
SCIMCO Limited

Annual report and financial statements

For the financial year ended 31 March 2018

Company registration number:

3155619

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COMPANIES HOUSE

SCIMCO Limited

Directors and advisors

Directors

P Esbach
I S Urquhart

Company Secretary

Babcock Corporate Secretaries Limited

Registered Office

33 Wigmore Street
London
W1U 1QX

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
141 Bothwell Street
Glasgow
G2 7EQ

The Directors present their strategic report for the year ended 31 March 2018.

Review of the business and future development

The company is an investment holding company. This is not expected to change in the foreseeable future.

The loss for the financial year was £900,000 (2017: £938,000).

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 the Support Services Division, a division of Babcock International Group PLC, which includes the Company, is discussed on pages 30 to 37 and 54 to 57 of the annual report of Babcock International Group PLC, which does not form part of this report.

Principal risks and uncertainties

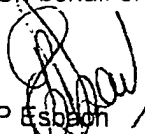
The management of the business and the execution of the Company's strategy are subject to a number of risks and uncertainties. These are managed through the operational review process supplemented at Group level by independent challenge and review by the Group Risk Manager and the Audit and Risk Committee.

The key risks and uncertainties affecting the Company are considered to be related to contractual performance and the political and regulatory environment. Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided on pages 68 to 79 of the annual report of Babcock International Group PLC, which does not form part of this report.

Financial risk management

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management. The policies in respect of managing price risk, credit risk, liquidity risk and interest rate cash flow risk are provided on pages 34 to 37 and Note 2 of the annual report of Babcock International Group PLC, which does not form part of this report.

On behalf of the Board



P Esobon
Director

26 July 2018

The directors present the audited financial statements of the Company, for the year ended 31 March 2018.

Dividends

The directors have not declared a dividend for the year ended 31 March 2018 (2017 - £nil).

Directors' indemnities

The Company's Articles of Association provide that, subject to the provisions of the Companies Act, but without prejudice to any protection from liability which might otherwise apply, every director of the Company shall be indemnified out of the assets of the Company against any loss or liability incurred by him in defending any proceedings in which judgement is given in his favour, or in which he is acquitted or in connection with any application in which relief is granted to him by the court for any negligence, default, breach of duty or breach of trust by him in relation to the Company or otherwise in connection with his duties or powers of office.

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.

Directors of the company

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

P Esbach
F Martinelli – resigned 12 October 2017
I S Urquhart

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Babcock International Group PLC. The directors have received confirmation that Babcock International Group PLC intends to support the company for at least one year after these financial statements are signed.

Independent auditors and the disclosure of information

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) 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.

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
- 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.

Reappointment of independent auditors

A resolution proposing to reappoint PricewaterhouseCoopers LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



P. Esbach
Director

26 July 2018

Independent auditors' report to the members of SCIMCO Limited

Report on the audit of the financial statements

Opinion

In our opinion, SCIMCO Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 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 (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2018; the Income statement, the 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Independent auditors' report to the members of SCIMCO Limited (continued)

Report on the audit of the financial statements (continued)

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2018 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 set out on page 4, 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.

Independent auditors' report to the members of SCIMCO Limited (continued)

Report on the audit of the financial statements (continued)

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.

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 received 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.



Kenneth Wilson (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow

26 July 2018

SCIMCO Limited
Income Statement

For the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Finance income	5	2	2
Finance costs	5	(902)	(940)
Loss before taxation		(900)	(938)
Income tax expense	7	-	-
Loss for the financial year		(900)	(938)

All results for the year arise wholly from continuing operations.

There were no recognised gains and losses aside from those shown in the income statement and therefore no separate statement of comprehensive income is presented.

Balance sheet as at 31 March 2018

	Note	2018 £'000	2017 £'000
Non-current Assets			
Investments	8	116,450	116,450
		<u>116,450</u>	<u>116,450</u>
Current assets			
Trade and other receivables	9	399	397
		<u>399</u>	<u>397</u>
Trade and other payables – amounts falling due within one year	10	(103,338)	(102,436)
Net current liabilities		<u>(102,939)</u>	<u>(102,039)</u>
Total assets less current liabilities		13,511	14,411
Trade and other payables – amounts falling due after more than one year	10	(22,500)	(22,500)
Net liabilities		<u>(8,989)</u>	<u>(8,089)</u>
Equity			
Called up share capital	11	5,000	5,000
Profit and loss account		<u>(13,989)</u>	<u>(13,089)</u>
Total shareholders' deficit		<u>(8,989)</u>	<u>(8,089)</u>

The financial statements on pages 8 - 17 were approved by the board of directors and signed on its behalf by:



P Esbach
Director

26 July 2018

Company Registration Number - 3155619

Statement of changes in equity
for the year ended 31 March 2018

	Called up share capital £'000	Profit and loss account £'000	Total Shareholders' Deficit £'000
At 1 April 2017	5,000	(13,089)	(8,089)
Loss for the financial year	-	(900)	(900)
At 31 March 2018	5,000	(13,989)	(8,989)

	Called up share capital £'000	Profit and loss account £'000	Total Shareholders' Deficit £'000
At 1 April 2016	5,000	(12,151)	(7,151)
Loss for the financial year	-	(938)	(938)
At 31 March 2017	5,000	(13,089)	(8,089)

1 General information

SCIMCO Limited is a private company limited by shares 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.

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 Support Services (Investments) Limited and of its ultimate parent, Babcock International Group Plc. It is included in the consolidated financial statements of Babcock International Group Plc which are publicly available. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

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'

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)**Basis of preparation (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

Investments

Fixed asset investments are shown at cost less any amounts written off for impairment.

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.

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.

Notes to the financial statements (continued)

4. Auditors' Remuneration

No auditors' fees have been settled directly by the Company (2017:nil). Audit fees of £2,000 (2017: £2,000) were paid by a fellow subsidiary undertaking on-behalf of the Company in respect of audit work performed in the UK.

5. Finance income and costs

	2018 £'000	2017 £'000
Finance income:		
Loan interest receivable from group undertaking	2	2
	<u>2</u>	<u>2</u>
Finance costs:		
Loan interest payable to group undertaking	(891)	(913)
Bank interest	(11)	(27)
	<u>(902)</u>	<u>(940)</u>
	<u>(900)</u>	<u>(938)</u>

6. Directors and employees

Other than the directors, the company had no employees during the year (2017: none). The directors did not receive any remuneration for their services as directors of the company (2017: £nil).

Notes to the financial statements (continued)

7. Income tax expense**Income tax expense included in income statement**

	2018 £'000	2017 £'000
Current tax	-	-
Deferred tax	-	-
Income tax expense for the year	-	-

The tax assessed on the loss before taxation for the year is higher (2017: higher) than the standard rate of corporation tax in the UK for the year ended 31 March 2018 of 19% (2017: 20%). The differences are explained below:

	2018 £'000	2017 £'000
Loss before taxation	(900)	(938)
Tax on loss before taxation at standard UK corporation tax rate of 19% (2017: 20%)	(171)	(188)
Effects of:		
Group relief for nil consideration	171	188
Income tax expense for the financial year	-	-

In the UK 2015 Budget it was announced that the UK corporation tax rate will reduce to 19% for April 2017. It was announced in the 2016 UK Budget that it will be further reduced to 18% from April 2020. It was subsequently announced in 2017 UK Budget that it will be reduced to 17% from April 2020. As a result of this change, UK deferred tax balances have been re measured at 17% as this is the tax rate that will apply on reversal.

Notes to the financial statements (continued)

8. Investments

	Total £'000
Cost	
At 31 March 2017 and at 31 March 2018	<u>116,450</u>
Provision for impairment	
At 31 March 2017 and at 31 March 2018	<u>-</u>
Net book value	
At 31 March 2017 and at 31 March 2018	<u>116,450</u>

A full listing of the company's investments are detailed below:

Name of Company	Shareholding	Country of Incorporation
Babcock Rail Limited 33 Wigmore Street London W1U 1QX	100%	England and Wales

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

9. Trade and other receivables

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	399	397
	<u>399</u>	<u>397</u>

The amount due from group undertakings is unsecured and repayable on demand.

- There is one major loan (2016: one) of £350,000 (2016: £350,000) which is repayable on demand, the interest rate is 0.5%.

Notes to the financial statements (continued)

10. Trade and other payables**Amounts falling due within one year**

	2018 £'000	2017 £'000
Bank loans and overdrafts	2,118	2,107
Amounts owed to group undertakings	101,220	100,329
	<u>103,338</u>	<u>102,436</u>

Amounts falling due after more than one year

	2018 £'000	2017 £'000
Debenture loan stock	<u>22,500</u>	<u>22,500</u>

The amounts due to group undertakings are unsecured and repayable on demand.

There are three major loans (2017: three) from group companies:

- Two loans (2017: two) totalling £57,638,811 (2017: £57,638,811) are repayable on demand, the interest rate is 6 month LIBOR plus 1%.
- One loan (2017: one) of £34,621,867 (2017: £34,621,867) is repayable on demand, with no interest charge.

The debenture loan stock was issued on 14 February 1996 to finance the purchase of the entire share capital of Babcock Rail Limited. It is repayable on demand. However, as the holder of the stock is the company's immediate parent undertaking and has indicated that it will not call for the stock to be repaid in the foreseeable future, it is held as due after one year. Interest at a commercial rate is applicable from the date on which the holder of the stock demands its repayment.

Notes to the financial statements (continued)

11. Called up share capital

	2018	2017
	£'000	£'000
Allotted, issued and fully paid		
5,000,000 (2017: 5,000,000) ordinary shares of £1 each	5,000	5,000

12. Guarantees and financial commitments*Contingent liabilities*

At the year end the company had guaranteed or had joint and several liability for drawn Babcock International Group PLC bank facilities of £nil (2017: £nil) provided to certain group companies. In addition, the Company at the year end had joint and several liabilities for the drawn bank overdraft facilities of other group companies of £nil (2017: £nil).

13. Related party disclosures

The Company, as a wholly owned subsidiary, has taken advantage of the exemption, granted under IAS 24 "Related Party Disclosures", from disclosing details of sales and purchases with other members of the group headed up by Babcock International Group PLC.

14. Ultimate parent undertaking

The Company's immediate parent company is Babcock Support Services (Investments) Limited, a company registered in England and Wales. The company's ultimate parent company 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. The directors regard Babcock International Group PLC as the ultimate controlling party.

Copies of Babcock International Group PLC financial statements are available to the public from the following address:

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