000 Ordinary shares	100.0000000000%	100.0000000000%
Cavendish Nuclear (Overseas) Limited	United Kingdom	25,000 Ordinary shares	100.0000000000%	100.0000000000%
BIL Solutions Limited	United Kingdom	2,000,000 Ordinary shares	100.0000000000%	100.0000000000%
British Nuclear Services Limited	United Kingdom	1 Ordinary shares	100.0000000000%	100.0000000000%
INS Rokkasho KK	Japan	68 Ordinary shares	34.0000000000%	34.0000000000%
Cavendish Nuclear Limited	United Kingdom	15 Ordinary shares, 50,000 Preference shares	100.0000000000%	100.0000000000%
Cavendish Boccord Nuclear Limited	United Kingdom	51 Ordinary shares	51.0000000000%	51.0000000000%
Cavendish Dounreay Partnership Limited	United Kingdom	50 Ordinary-A shares	50.0000000000%	50.0000000000%
Dounreay Site Restoration Limited	United Kingdom	1 Ordinary-A shares	50.0000000000%	100.0000000000%
Cavendish Fluor Partnership Limited	United Kingdom	65 Ordinary shares	65.0000000000%	65.0000000000%
Research Sites Restoration Limited	United Kingdom	1 Ordinary-A shares	65.0000000000%	100.0000000000%
Cavendish Nuclear Manufacturing Limited	United Kingdom	1,000,000 Ordinary shares	100.0000000000%	100.0000000000%
INS Innovation Limited	United Kingdom	1 Ordinary shares	100.0000000000%	100.0000000000%
Merlin Communications Group Limited	United Kingdom	296,001 Ordinary-B shares, 315,830 Ordinary-A shares	100.0000000000%	100.0000000000%
Babcock Communications Limited	United Kingdom	1,000,000 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Communications & Partners LLC	Oman	105,000 Ordinary shares	70.0000000000%	70.0000000000%
Babcock Communications Cyprus Limited	Cyprus	10,000 Ordinary shares	100.0000000000%	100.0000000000%
VT Communications GmbH	Germany	25,000 Ordinary shares	100.0000000000%	100.0000000000%
WRN Broadcast Limited	United Kingdom	104,824 Ordinary shares	100.0000000000%	100.0000000000%
Global Broadcast Telecommunication Services Limited	United Kingdom	2 Ordinary shares	100.0000000000%	100.0000000000%
International Channel Europe Limited	United Kingdom	2 Ordinary shares	100.0000000000%	100.0000000000%
WRN Facilities Limited	United Kingdom	1 ordinary shares	100.0000000000%	100.0000000000%

Babcock Management Limited

Notes to the financial statements (continued)

14. Related undertakings (continued)

Company Name	Country	Interest	Ultimate %	All Parent %
Costpool Limited	United Kingdom	1 Ordinary shares	100.0000000000%	100.0000000000%
Alert Communications Group Holdings Limited	United Kingdom	2 Ordinary shares	20.0000000000%	20.0000000000%
Alert Communications (Holdings) Limited	United Kingdom	476,000 Ordinary shares	20.0000000000%	100.0000000000%
Alert Communications (2006) Limited	United Kingdom	10 Ordinary shares, 4,693,137 Preference shares	20.0000000000%	100.0000000000%
Alert Communications Limited	United Kingdom	476,000 Ordinary shares	20.0000000000%	100.0000000000%
Merlin Orfordness Limited	United Kingdom	2 Ordinary shares	100.0000000000%	100.0000000000%
Scimco Limited	United Kingdom	5,000,000 Ordinary shares	100.0000000000%	100.0000000000%
Babcock Rail Limited	United Kingdom	10,225 Ordinary shares	100.0000000000%	100.0000000000%
ABC Electrification Limited	United Kingdom	200 Ordinary-B shares	33.3333000000%	33.3333000000%
FSP (2004) Limited	United Kingdom	50 Ordinary-A shares	50.0000000000%	50.0000000000%
UKAEA Limited	United Kingdom	15,050,000 Ordinary shares	100.0000000000%	100.0000000000%

15. 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