

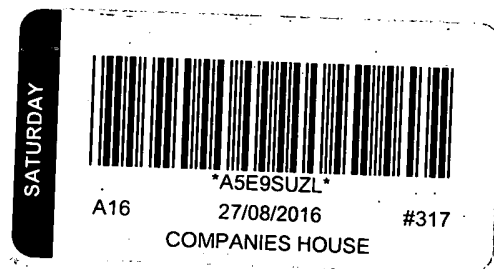
**Babcock Investments (Number Eight) Limited**

**Annual report**

**For the year ended 31 March 2016**

**Company registration number:**

**02141109**



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## **Babcock Investments (Number Eight) Limited**

### **Directors and advisors**

#### **Current directors**

I Urquhart  
F Martinelli  
P Rogers

#### **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

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## Babcock Investments (Number Eight) Limited

### Strategic report for the year ended 31 March 2016

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

#### Principal activities

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

#### Review of the business

	2016 £000	2015 £000
Profit for the financial year	29,290	28,628

#### Principal risks and uncertainties

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

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

#### Key performance indicators

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

By order of the board



I Urquhart

Director

19 August 2016

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## **Babcock Investments (Number Eight) Limited**

### **Directors' report for the year ended 31 March 2016**

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

#### **Future developments**

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

#### **Financial risk management**

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

#### **Directors**

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

I Urquhart  
F Martinelli  
P Rogers

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## **Babcock Investments (Number Eight) Limited**

### **Directors' report for the year ended 31 March 2016 *(continued)***

#### **Statement of directors' responsibilities**

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

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

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

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

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

#### **Qualifying third party indemnity provisions**

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

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**Babcock Investments (Number Eight) Limited**

**Directors' report for the year ended 31 March 2016 *(continued)***

**Statement of directors' responsibilities *(continued)***

**Disclosure of information to auditors**

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

By order of the board



I Urquhart

**Director**

19 August 2016

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## **Babcock Investments (Number Eight) Limited**

### **Independent auditors' report to the members of Babcock Investments (Number Eight) Limited**

#### **Report on the financial statements**

##### **Our opinion**

In our opinion, Babcock Investments (Number Eight) Limited's financial statements (the "financial statements"):

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

##### **What we have audited**

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

- the Balance sheet as at 31 March 2016;
- the Income statement and the Statement of comprehensive income for the year then ended; and
- the Statement of changes in equity for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

In applying the financial reporting framework, the directors have made a number of subjective 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.

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## **Babcock Investments (Number Eight) Limited**

### **Independent auditors' report to the members of Babcock Investments (Number Eight) 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 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.

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.



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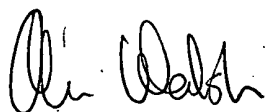
## **Babcock Investments (Number Eight) Limited**

### **Independent auditors' report to the members of Babcock Investments (Number Eight) Limited** *(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 those reports include the disclosures required by applicable legal requirements.



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

19 August 2016

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## Babcock Investments (Number Eight) Limited

### Income statement

*For the year ended 31 March 2016*

	Note	2016 £000	2015 £000
Income from shares in group undertakings		-	-
<b>Profit on ordinary activities before interest and taxation</b>		-	-
Finance income	4	36,612	36,238
Finance costs	4	-	-
<b>Profit on ordinary activities before taxation</b>		36,612	36,238
Income tax expense	5	(7,322)	(7,610)
<b>Profit for the financial year</b>		<b>29,290</b>	<b>28,628</b>

All of the above results derive from continuing operations.

### Statement of comprehensive Income/ (Loss)

*For the year ended 31 March 2016*

	Note	2016 £000	2015 £000
<b>Total comprehensive income for the year</b>		<b>29,290</b>	<b>28,628</b>

## Babcock Investments (Number Eight) Limited

### Balance sheet

As at 31 March 2016

	Note	2016 £000	2015 £000
<b>Current assets</b>			
Trade and other receivables	6	902,478	865,865
		<u>902,478</u>	<u>865,865</u>
Trade and other payables – amounts falling due within one year	7	(15,672)	(8,349)
		<u>886,806</u>	<u>857,516</u>
<b>Net current assets</b>			
		<u>886,806</u>	<u>857,516</u>
<b>Total assets less current liabilities</b>		<u>886,806</u>	<u>857,516</u>
<b>Net assets</b>		<u>886,806</u>	<u>857,516</u>
<b>Equity</b>			
Called up share capital	8	605	605
Share premium		798,089	798,089
Retained earnings		<u>88,112</u>	<u>58,822</u>
<b>Total shareholders' funds</b>		<u>886,806</u>	<u>857,516</u>

The notes on pages 11 to 16 are an integral part of these financial statements.

The financial statements on pages 9-16 were approved by the board of directors and signed on its behalf by:



I Urquhart  
Director

19 August 2016

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**Babcock Investments (Number Eight) Limited****Statement of changes in equity***For the year ended 31 March 2016*

	<b>Called-up share capital £000</b>	<b>Share premium £000</b>	<b>Retained earnings £000</b>	<b>Total Shareholders' funds £000</b>
<b>Balance at 1 April 2014</b>	605	798,089	30,364	829,058
Profit for the financial year	-	-	28,628	28,628
Other comprehensive income	-	-	-	-
Dividends paid	-	-	(170)	(170)
<b>Balance at 31 March 2015</b>	605	798,089	58,822	857,516
Profit for the year	-	-	29,290	29,290
Other comprehensive income	-	-	-	-
Dividends paid	-	-	-	-
<b>Balance at 31 March 2016</b>	605	798,089	88,112	886,806

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## **Babcock Investments (Number Eight) Limited**

### **Notes to the financial statements**

#### **1 General information**

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

#### **2 Summary of significant accounting policies**

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented. The Company has adopted FRS 101 in these financial statements. Details of the transition to FRS 101 are disclosed in note 12.

#### **Basis of preparation**

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

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

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

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

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

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## Babcock Investments (Number Eight) Limited

### Notes to the financial statements *(continued)*

#### 2 Summary of significant accounting policies *(continued)*

- h) Paragraph 17 of IAS 24, 'Related party transactions' in respect of key management compensation
- i) The requirements of IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors consider it appropriate to continue to adopt the going concern basis in preparing these financial statements.

#### Taxation

##### (a) Current income tax

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

##### (b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Tax is recognised in the income statement except to the extent that it relates to items recognised directly in either other comprehensive income or in equity.

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## Babcock Investments (Number Eight) Limited

### Notes to the financial statements *(continued)*

#### 3 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### 4 Finance income

	2016 £000	2015 £000
<b>Finance income:</b>		
Loan interest receivable from group undertakings	36,612	31,695
	<u>36,612</u>	<u>31,695</u>

#### 5 Income tax

##### Tax expense included in income statement

	2016 £000	2015 £000
<b>Current tax:</b>		
UK Corporation tax on profits for the year	7,322	7,610
<b>Current tax charge for the year</b>	<u>7,322</u>	<u>7,610</u>
<b>Deferred tax</b>	<u>-</u>	<u>-</u>
<b>Tax on profit on ordinary activities</b>	<u>7,322</u>	<u>7,610</u>

##### Tax expense/(income) included in equity

Tax expense for the year is the same as the standard effective rate of corporation tax in the UK for the year ended 31 March 2016 of 20% (2015: 21%), as explained below:

	2016 £000	2015 £000
Profit on ordinary activities before taxation	36,612	36,238
Profit on ordinary activities multiplied by standard UK corporation tax rate of 20% (2015: 21%)	7,322	7,610
<b>Total tax charge for the year</b>	<u>7,322</u>	<u>7,610</u>

## Babcock Investments (Number Eight) Limited

### Notes to the financial statements (continued)

#### 5 Income tax (continued)

In the 2015 Budget, it was announced that the UK corporation tax rate will reduce from 20% to 19% from April 2017. It was further announced in the 2016 Budget that it will be further reduced to 18% from April 2020. As a result of this change, UK deferred tax balances have been re-measured at 18% as this is the tax rate that will apply on reversal.

#### 6 Trade and other receivables

	2016 £000	2015 £000
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	902,478	865,865
	<b>902,478</b>	<b>865,865</b>
<b>Amounts due after more than one year:</b>		
Amounts owed by group undertakings	-	-
	<b>902,478</b>	<b>865,865</b>

Amounts owed by group undertakings are unsecured and repayable on demand.

£370,006,000 (2015: £362,406,000) which is repayable on demand and bears interest at six month UK LIBOR plus four hundred basis points.

£51,490,000 (2015: £51,490,000) which is repayable on demand and bears interest at six month UK LIBOR plus four hundred basis points.

£14,800,000 (2015: £14,800,000) which is repayable on demand and bears interest at six month UK LIBOR plus four hundred basis points.

£30,000,000 (2015: £30,000,000) which is repayable on demand and bears interest at six month UK LIBOR plus four hundred basis points.

£35,552,000 (2015: £35,552,000) which is repayable on demand and bears interest at four hundred and fifty basis points.

£296,084,000 (2015: £296,084,000) which is repayable on demand and bears interest at LIBOR plus four hundred basis points.

The remaining £104,546,000 (2015: £75,533,000) is repayable on demand and is non-interest bearing.

#### 7 Trade and other payables

	2016 £000	2015 £000
<b>Amounts falling due within one year:</b>		
Amounts owed to parent and group undertakings	170	170
UK corporation tax payable	15,502	8,179
	<b>15,672</b>	<b>8,349</b>

The amounts owed to group undertakings is a loan of £170,000 (2014: £nil) bearing no interest and are repayable on demand.



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## Babcock Investments (Number Eight) Limited

### Notes to the financial statements *(continued)*

#### 8 Called up share capital

	2016 £000	2015 £000
<b>Allotted and fully paid</b>		
6,045,793 (2015: 6,045,793) ordinary shares of 10p each	<u>605</u>	<u>605</u>

#### 9 Dividends

No dividends were declared in the current year (2015: £170,000).

#### 10 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.

#### 11 Parent undertakings

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

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

#### 12 Transition to FRS 101

This is the first year that the Company has presented its results under FRS 101. The last financial statements under the UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 101 was 1 April 2014. There was no transitional effect on loss for the financial year, equity or the balance sheet.

On transition to FRS 101, the Company has applied the requirements of paragraphs 6-33 of IFRS 1, 'First time adoption of International Financial Reporting Standards'.