

Babcock Overseas Investments Limited

Annual Report

For the year ended 31 March 2021

Company registration number:

2669327



Babcock Overseas Investments Limited

Directors and advisors

Current directors

I Urquhart
N Borrett

Company secretary

Babcock Corporate Secretaries Limited

Registered office

33 Wigmore Street
London
W1U 1QX

Independent auditors

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

Babcock Overseas Investments Limited

Strategic report for the year ended 31 March 2021

The directors present their Strategic report on Babcock Overseas Investments Limited ("the company") for the year ended 31 March 2021.

Principal activities

The principal activity of the Company continues to be that of a Group finance company within the Group headed by Babcock International Group PLC.

Review of the business

	2021 £000	2020 £000
Loss for the financial year	(220,182)	(64,741)
Foreign exchange gain / (loss)	10,239	(14,523)
Income from shares in group undertakings	15,519	9,632
Impairment of investments (note 7)	(238,942)	(21,851)

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 date 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 and including the impact of COVID-19 is provided on pages 84 to 95 of the annual report of Babcock International Group PLC, which does not form part of this report.


Key performance indicators

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

S172(1) statement and stakeholder engagement

The Directors have acted in a way that they consider, in good faith, to be most likely to promote the long-term success of the Company for the benefit of the Shareholders as a whole while having regard for all stakeholders. Stakeholder engagement is managed in accordance with Group policies and procedures which are discussed on pages 58, 59, 79 and 114 to 116 of the annual report of Babcock International Group PLC, which does not form part of this report.

On behalf of the Board



I Urquhart
Director
14 December 2021

Babcock Overseas Investments Limited

Directors' report for the year ended 31 March 2021

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2021.

Dividends

Dividends declared and paid during the financial year were £nil (2020: £nil). There are no plans for a final dividend.

Future developments

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

Going concern

The financial statements have been prepared on a going concern basis as Babcock (UK) Holdings Limited will provide financial support to the Company to ensure it can meet its obligations as they fall due. The Company is in a net liability position and loss making, therefore the Directors have received confirmation that Babcock (UK) Holdings Limited will provide financial support to the Company for at least one year from the date of signing these financial statements.

Financial risk management

Financial risk is managed in accordance with Group policies and procedures which are discussed on pages 47 to 49 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
N Borrett

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and

Babcock Overseas Investments Limited

Directors' report for the year ended 31 March 2021 (continued)

Statement of directors' responsibilities in respect of the financial statements (continued)

- 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.

The directors 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.

Statement of 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.

Reappointment of auditors

PricewaterhouseCoopers LLP has now completed its final audit as external auditor. Deloitte LLP has been selected as the Company's external auditor for the financial year ending 31 March 2022 following shareholder approval at the Annual General Meeting of the Ultimate Parent, Babcock International Group PLC.

On behalf of the Board



I Urquhart
Director

14 December 2021

Independent auditors' report to the members of Babcock Overseas Investments Limited

Report on the audit of the financial statements

Opinion

In our opinion, Babcock Overseas Investments Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and • have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance sheet as at 31 March 2021; the Income statement, the statement of comprehensive income and statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to non-compliance of equivalent local laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations

that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate or fictitious journal entries to manipulate the financial performance or financial position of the Company. Audit procedures performed by the engagement team included:

- Gaining an understanding of the legal and regulatory framework and considering the risk of any acts which may be contrary to applicable laws and regulations, including fraud;
- Inquiries with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud; and
- Testing journal entries and other adjustments for appropriateness and evaluating the business rationale of any significant transactions outside the normal course of business.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

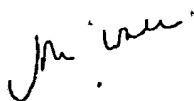
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



John Waters (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London

14 December 2021

Babcock Overseas Investments Limited**Income statement**
for the year ended 31 March 2021

	Note	2021 £000	2020 £000
Administrative income / (expenses)		<u>8,162</u>	<u>(44,840)</u>
Operating profit/(loss)	4	8,162	(44,840)
Income from shares in group undertakings	7	15,519	9,632
Impairment of investments	7	<u>(238,942)</u>	<u>(21,851)</u>
Loss before interest and taxation		(215,261)	(57,059)
Finance income	5	51,964	32,019
Finance costs	5	<u>(56,885)</u>	<u>(39,701)</u>
Loss before income tax		(220,182)	(64,741)
Income tax expense	6	<u>-</u>	<u>-</u>
Loss for the financial year		<u>(220,182)</u>	<u>(64,741)</u>

All of the above results derive from continuing operations.

Statement of comprehensive income
for the year ended 31 March 2021

	2021 £000	2020 £000
Loss for the financial year	<u>(220,182)</u>	<u>(64,741)</u>
Total comprehensive expense for the year	<u>(220,182)</u>	<u>(64,741)</u>

Babcock Overseas Investments Limited**Balance sheet**
as at 31 March 2021

	Note	2021 £000	2020 £000
Fixed assets			
Investments	7	1,832,222	2,070,646
Trade and other receivables – amounts falling due after more than one year	8	<u>89,169</u>	<u>92,879</u>
		1,921,261	2,163,455
Current assets			
Trade and other receivables – amounts falling due within one year	8	<u>565,034</u>	<u>494,299</u>
Current liabilities			
Creditors – amounts falling due within one year	9	(974,846)	(917,665)
Bank overdraft		<u>(378)</u>	<u>(378)</u>
		(975,224)	(918,043)
Net current liabilities		<u>(410,190)</u>	<u>(423,744)</u>
Total assets less current liabilities		1,511,071	1,739,711
Creditors – amounts falling due after more than one year	9	<u>(77,163)</u>	<u>(85,621)</u>
Net assets		<u>1,433,908</u>	<u>1,654,090</u>
Equity			
Called up share capital	10	3,261	3,261
Share premium account		818,741	818,741
Retained earnings		<u>611,906</u>	<u>832,088</u>
Total shareholders' funds		<u>1,433,908</u>	<u>1,654,090</u>

The notes on pages 11 to 21 are an integral part of these financial statements.

The financial statements on pages 8 to 21 were approved by the Board of directors and signed on its behalf by:



I Urquhart
Director
14 December 2021

Babcock Overseas Investments Limited**Statement of changes in equity**
for the year ended 31 March 2021

	Called up share capital £000	Share premium account £000	Retained earnings £000	Total Shareholders' funds £000
Balance at 1 April 2019	3,260	724,432	896,829	1,624,521
Loss for the financial year	-	-	(64,741)	(64,741)
Issue of ordinary shares	1	94,309	-	94,310
Balance at 31 March 2020	3,261	818,741	832,088	1,654,090
Loss for the financial year	-	-	(220,182)	(220,182)
Balance at 31 March 2021	3,261	818,741	611,906	1,433,908

Babcock Overseas Investments Limited

Notes to the financial statements

1 General information

Babcock Overseas Investments 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 principal 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.

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 measured 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 financial statements have been prepared on a going concern basis as Babcock (UK) Holdings Limited will provide financial support to the Company to ensure it can meet its obligations as they fall due. The Company is in a net liability position and loss making, therefore the Directors have received confirmation that Babcock (UK) Holdings Limited will provide financial support to the Company for at least one year from the date of signing these financial statements.

The Company is a wholly-owned subsidiary of Babcock Holdings Limited 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 consolidated financial statements under the terms of section 400 of the Companies Act 2006.

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 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 11, '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'

Babcock Overseas Investments Limited

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(continued)*

Basis of preparation *(continued)*

- g) Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'
- 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.

Investments

Fixed asset investments are stated at cost less provision for impairment in value.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are initially recognised at fair value, which is usually original invoice amount and are subsequently held at amortised cost using the EIR method (although, in practice, the discount is often immaterial). If payment is due within one year or less payables are classified as current liabilities. If not, they are presented as non-current liabilities.

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.

Cross currency and interest rate swaps

Derivatives are initially recognised at fair value on the date a derivative is entered into and are subsequently remeasured at their fair value. Any movement in their fair values is recognised in the income statement immediately.

Babcock Overseas Investments Limited

Notes to the financial statements *(continued)*

3 Critical accounting estimates and judgements *(continued)*

In the course of preparation of the financial statements no judgements have been made in applying the Company's accounting policies, other than those involving estimates, that have had a material effect on the amounts recognised in the financial statements. The application of the Company's accounting policies requires the use of estimates and the inherent uncertainty in forward looking estimates may result in a material adjustment to the carrying amount of assets and liabilities in the next financial year. Critical accounting estimates are subject to continuing evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable in light of known circumstances. No critical accounting estimates have been identified.

4 Operating profit / (loss)

Operating profit / (loss) is stated after crediting / (charging):

	2021 £000	2020 £000
Foreign exchange gain / (loss) on amounts due to / from Group undertakings	10,239	(14,523)
Write off of loans receivable from group undertakings during the process of liquidation of:		
Babcock International Middle East Limited	(1,408)	-
Babcock International Technologies (Holding) Limited	(725)	-
Scimco Limited	-	(30,532)

The fee payable to the parent Company's auditors in respect of the audit of the Company's financial statements was £2,700 (2020: £2,200) and was borne by Babcock International Limited.

There were no staff employed by the Company during the current or prior year. All Directors emoluments are paid by Babcock International Limited and amounts for services to the Company are immaterial.

5 Finance income and costs

	2021 £000	2020 £000
Finance income:		
Fair value changes of derivative financial instruments	48,941	30,538
Loan interest receivable from Group undertakings	3,023	1,479
Bank interest	-	2
	<u>51,964</u>	<u>32,019</u>
Finance costs:		
Fair value changes of derivative financial instruments	(48,941)	(30,538)
Loan interest payable to Group undertakings	(7,944)	(9,163)
	<u>(56,885)</u>	<u>(39,701)</u>

Babcock Overseas Investments Limited

Notes to the financial statements (continued)

6 Income tax expense

Tax expense for the year is higher (2020: higher) than the standard rate of corporation tax in the UK for the year ended 31 March 2021 of 19% (2020: 19%). The differences are explained below:

	2021 £000	2020 £000
Loss before taxation	(220,182)	(64,741)
Loss before taxation multiplied by standard UK corporation tax rate of 19% (2020: 19%)	(41,835)	(12,301)
Effects of:		
Expenses not deductible for tax	42,450	2,312
Group relief for nil consideration	(615)	9,989
Total tax charge for the year	-	-

In the 2020 budget, it was announced that the decrease in the UK rate of corporation tax from 19% to 17% was cancelled. On 24 May 2021, the Finance Act 2021 was substantively enacted, increasing the main rate of UK corporation tax from 19% to 25% with effect from 1 April 2023. As the increase of the rate to 25% had not been substantively enacted at the Balance Sheet date, its effects are not included in these Financial Statements.

7 Investments

	2021 £000	2020 £000
Shares in group undertakings		
Cost		
At 1 April	2,512,485	2,512,485
Additions	518	-
At 31 March	2,513,003	2,512,485
Provisions for impairment		
At 1 April	(441,839)	(419,988)
Impairment of investments	(238,942)	(21,851)
At 31 March	(680,781)	(441,839)
Carrying value		
At 31 March	1,832,222	2,070,646

The Company acquired 990,000 shares in Babcock Oman LLC for £518,000.

The Company made an impairment against the investment in Oneptow Insurance Limited of £1,094,000 (2020: £nil), Babcock Southern Holdings Limited of £237,331,000 (2020: £nil) and Babcock Oman LLC of £517,000 (2020: £nil) as the carrying amount of the investment exceeded the investee's net assets.

In the previous year, there was an impairment against Babcock Australia Holdings Pty Ltd of £21,851,000.

Dividends were received from Babcock US Investment Limited of £8,403,000 and £7,116,000 from Babcock Australia Holdings (Pty) Ltd (2020: £9,632,000 Babcock (NZ) Limited).

Babcock Overseas Investments Limited

Notes to the financial statements (continued)

7 Investments (continued)

The directors are satisfied that the carrying value of the investments is supported by their underlying net assets. A full list of related undertakings for the Company have been disclosed in note 12.

8 Trade and other receivables

	2021 £000	2020 £000
Amounts falling due within one year:		
Amounts due from Group undertakings	560,252	389,613
Derivative financial instruments	4,782	104,686
	<u>565,034</u>	<u>494,299</u>

Amounts due from Group undertakings within one year are unsecured, repayable on demand and:

- £51,353,000 (2020: £51,353,000) bearing interest at UK LIBOR plus 1%;
- £3,715,000 (2020: £3,715,000) bearing interest at UK LIBOR plus 4%;
- The remaining £505,184,000 (2020: £334,545,000) is non-interest bearing.

	2021 £000	2020 £000
Amounts falling due after more than one year:		
Accrued income	2,576	2,583
Preference shares	<u>86,463</u>	<u>90,226</u>
	<u>89,039</u>	<u>92,809</u>

Preference shares of £86,463,000 (2020: £90,226,000 (€101,585,000)) mature on 31 January 2024 and bear interest at EURIBOR +3%.

The 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.

The notional principal amount of outstanding interest rate swap contracts at 31 March 2021 included interest rate swaps in relation to the US\$500 million US\$ to GBP cross currency (31 March 2020: US\$500 million).

Included in derivative financial instruments:

	2021		2020	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Cross currency interest rate swaps	<u>4,782</u>	<u>4,782</u>	<u>104,686</u>	<u>104,686</u>

Babcock Overseas Investments Limited**Notes to the financial statements (continued)****8 Trade and other receivables (continued)**

The Company held the following derivatives at 31 March 2021:

Cross currency and interest rate swap	Amount		Amount at swapped rates		Maturity
	US\$000	£000	£000	US\$000	
Fixed 5.64% US\$ to fixed 5.95% GBP	200,000		143,236		31/03/2022
Fixed 5.64% US\$ to floating 3 month LIBOR +margin GBP	300,000		214,853		31/03/2022
Fixed 5.95% GBP to fixed 5.64% US\$		143,236		200,000	31/03/2022
Floating 3 month LIBOR +margin GBP to fixed 5.64% US\$		214,853		300,000	31/03/2022
Total	500,000	358,089	358,089	500,000	

The impact of the derivative in the income statement has been disclosed in note 5.

The Company held the following derivatives at 31 March 2020:

Cross currency and interest rate swap	Amount		Amount at swapped rates		Maturity
	US\$000	£000	£000	US\$000	
Fixed 5.64% US\$ to fixed 5.95% GBP	200,000		122,900		17/03/2021
Fixed 5.64% US\$ to floating 3 month LIBOR +margin GBP	300,000		184,300		17/03/2021
Fixed 5.95% GBP to fixed 5.64% US\$		122,900		200,000	17/03/2021
Floating 3 month LIBOR +margin GBP to fixed 5.64% US\$		184,300		300,000	17/03/2021
Total	500,000	307,200	307,200	500,000	

On 17th March 2021 the cross currency and interest rate swap was settled by way of an intercompany loan. On the same date a new cross currency and interest rate swap was entered into with an expiry date of 31st March 2022.

The Company has taken advantage of the exemptions within FRS 101 not to disclose all IFRS 7 and IFRS 13 requirements, 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.

Babcock Overseas Investments Limited**Notes to the financial statements (continued)****9 Creditors**

	2021 £000	2020 £000
Amounts falling due within one year:		
Amounts due to Group undertakings	969,901	812,830
Derivative financial instruments (note 8)	4,782	104,686
UK corporation tax payable	163	149
	<u>974,846</u>	<u>917,665</u>

Amounts due to Group undertakings within one year are repayable on demand and:

- £59,000,000 (2020: £59,000,000) bearing an interest rate of six month UK LIBOR plus 1%;
- £163,863,000 (2020: £163,863,000) bearing interest at six month UK LIBOR plus 4%;
- The remaining £747,038,000 (2020: £589,967,000) is non-interest bearing.

	2021 £000	2020 £000
Amounts falling due after more than one year:		
Amounts due to Group undertakings	77,163	85,621

Amounts due to group undertakings after more than one year are non-interest bearing.

10 Called up share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
3,261,578 ordinary shares of £1 each (2020: 3,260,578)	<u>3,261</u>	<u>3,261</u>

11 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.

Babcock Overseas Investments Limited

12 Related undertakings

<u>Name</u>	<u>Address</u>	<u>Holding %</u>
Advanced Jet Training Holdings Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	50.00%
Advanced Jet Training Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	50.00%
AirTanker Finance Limited	Airtanker Hub RAF Brize Norton, Carterton, Oxfordshire, England, OX18 3LX, United Kingdom	15.38%
AirTanker Holdings Limited	Airtanker Hub RAF Brize Norton, Carterton, Oxfordshire, England, OX18 3LX, United Kingdom	15.38%
AirTanker Limited	Airtanker Hub RAF Brize Norton, Carterton, Oxfordshire, England, OX18 3LX, United Kingdom	15.38%
AirTanker Services Limited	Airtanker Hub RAF Brize Norton, Carterton, Oxfordshire, England, OX18 3LX, United Kingdom	23.51%
Airwork Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Airwork Technical Services & Partners LLC	PO Box 248 (Muaskar Al Murtafa'a (MAM) Garrison), Muscat, 100, Sultanate of Oman	51.00%
ALC (FMC) Limited	3rd Floor, Chancery Exchange, 10 Furnival Street, London, England, EC4A 1AB, United Kingdom	50.00%
ALC (Holdco) Limited	3rd Floor, Chancery Exchange, 10 Furnival Street, London, England, EC4A 1AB, United Kingdom	50.00%
ALC (SPC) Limited	3rd Floor, Chancery Exchange, 10 Furnival Street, London, England, EC4A 1AB, United Kingdom	50.00%
ALC (Superholdco) Limited	3rd Floor, Chancery Exchange, 10 Furnival Street, London, England, EC4A 1AB, United Kingdom	50.00%
Armstrong Technology Associates Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Ascent Flight Training (Holdings) Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	50.00%
Ascent Flight Training (Management) Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	50.00%
Ascent Flight Training (Services) Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	50.00%
Babcock (NZ) Limited	C/O Babcock Central Office, HMNZ Dockyard, Devonport Naval Base, Queens Parade, Devonport, Auckland, 0744, New Zealand	100.00%
Babcock Aerospace Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock Airports Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock Assessments Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	7.00%
Babcock Australia Holdings Pty Ltd*	Level 9, 70 Franklin Street, Adelaide SA 5000, Australia	100.00%
Babcock B.V.	Bezuidenhoutseweg 1, 2594 AB The Hague, The Netherlands	100.00%
Babcock Careers Guidance Limited	11 New Street Square, London, EC4A 3HQ, United Kingdom	33.33%
Babcock Careers Management Limited	1 New Street Square, London, EC4A 3HQ, United Kingdom	100.00%
Babcock Contractors Limited*	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock Corporate Services Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock Critical Assets Holdings LLP	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock Critical Services Limited	C/O DWF LLP, 110 Queen Street, Glasgow, Scotland, G1 3HD, United Kingdom	100.00%

Babcock Overseas Investments Limited

12 Related undertakings (continued)

<u>Name</u>	<u>Address</u>	<u>Holding %</u>
Babcock Defence & Security Holdings LLP	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock Defence and Security Investments Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock Defence Systems Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock DS 2019 Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock Dyncorp Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	56.00%
Babcock Education & Training Holdings LLP	33 Wigmore Street, London, W1U 1QX, United Kingdom	7.00%
Babcock Education and Skills Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock Education Holdings Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	7.00%
Babcock Engineering Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock Environmental Services Limited *	1 New Street Square, London, EC4A 3HQ, United Kingdom	100.00%
Babcock Fire Services (SW) Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock Fire Services Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock Fire Training (Avonmouth) Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock Group (US Investments) Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock Holdings (USA) Incorporated	Prentice Hall Corporation Systems Inc., 532 Lookerman Square, Ste. L-100 Dover Delaware, United States	100.00%
Babcock Infrastructure Holdings LLP	BDO LLP, 55, Baker Street, London, England, W1U 7EU, United Kingdom	100.00%
Babcock Integration LLP	33 Wigmore Street, London, W1U 1QX, United Kingdom	8.92%
Babcock International Support Services Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock International US Inc	National Registered Agents, Inc., 1209 Orange Street, Wilmington DE 19801, United States	100.00%
Babcock Investments (Fire Services) Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock IP Management (Number One) Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	8.92%
Babcock IP Management (Number Two) Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	8.92%
Babcock Land Defence Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock Land Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock Learning and Development Partnership LLP	33 Wigmore Street, London, W1U 1QX, United Kingdom	5.61%
Babcock Leaseco Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock Lifeskills Limited *	1 New Street Square, London, EC4A 3HQ, United Kingdom	100.00%
Babcock Malta Limited	44 Esplanade, St Helier, JE4 9WG, Channel Islands	100.00%
Babcock Management 2019 Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock Marine Products Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%

Babcock Overseas Investments Limited

12 Related undertakings (continued)

<u>Name</u>	<u>Address</u>	<u>Holding %</u>
Babcock Marine Training Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock Mission Critical Services Australasia Pty Ltd	Level 9, 70 Franklin Street, Adelaide SA 5000, Australia	100.00%
Babcock Offshore Services Australasia Pty Ltd	Level 9, 70 Franklin Street, Adelaide SA 5000, Australia	100.00%
Babcock Oman LLC*	P.O. Box 2315, Muscat, 150, Oman	99.00%
Babcock Project Investments Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock Pty Ltd	Level 9, 70 Franklin Street, Adelaide SA 5000, Australia	100.00%
Babcock Skills Development and Training Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	7.00%
Babcock Southern Careers Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock Southern Holdings Limited*	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock Support Services GmbH	Am Zoppenberg 23, 41366 Schwalmthal, Germany	100.00%
Babcock Support Services Limited	C/O DWF LLP, 110 Queen Street, Glasgow, Scotland, G1 3HD, United Kingdom	100.00%
Babcock Technical Services Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock Training Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	7.00%
Babcock US Investments (Number Two) LLC	National Registered Agents, Inc, 1209 Orange Street, Wilmington DE 19801, United States	100.00%
Babcock US Investments Inc.	National Registered Agents, Inc., 1209 Orange Street, Wilmington DE 19801, United States	100.00%
Babcock US Investments Limited*	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Babcock Vehicle Engineering Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Capital Careers Limited	1 New Street Square, London, EC4A 3HQ, United Kingdom	88.25%
Chepstow Insurance Limited*	PO Box 155, Mill Court, La Charroterie, St Peter Port, Channel Islands, GY1 4ET, Guernsey	100.00%
Debut Services (Contracts) Ltd	142 Northolt Road, Harrow, Middlesex, HA2 0EE, United Kingdom	9.09%
Debut Services (South West) Limited	c/o Bovis Lend Lease Limited, 20 Triton Street, Regent's Place, London, England, NW1 3BF	50.00%
Debut Services Limited	c/o Bovis Lend Lease Limited, 20 Triton Street, Regent's Place, London, England, NW1 3BF	15.00%
Duqm Naval Dockyard SAOC	Wadi Say, Al-Duqm, Al-Wusta'a, 3972 112, Oman	0.99%
Fixed Wing Training Holdings Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	50.00%
Fixed Wing Training Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	50.00%
Flagship Fire Fighting Training Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
HCTC Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	7.00%
iMAST Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
KML (UK) Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	7.00%
Marine Industrial Design Limited	C/O Babcock Central Office, HMNZ Dockyard, Devonport Naval Base, Queens Parade, Devonport, Auckland, 0744, New Zealand	100.00%
National Training Institute LLC	PO Box 267, MadinatQaboos, Sultanate of Oman, 115, Oman	4.90%
Naval Ship Management (Australia) Pty Ltd	Level 10, 40 Miller Street, North Sydney NSW 2060, Australia	50.00%
Peterhouse GmbH	Am Zoppenberg 23, 41366 Schwalmthal, Germany	100.00%

Babcock Overseas Investments Limited

12 Related undertakings (continued)

<u>Name</u>	<u>Address</u>	<u>Holding %</u>
Rear Crew Training Holdings Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	50.00%
Rear Crew Training Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	50.00%
Rotary Wing Training Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	50.00%
Skills2Learn Ltd	33 Wigmore Street, London, W1U 1QX, United Kingdom	7.00%
Surrey Careers Services Limited	1 New Street Square, London, EC4A 3HQ, United Kingdom	88.56%
Touchstone Learning & Skills Ltd	33 Wigmore Street, London, W1U 1QX, United Kingdom	7.00%
Transfleet Distribution Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Vosper Thornycroft (UK) Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%
Westminster Education Consultants Limited	33 Wigmore Street, London, W1U 1QX, United Kingdom	100.00%

* Directly owned by Babcock Overseas Investments Limited

* Dissolved since 31 March 2021

13 Immediate and ultimate parent undertakings

The Company's immediate parent company is Babcock Holdings 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