
Birchill Investment Co. Limited
Directors' report and financial statements

For the year ended 31 March 2014

Company registration number:
1201437



Birchill Investment Co. Limited

Directors and advisors

Directors

W Tame
F Martinelli

Company Secretary

Babcock Corporate Secretaries Limited

Registered office

33 Wigmore Street
London
W1U 1QX
United Kingdom

Independent Auditors

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

Birchill Investment Co. Limited

Strategic report

The directors present their Strategic report of the Company, for the year ended 31 March 2014.

Principal activities

The principal activity of the Company is that of an investment holding company.

Results

The result for the financial year was a loss of £330,435 (2013: loss £2,251,963) and this will be deducted from reserves

Key performance indicators

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using key performance indicators 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 details can be found in the Babcock International Group PLC financial statements pages 64-71.

By order of the Board on 19 December 2014:



F Martinelli
Director

Birchill Investment Co. Limited

Directors' report

The directors present their Directors report and the audited financial statements of the Company, for the year ended 31 March 2014.

Future directions of the Company

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

Dividends

Dividends declared and paid in the current financial year were £nil (2013: £nil). There are no plans for a final dividend.

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 financial year to 31 March 2014, entitled to be indemnified by the Company against liabilities and costs incurred in connection with the execution of their duties or the exercise of the powers, to the extent permitted by the Companies Act 2006.

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 2013 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:

W Tame
F Martinelli

Birchill Investment Co. 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.

Independent 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.

On behalf of the Board on 19 December 2014:



F Martinelli
Director

Birchill Investment Co. Limited

Independent auditors' report to the members of Birchill Investment Co. Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 31 March 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Birchill Investment Co. Limited, comprise:

- the Balance sheet as at 31 March 2014;
- the Profit and loss account 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).

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.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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.

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 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.

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.

Birchill Investment Co. Limited

Independent auditors' report to the members of Birchill Investment Co. 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 set out on page 5, 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 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.



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

19 December 2014

Birchill Investment Co. Limited**Profit and loss account****For the year ended 31 March 2014**

	Notes	2014 £	2013 £
Income from shares in group undertakings		-	-
Operating result		-	-
Amounts written off investments	6	-	(1,946,000)
Interest payable and similar charges	2	(330,435)	(305,963)
Loss on ordinary activities before taxation	3	(330,435)	(2,251,963)
Tax on loss on ordinary activities	5	-	-
Loss for the financial year	12	(330,435)	(2,251,963)

There is no difference between the loss on ordinary activities before taxation and the loss 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.

Birchill Investment Co. Limited**Company registration number: 1201437****Balance sheet as at 31 March 2014**

	Notes	2014 £	2013 £
Fixed Assets			
Shares in group undertakings	6	16,474,000	16,474,000
Current assets			
Debtors	7	30,200,000	30,200,000
Creditors: amounts falling due within one year	8	(27,285,092)	(26,954,657)
Net current assets		2,914,908	3,245,343
Total assets less current liabilities		19,388,908	19,719,343
Net assets		19,388,908	19,719,343
Capital and reserves			
Called up share capital	10	10	10
Profit and loss account	12	19,388,898	19,719,333
Total shareholders' funds	12	19,388,908	19,719,343

The financial statements on pages 8-14 were approved by the board of directors and signed on its behalf by:



F Martinelli
Director

19 December 2014

Notes to the financial statements

1. Accounting policies

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

Basis of preparation

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

Investments in subsidiary undertakings

Fixed asset investments 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 by the balance sheet date. The taxation liabilities of certain Group companies may be reduced, wholly or in part, by the surrender of losses by fellow Group companies. The decision to charge Group relief is made on a case by case basis.

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

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

Deferred tax is 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.

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 of Babcock International Group PLC which prepares consolidated financial statements which are publicly available.

Notes to the financial statements (continued)

1. Accounting policies (continued)

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.

Dividends

Dividends payable that are unapproved at the year end are not recognised as a liability. Similarly dividend income is recognised at the same time as the paying company recognises the liability to pay a dividend.

2. Interest payable and similar charges

	2014 £	2013 £
Interest payable and similar charges:		
Bank interest	-	-
Loan interest payable to Group undertakings	(330,435)	(305,963)
	<u>(330,435)</u>	<u>(305,963)</u>

3. Loss on ordinary activities before taxation

Auditors' remuneration in respect of audit services is borne by Babcock International Group PLC.

4. Staff costs and directors remuneration

There were no staff employed during the current or prior year and none (2013: none) of the directors received remuneration in respect of their services to the Company.

5. Tax on loss on ordinary activities

	2014 £	2013 £
Current tax:		
UK corporation tax on loss for the financial year	-	-

The current tax assessed for the financial year is higher (2013: higher) than the standard rate of corporation tax in the UK of 23% (2013: 24%).

The differences are explained below:

	2014 £	2013 £
Loss on ordinary activities before tax	(330,435)	(2,251,963)
Loss on ordinary activities at standard rate of corporation tax of 23% (2013: 24%)	(76,000)	(540,471)
Expenses not deductible for tax purposes	-	467,040
Group relief for nil consideration	76,000	73,431
Income not subject to tax	-	-
Total current tax charge for the financial year	<u>-</u>	<u>-</u>

Birchill Investment Co. Limited

Notes to the financial statements (continued)

5. Tax on loss on ordinary activities (continued)

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 2014 is included in the Finance Act 2013. Further changes to the UK corporation tax system were announced in the March 2013 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.

6. Fixed assets - shares in group undertakings

	Total £
Cost	
At 1 April 2013	20,500,000
Additions	-
Disposals	-
At 31 March 2014	<u>20,500,000</u>
Provision for impairment	
At 1 April 2013	(4,026,000)
Disposals	-
Impairment charges	-
At 31 March 2014	<u>(4,026,000)</u>
Net book value	
At 31 March 2014	<u>16,474,000</u>
At 31 March 2013	<u>16,474,000</u>

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

The Company's directly owned subsidiary undertaking, which is wholly owned, is:

Company	Country of Registration	Principal Activity	Holding
Babcock International Limited	Great Britain	Investment holding	100%

A full list of all subsidiary undertakings will be annexed to the ultimate parent company's next annual return filed with the Registrar of Companies.

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Notes to the financial statements (continued)

7. Debtors

	2014 £	2013 £
Amounts owed by Group undertakings	<u>30,200,000</u>	<u>30,200,000</u>

The £30,200,000 (2013: £30,200,000) owed by Group undertakings is non interest bearing and repayable on demand.

8. Creditors: amounts falling due within one year

	2014 £	2013 £
Amounts owed to Group undertakings	<u>27,285,092</u>	<u>26,954,657</u>

Included in amounts owed to Group undertakings is a loan of £20,500,000 (2013: £20,500,000) repayable on demand and bears interest at UK LIBOR plus one hundred basis points. The remaining £6,785,092 (2013: £6,454,657) is non interest bearing.

9. Deferred tax

	Recognised 2014 £	Recognised 2013 £	Full potential 2014 £	Full potential 2013 £
Capital tax losses	-	-	<u>6,950,733</u>	<u>7,993,343</u>

The Company has not recognised any deferred tax on capital losses in the current year and prior year as there is no planned sale of capital assets in the foreseeable future.

10. Called up share capital

	2014 £	2013 £
Authorised		
100 (2013: 100) ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, issued and fully paid		
10 (2013: 10) ordinary shares of £1 each	<u>10</u>	<u>10</u>

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Notes to the financial statements (continued)

11. Dividends

	2014 £	2013 £
Dividend of £nil (2013: £nil)	-	-

12. Reconciliation of movements in shareholders' funds and reserves

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 April 2013	10	-	19,719,333	19,719,343
Loss for the year	-	-	(330,435)	(330,435)
At 31 March 2014	10	-	19,388,898	19,388,908
At 1 April 2012	10	-	21,971,296	21,971,306
Loss for the year	-	-	(2,251,963)	(2,251,963)
Dividends paid	-	-	-	-
At 31 March 2013	10	-	19,719,333	19,719,343

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.

14. Parent undertaking

The Company's immediate parent company is Tyneham 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