

Babcock Partners No 2010 Limited
Directors' report and financial statements

For the year ended 31 March 2012

Company registration number:

349147



Babcock Partners No 2010 Limited
Directors' report and financial statements

Directors

A N Dungate
F Martinelli

Company secretary

NJW Borrett

Registered office

33 Wigmore Street
London
W1U 1QX

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Savannah House
3 Ocean Way
Southampton
SO14 3TJ

Directors' report

The directors present their report and the audited financial statements of the Company, for the year ended 31 March 2012

Principal activities and future developments

On 9 July 2010 the principal contract of the business was sold because the services provided were no longer core to the wider Babcock group strategy

The Company is not expected to trade going forwards and is anticipated to become dormant

Principal risks and uncertainties and financial risk management

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

The principal risk to the Company is recoverability of the intercompany debtor. Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided on pages 40 to 43 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 always appropriate for an understanding of the development, performance or position of the Company. The growth and performance of Defence & Security, a division of Babcock International Group PLC, which includes the Company, is discussed on pages 29 to 31 of the Group's report, which does not form part of this report

Results and dividends

The Company's loss for the financial year is £2,000 (2011 Profit £2,344,000). The directors do not recommend the payment of a dividend (2011 £Nil)

Directors

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

A N Dungate
F Martinelli
K D Fletcher (resigned 31st July 2012)

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 2012, 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

Directors' report *(continued)*

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under 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 those financial statements, the directors are required to

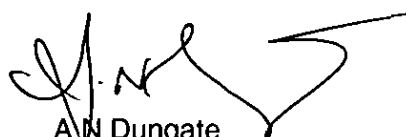
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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.

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 N Dungate
Director
03 October 2012

Independent auditors' report to the members of Babcock Partners No 2010 Limited

We have audited the financial statements of Babcock Partners No 2010 Limited for the year ended 31 March 2012 which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' responsibilities on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2012 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report to the members of Babcock Partners No 2010 Limited
(continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Jennifer Candy (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
03 October 2012

Babcock Partners No 2010 Limited
Directors' report and financial statements

Profit and loss account
for the year ended 31 March 2012

	Notes	2012 £000	2011 £000
Turnover	2	-	3,726
Cost of sales		-	(3,501)
Gross profit		-	225
Administrative expenses		(2)	(143)
Operating profit		(2)	82
Non operating exceptional items	4	-	2,272
(Loss)/profit on ordinary activities before taxation	3	(2)	2,354
Tax on (loss)/profit on ordinary activities	7	-	(10)
(Loss)/profit for the financial year	11	(2)	2,344

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

There are no recognised gains or losses other than the loss (2011 profit) for the financial year reported above and therefore no separate statement of total recognised gains and losses has been presented

All results derive from discontinued operations

Babcock Partners No 2010 Limited
Directors' report and financial statements

Balance sheet
as at 31 March 2012

	Notes	2012 £000	2011 £000
Current assets			
Debtors	8	7,000	7,004
Cash at bank and in hand		621	620
		<u>7,621</u>	<u>7,624</u>
Creditors – amounts falling due within one year	9	-	(1)
Net current assets		<u>7,621</u>	<u>7,623</u>
Total assets less current liabilities		<u>7,621</u>	<u>7,623</u>
Net assets		<u>7,621</u>	<u>7,623</u>
Capital and reserves			
Called-up share capital	10	50	50
Profit and loss account	11	7,571	7,573
Total shareholders' funds	11	<u>7,621</u>	<u>7,623</u>

The financial statements on pages 6 - 14 were approved by the board of directors and signed on its behalf by



A N Dugate
 Director
 03 October 2012

Notes to the financial statements
(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently throughout the year

Basis of preparation

These financial statements have been prepared in accordance with UK generally accepted accounting principles and the Companies Act 2006, using the historical cost convention

The financial statements have been prepared on the break-up basis, reflecting the sale of the Company's principal contract in 2010. Assets and liabilities are therefore carried at their estimated realisable values

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

Turnover

Turnover represents the value of services provided during the year net of value added tax. Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Turnover from services rendered is recognised by reference to the stage of completion of the transaction. Turnover from services provided on a short-term or one-off basis is recognised when the service is complete.

Taxation

The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. 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 taxation assets are recognised only to the extent that in the opinion of the directors, there is a reasonable probability that the asset will crystallise in the foreseeable future.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes to the financial statements *(continued)*

1. Accounting policies *(continued)*

Cash flow statement

The Company is a wholly-owned subsidiary of Babcock International Group PLC 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 a cash flow statement under the terms of FRS 1 (revised 1996).

Pensions costs

The Company participates in a group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The Company also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profit represents the contributions payable to the scheme in respect of the accounting period.

Notes to the financial statements (continued)

2. Turnover

Turnover is wholly attributable to the principal activity of the Company and arises solely within the United Kingdom

3. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2012 £000	2011 £000
Depreciation – owned fixed assets	-	2
Services provided by the Company's Auditor		
Fees payable for the audit of the financial statements	-	3
Operating lease rentals		
- land and buildings	-	16
Staff costs (note 5)	-	135

Fees payable for the statutory audit of the financial statements have been borne by the Company's immediate parent undertaking Babcock Support Services Limited in the current year

Fees paid to the Company's auditors PricewaterhouseCoopers LLP, and its associates, for services other than the statutory audit of the Company, are disclosed on a consolidated basis in the financial statements of the ultimate parent undertaking, Babcock International Group PLC

4. Exceptional items

On 9 July 2010 the principal contract of the Company was sold to Morson Group PLC

	2012 £000	2011 £000
Consideration received	-	2,350
Net book value of fixed assets transferred	-	(7)
Associated costs of sale	-	(71)
Gain on sale of principal contract	-	2,272

There is no tax charge attributable to the exceptional item as group capital losses brought forward have been utilised (see note 7)

Notes to the financial statements (continued)

5. Staff costs

The average monthly number of employees (including directors) employed by the Company during the year was as follows

	2012 Number	2011 Number
Management and administration	-	4
	-	4

Their aggregate remuneration comprised

	2012 £'000	2011 £'000
Wages and salaries	-	119
Social security costs	-	13
Other pension costs	-	3
	-	135

No staff were employed by the Company during the current year

6. Directors' remuneration

The emoluments of the directors, including pension contributions, paid by any company in respect of services provided to this company were as follows

	2012 £000	2011 £000
Aggregate remuneration	-	30
Company contributions to money purchase pension schemes	-	1

Retirement benefits are accruing to the following number of directors under

	2012	2011
Defined contribution schemes	-	1

None of the directors received remuneration for their services to the Company in the current year as their services to the Company were incidental to their wider role in the group

Notes to the financial statements *(continued)*

7. Tax on profit on ordinary activities

	2012	2011
	£000	£000
Current tax		
UK Corporation tax on (loss)/profits of the period	-	-
Current tax charge for the year	-	-
Deferred tax		
Origination and reversal of timing differences	-	10
Total deferred tax charge	-	10
Tax charge on loss on ordinary activities	-	10

The tax assessed for the year is higher (2011 lower) than the standard effective rate of corporation tax in the UK for the year ended 31 March 2012 of 26% (2011 28%) The differences are explained below

	2012	2011
	£000	£000
(Loss)/profit on ordinary activities before tax	(2)	2,354
(Loss)/profit on ordinary activities multiplied by standard UK corporation tax rate of 26% (2011 28%)	(1)	660
Effects of		
Timing differences	-	(10)
Utilisation of capital losses brought forward	-	(636)
Group relief for nil consideration	1	(14)
Current tax charge for the year	-	-

Factors affecting current and future tax charges

The Finance Act 2011 was substantively enacted on 19 July 2011 and included legislation to reduce the main rate of corporation tax from 28% to 26% with effect from 1 April 2011 and to 25% with effect from 1 April 2012. This was reduced further to 24% with effect from 1 April 2012 via a Parliamentary Resolution passed on 26 March 2012. Closing deferred tax balances are valued at 24%. The March 2012 Budget Statement also announced an intention to continue to reduce the main rate of corporation tax by 1% to 23% by 1 April 2014. These changes had not been substantively enacted at the balance sheet date and, therefore the impact is not included in these financial statements.

Notes to the financial statements *(continued)*

8. Debtors

	2012	2011
	£000	£000
Due within one year		
Trade debtors	-	4
Amounts owed by group undertakings	<u>7,000</u>	<u>7,000</u>
	<u>7,000</u>	<u>7,004</u>

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment

9. Creditors - amounts falling due within one year

	2012	2011
	£000	£000
Trade creditors	<u>-</u>	<u>1</u>
	<u>-</u>	<u>1</u>

10. Called-up share capital

	2012	2011
	£000	£000
Allotted, called up and fully paid		
50,000 (2011 50,000) ordinary shares of £1 each	<u>50</u>	<u>50</u>

11. Reconciliation of movement in shareholders' funds and reserves

	Called up share capital £000	Profit and loss account £000	Total £000
At 1 April 2011	50	7,573	7,623
Profit for the year	-	(2)	(2)
At 31 March 2012	<u>50</u>	<u>7,571</u>	<u>7,621</u>

Notes to the financial statements *(continued)*

12. Pension Arrangements

Pension arrangements exist for employees. Under these arrangements, which include defined benefit and defined contribution schemes, which apply to the majority of employees, the Company makes contributions based on actuarial advice to funded pension schemes. The contributions are charged against the profit and loss account.

Employees of the Company who are entitled to be members of the defined benefit scheme are members of the Babcock International Group Pension Scheme, contributions to which are determined by the aggregate membership and funding of the scheme. On the basis of the latest actuarial valuation, the value of the assets was in excess of the benefits that had accrued to the members after allowing for expected future increases in pensionable earnings. Further details of the scheme are contained within the financial statements for Babcock International Group PLC, the ultimate parent company.

It is not possible to identify the company's share of the underlying assets and liabilities in the group defined benefit scheme. In accordance with Financial Reporting Standard 17, although the company is a member of the group defined benefit scheme, contributions made by the Company have been disclosed as if it is a defined contribution scheme.

The pension cost charged to the profit and loss account for the year in relation to all pension schemes was £nil (2011: £3,000). There were no outstanding contributions at the year end (2011: £nil).

13. Ultimate parent undertaking

The Company's immediate parent company is Babcock Support Services Limited, a company registered in England and Wales. The Company's ultimate parent undertaking and controlling party is Babcock International Group PLC, a company registered in England and Wales. The only Group in which the results of the Company are consolidated is that headed by Babcock International Group PLC.

Copies of 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