

# **Babcock Overseas Investments Limited**

## **Directors' report and financial statements**

**For the year ended 31 March 2014**

**Company registration number:**

**2669327**

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## **Babcock Overseas Investments Limited**

### **Directors and advisors**

#### **Directors**

I Urquhart	(appointed 17 December 2014)
W Tame	(resigned 17 December 2014)
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 Overseas Investments 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 continues to be that of an investment holding company.

#### **Results**

The loss for the financial year was £20,411,000 (2013: profit £81,450,000).

#### **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 27 March 2015



**I Urquhart**  
Director

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## **Babcock Overseas Investments 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 direction of the Company**

There are no plans to significantly alter 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 Holdings 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**

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

### **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 2012 and remain in force.

### **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

### **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)
W Tame	(resigned 17 December 2014)
F Martinelli	
P Rogers	

# **Babcock Overseas Investments 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 27 March 2015



**I Urquhart**  
Director

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## **Babcock Overseas Investments Limited**

### **Independent auditors' report to the members of Babcock Overseas Investments 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 Babcock Overseas Investments Limited, comprise:

- the Balance Sheet as at 31 March 2014;
- the Profit, and loss account for the year then ended;
- the Reconciliation of Movement in Shareholders' Funds and reserves 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 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.

## **Babcock Overseas Investments Limited**

### **Independent auditors' report to the members of Babcock Overseas Investments 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 Directors' Responsibilities Statement 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.



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

27 March 2015

## Babcock Overseas Investments Limited

### Profit and loss account

For the year ended 31 March 2014

	Notes	12 months to 31 March 2014 £'000	Period 13 March 2013 to 31 March 2013 £'000
Administrative expenses	3	9,543	20,856
Other operating income – exceptional item	3	-	429,582
Operating profit		9,543	450,438
Interest receivable and similar income	2	54,888	67
Amounts written off investments		(19,752)	(362,740)
Interest payable and similar charges	2	(65,090)	(6,315)
(Loss) / profit on ordinary activities before taxation	3	(20,411)	81,450
Tax on (loss) / profit on ordinary activities	5	-	-
(Loss)/profit for the financial year/period	12	(20,411)	81,450

There is no difference between the (loss) / profit on ordinary activities before taxation and the (loss) / profit for the year / period 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.

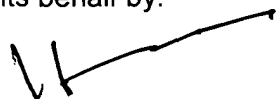


## Babcock Overseas Investments Limited

Company registration number: 02669327  
Balance sheet as at 31 March 2014

	Notes	31 March 2014 £'000	31 March 2013 £'000
<b>Fixed assets</b>			
Shares in group undertakings	6	1,878,833	1,898,584
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	347,731	303,612
Debtors: amounts falling due after more than one year	7	29,969	113,405
Cash at bank and in hand		1,411	1,085
Creditors: amounts falling due within one year	8	(500,266)	(555,775)
<b>Net current liabilities</b>		(121,155)	(137,673)
Total assets less current liabilities		1,757,678	1,760,911
Creditors: amounts falling due after more than one year	9	(64,792)	(47,614)
<b>Net assets</b>		1,692,886	1,713,297
<b>Capital and reserves</b>			
Called up share capital	11	3,260	3,260
Share premium account	12	1,724,432	1,724,432
Profit and loss account	12	(34,806)	(14,395)
<b>Total shareholders' funds</b>	12	1,692,886	1,713,297

The financial statements on pages 8-18 were approved by the board of directors and signed on its behalf by:



I Urquhart  
Director

27 March 2015

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## Babcock Overseas Investments Limited

### Notes to the financial statements

#### 1. Accounting policies

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

##### *Basis of preparation*

The Company has net current liabilities at 31 March 2014. The directors of Babcock Holdings 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 year 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 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 years 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 years 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.

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# **Babcock Overseas Investments Limited**

## **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 publicly available.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling on 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.

#### *Derivative financial instruments*

Derivatives are initially recognised at fair value on the date a derivative is entered into and are subsequently re-measured at fair value. The Company designates certain of the derivative instruments to be hedges of the fair value of recognised assets or liabilities or unrecognised firm commitments.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

For derivatives that qualify as cash flow hedges, gains and losses are deferred in equity until such time as the firm commitment is recognised, at which point any deferred gain or loss is included in the assets' carrying amount. These gains and losses are then realised through the profit and loss account as the asset is sold.

Certain derivatives do not qualify or are not designated as hedging instruments and any movement in their fair values is recognised in the profit and loss account immediately.

## Babcock Overseas Investments Limited

### Notes to the financial statements (continued)

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

	12 months to 31 March 2014 £'000	Period 13 March 2013 to 31 March 2013 £'000
Interest payable and similar charges:		
Loan interest payable to group undertakings	(11,566)	(1,420)
Fair value changes of derivative financial instruments	(53,524)	(4,895)
	<u>(65,090)</u>	<u>(6,315)</u>
Interest receivable and similar income:		
Loan interest receivable from group undertakings	1,364	67
Fair value changes of derivative financial instruments	53,524	-
	<u>54,888</u>	<u>67</u>
Net interest (payable)/receivable and similar (charges)/income	<u>(10,202)</u>	<u>(6,248)</u>

#### 3. (Loss)/profit on ordinary activities before taxation

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

	12 months to 31 March 2014 £'000	Period 13 March 2013 to 31 March 2013 £'000
Tax Compliance	6	-
Auditors' remuneration		
- audit fees	5	-
Foreign exchange gain	(9,564)	(20,856)
Amortisation	10	-
Other operating exceptional	-	(429,582)
	<u>(9,543)</u>	<u>(450,438)</u>

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 year or prior period and none (2013: none) of the directors received remuneration in respect of their services to the Company.

# Babcock Overseas Investments Limited

## Notes to the financial statements (continued)

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

	2014 £'000	2013 £'000
Current tax		
UK Corporation tax on profits of the year/period	-	-
Adjustment in respect of prior years	-	-
Group relief for consideration	-	-
Current tax charge for the year/period	-	-
Deferred tax charge	-	-
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 (2013: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 March 2014 of 23% (2013: 24%). The differences are explained below:

	2014 £'000	2013 £'000
(Loss)/profit on ordinary activities before taxation	(20,411)	81,450
Tax on (loss)/profit on ordinary activities at standard UK corporation tax rate of 23% (2013: 24%)	(4,695)	19,548
Effects of:		
Timing differences	-	-
Intangible amortisation not deductible for tax purposes	-	-
Expenses not deductible for tax purposes	4,546	(104,796)
Income not subject to tax	-	87,057
Adjustments in respect of prior years	-	-
Group relief for nil consideration	149	(1,809)
Non-taxable gains	-	-
Current tax charged for the year/period	-	-

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.

## Babcock Overseas Investments Limited

### Notes to the financial statements (continued)

#### 6. Fixed asset – Shares in group undertakings

	Total £'000
<b>Cost</b>	
At 1 April 2013	2,298,821
Additions	-
<b>At 31 March 2014</b>	<b>2,298,821</b>
<b>Provision for impairment</b>	
At 1 April 2013	(400,237)
Charge for the year	(19,752)
<b>At 31 March 2014</b>	<b>(419,988)</b>
<b>Net book value</b>	
<b>At 31 March 2014</b>	<b>1,878,833</b>
At 1 April 2013	1,898,584

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

During the financial year, the impairment provisions relating to the investment in Gibraltar Investments (No. 7) Limited, PHG Insurance Limited and Babcock US Investments Limited increased by £15,433,000, £48,000 and £4,271,000 respectively.

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

<u>Company</u>	<u>Country of registration</u>	<u>Principal activities</u>
Babcock International Middle East Limited	England and Wales	Holding company
Babcock Southern Holdings Limited	England and Wales	Holding company
Babcock US Investments Limited	England and Wales	Holding company
Gibraltar Investments (No. 7) Limited	England and Wales	Holding company
PHG Insurance Limited (99.99%)	England and Wales	Holding company

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.

# Babcock Overseas Investments Limited

## Notes to the financial statements (continued)

### 7. Debtors

	31 March 2014 £'000	31 March 2013 £'000
Amounts owed by group undertakings	368,840	369,336
Derivative financial instruments	8,841	45,551
Other debtors	19	2,130
	<b>377,700</b>	<b>417,017</b>

Included in amounts owed by group undertakings are the following:

£18,469,000 due after more than one year (2013: £18,469,000). The loan is interest bearing at six month UK LIBOR plus one hundred basis points.

£2,640,000 due after more than one year (2013: £47,255,000). The loan is non-interest bearing.

£26,900,000 (2013: £59,784,000) which is repayable on demand and bears interest at six month UK LIBOR plus one hundred basis points.

£3,715,000 (2013: £3,715,000) which is repayable on demand and bears interest at UK LIBOR plus four hundred basis points.

£32,883,000 (2013: £nil) which is repayable on demand and bears interest at UK LIBOR plus one hundred basis points.

The remaining £284,233,000 (2013: £240,113,000) is non-interest bearing and repayable on demand.

Included in Derivative financial instruments:

	31 March 2014		31 March 2013	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Cross-currency interest rate swaps	8,841	(8,841)	45,551	(45,551)
	8,841	(8,841)	45,551	(45,551)
Current portion	-	-	-	-
Non-current portion	8,841	(8,841)	45,551	(45,551)

These derivatives are fair valued based on discounted future cash flows (fair value hierarchy, level 2) with gains and losses passing through the profit and loss account as hedge accounting is not available. Amounts recorded in the profit and loss account are shown below.

	31 March 2014 £'000	31 March 2013 £'000
Loss in profit and loss	-	(4,895)

The notional principal amount of outstanding interest rate swap contracts at 31 March 2014 included interest rate swaps in relation to the US\$650 million US\$ to GBP cross currency.

# Babcock Overseas Investments Limited

## Notes to the financial statements (continued)

### 7. Debtors (continued)

The Company held the following interest rate derivatives at 31 March 2013:

	Amount		Amount at swapped rates		Swap %	Maturity
	US\$'000	£'000	£'000	US\$'000		
Cross currency and interest rate swap	150,000		92,100		Fixed 4.94% US\$ to fixed 5.4% GBP	19/3/2018
Cross currency and interest rate swap	200,000		122,900		Fixed 5.64% US\$ to fixed 5.95% GBP	17/3/2021
Cross currency and interest rate swap	300,000		184,300		Fixed 5.64% US\$ to floating 3 month LIBOR +margin GBP	17/3/2021
Cross currency and interest rate swap		92,100		150,000	Fixed 5.4% GBP to fixed 4.94% US\$	19/3/2018
Cross currency and interest rate swap		122,900		200,000	Fixed 5.95% GBP to fixed 5.64% US\$	17/3/2021
Cross currency and interest rate swap		184,300		300,000	Floating 3 month LIBOR +margin GBP to fixed 5.64% US\$	17/3/2021
Total cross currency and interest rate swaps	650,000	399,300	399,300	650,000		



# Babcock Overseas Investments Limited

## Notes to the financial statements (continued)

### 8. Creditors: amounts falling due within one year

	31 March 2014 £'000	31 March 2013 £'000
Bank loans and overdrafts	1,078	445
Amounts owed to group undertakings	499,039	555,181
Corporation tax	149	149
	<b>500,266</b>	<b>555,775</b>

Included in amounts owed to group undertakings are the following:

Loans of £69,000,000 (2013: £74,000,000) repayable on demand and bearing interest at a rate of six month UK LIBOR plus one hundred basis points.

Loan of £163,863,000 (2013: £163,863,000) repayable on demand and bearing interest at a rate of six month UK LIBOR plus four hundred basis points.

Loan of £5,000,000 repayable on demand and bearing interest at a rate of UK LIBOR plus one hundred points.

The remaining £261,176,000 (2013: £317,318,000) is non-interest bearing.

### 9. Creditors: amounts falling due after more than one year

	31 March 2014 £'000	31 March 2013 £'000
Amounts owed to group undertakings	55,245	-
Derivative financial instruments (note 7)	8,841	45,551
Other creditors	706	2,063
	<b>64,792</b>	<b>47,614</b>

Included in amounts owed to group undertakings are the following:

Loan of £55,245,000 due after more than one year. The creditor is non-interest bearing

### 10. Deferred taxation

The major components of the deferred tax asset and the potential asset are as follows:

	Recognised 31 March 2014 £'000	Recognised 31 March 2013 £'000	Full Potential 31 March 2014 £'000	Full Potential 31 March 2013 £'000
Tax losses (revenue)	-	-	-	-
Capital tax losses	-	-	(705)	(810)
	-	-	<b>(705)</b>	<b>(810)</b>

## Babcock Overseas Investments Limited

### Notes to the financial statements (continued)

#### 11. Called up share capital

	31 March 2014 £'000	12 March 2013 £'000
Allotted, issued and fully paid	3,260	3,260

#### 12. Reconciliation of movements in Shareholders' funds and reserves

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 31 March 2013	3,260	1,724,432	(14,395)	1,713,297
Loss for the year	-	-	(20,411)	(20,411)
Ordinary shares issued	-	-	-	-
<b>At 31 March 2014</b>	<b>3,260</b>	<b>1,724,432</b>	<b>(34,806)</b>	<b>1,692,886</b>
At 13 March 2013	3,259	1,500,385	(95,845)	1,407,799
Profit for the period	-	-	81,450	81,450
Ordinary shares issued	1	224,047	-	224,048
At 31 March 2013	3,260	1,724,432	(14,395)	1,713,297

#### 13. Contingent liabilities

The Company at the year end had guaranteed or had joint and several liability for drawn Babcock International Group PLC bank facilities of £nil (2013: £nil) provided to certain group companies.

#### 14. Related party disclosures

The Company, as a wholly owned subsidiary, has taken advantage of the exemption granted under Financial Reporting Standards 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.

#### 15. Parent undertakings

The Company's immediate parent company is Babcock Holdings 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