

**GIBRALTAR INVESTMENTS (NO. 1) LIMITED**  
**ANNUAL REPORT AND FINANCIAL**  
**STATEMENTS**  
**FOR THE YEAR ENDED 25 SEPTEMBER 2010**

**Company Registered Number : 4539887**

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**GIBRALTAR INVESTMENTS (No. 1) LIMITED**

**DIRECTORS AND ADVISORS**

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**DIRECTORS**

W Tame  
A Dungle

**COMPANY SECRETARY**

V Teller

**REGISTERED OFFICE**

33 Wigmore Street  
London  
W1U 1QX

**INDEPENDENT AUDITORS**

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

## **GIBRALTAR INVESTMENTS (No. 1) LIMITED**

### **DIRECTORS' REPORT for the year ended 25 September 2010**

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The directors present their annual report and the audited financial statements of the company for the year ended 25 September 2010

The report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

#### **Principal activity**

The principal activity of the company is that of an investment company. There are no plans to alter significantly the business of the company.

#### **Results and dividends**

The loss for the year was £1,264,814 (2009 loss £2,970,794). The directors do not recommend the payment of a dividend (2009 £nil).

#### **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.

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

Under their respective Articles of Association, the directors of the company are, and were during the year to 25 September 2010, 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.

#### **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 39-45.

#### **Directors**

The members of the Board during the year and up to the point of signing the financial statements were:

W Tame  
A Dungate

**DIRECTORS' REPORT (continued)  
for the year ended 25 September 2010**

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**Statement of directors' responsibilities in respect of the Annual Report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with 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 those 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.

**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.

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

This report was approved by the Board on 29 June 2011 and signed on its behalf by



**V Teller  
Secretary**

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## **Independent auditors' report to the members of Gibraltar Investments (No. 1) Limited**

We have audited the financial statements of Gibraltar Investments (No. 1) Limited for the year ended 25 September 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' responsibilities statement set out on page 3 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

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.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 25 September 2010 and of its loss and cash flows 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 Companies Act 2006

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**Independent auditors' report to the members of Gibraltar Investments (No. 1) Limited  
(continued)**

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the directors' report in accordance with the small company regime

*Neil Grimes*

Neil Grimes (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London, United Kingdom

**GIBRALTAR INVESTMENTS (No. 1) LIMITED****PROFIT AND LOSS ACCOUNT  
for the year ended 25 September 2010  
Company Registered Number : 4539887**

	Note	2010 £	2009 £
Administration expenses		<b>(936,651)</b>	(2,909,516)
Operating loss	3	<b>(936,651)</b>	(2,909,516)
Net finance charges payable	2	<b>(328,163)</b>	(61,278)
<b>Loss on ordinary activities before taxation</b>		<b>(1,264,814)</b>	(2,970,794)
Tax on ordinary activities	4	-	-
<b>Loss for the financial year</b>	8	<b>(1,264,814)</b>	(2,970,794)

During the year, there were no recognised gains and losses other than those dealt with in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented

The accompanying notes form an integral part of this profit and loss account

There are no material differences between the loss on ordinary activities before tax and the retained loss for the year stated above and their historical cost equivalent

**GIBRALTAR INVESTMENTS (No. 1) LIMITED**

**BALANCE SHEET  
as at 25 September 2010**

	Note	2010 £	2009 £
<b>CURRENT ASSETS</b>			
Debtors	5	11,183,836	11,181,980
Cash at bank		-	1,849
		<b>11,183,836</b>	<b>11,183,829</b>
<b>Creditors:</b> amounts falling due within one year	6	<b>(35,277,956)</b>	<b>(34,013,135)</b>
<b>NET CURRENT LIABILITIES</b>		<b>(24,094,120)</b>	<b>(22,829,306)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>(24,094,120)</b>	<b>(22,829,306)</b>
<b>NET LIABILITIES</b>		<b>(24,094,120)</b>	<b>(22,829,306)</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	1,000	1,000
Profit and loss account	8	<b>(24,095,120)</b>	<b>(22,830,306)</b>
<b>Total shareholders' deficit</b>	8	<b>(24,094,120)</b>	<b>(22,829,306)</b>

The financial statements on pages 6 to 11 were approved by the Board on 29 June 2011

  
W Tame  
Director

The accompanying notes form an integral part of this balance sheet



**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 25 September 2010**

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**1 ACCOUNTING POLICIES**

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

**Going concern**

The financial statements have been prepared on the basis that the company is a going concern due to group support.

**Basis of accounting**

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

**Cash flow statement**

A cash flow statement has not been prepared as the company has taken advantage of the exemption under FRS1 (Revised 1996) 'Cash flow Statements' available to wholly owned subsidiaries of a company whose consolidated financial statements include a consolidated cash flow statement and are available to the public.

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. The taxation liabilities of certain group companies may be reduced, wholly or in part, by surrender of losses by fellow group companies. The decision to charge group relief is made on a case by case basis.

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

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

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected

# GIBRALTAR INVESTMENTS (No. 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 25 September 2010

### 1 ACCOUNTING POLICIES (continued)

#### Taxation (continued)

to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### Foreign Exchange

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at exchange rates ruling at the balance sheet date of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account.

### 2 NET FINANCE CHARGES

	2010	2009
Bank interest receivable	7	41
Group interest payable	(328,170)	(61,319)
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	(328,163)	(61,278)

### 3 OPERATING LOSS, STAFF COSTS AND DIRECTORS' REMUNERATION

There were no staff employed during the year and none of the directors received remuneration in respect of their services to the company during the year under review.

The directors are remunerated by other group companies.

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

Net exchange differences on foreign currency borrowings are £936,651 (2009 £2,909,516).

**GIBRALTAR INVESTMENTS (No. 1) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 25 September 2010****4 TAXATION**

There is no corporate tax for the period, as the company has made a loss and there is uncertainty as to the recoverability of any resultant possible tax asset

**5 DEBTORS**

	2010 £	2009 £
Amounts due from fellow subsidiary undertakings	11,183,836	11,181,980
	<b>11,183,836</b>	<b>11,181,980</b>

The loan of £11,181,980 (2010 £11,181,980) due from fellow subsidiary undertakings is repayable on demand and is non-interest bearing. The remaining £1,856 is also repayable on demand and non-interest bearing.

**6 CREDITORS: amounts falling due within one year**

	2010 £	2009 £
Amounts owed to fellow subsidiary undertakings	(35,277,956)	(34,013,135)
	<b>(35,277,956)</b>	<b>(34,013,135)</b>

Included in amounts owed to fellow subsidiary undertakings is a short-term loan of ZAR 165,000,000 (2009 ZAR165,000,000) which bears an interest rate of LIBOR + 1%. There is also £20,010,000 (2009 £20,010,000) which is non interest bearing and is repayable on demand. The remaining £392,370 is also non interest bearing and is repayable on demand.

**7 CALLED UP SHARE CAPITAL**

	2010 £	2009 £
<b>Authorised:</b>		
50,000,000 ordinary shares of £1 each	50,000,000	50,000,000
<b>Allotted, called up and fully paid:</b>		
1,000 ordinary shares of £1 each	1,000	1,000

**GIBRALTAR INVESTMENTS (No. 1) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 25 September 2010**

**8 RECONCILIATION OF MOVEMENT IN TOTAL SHAREHOLDERS' FUNDS**

	<b>Total shareholders' funds 2010 £</b>	<b>Total shareholders' funds 2009 £</b>	<b>Profit and loss account 2010 £</b>	<b>Profit and loss account 2009 £</b>
At 26 September	<b>(22,829,306)</b>	(19,858,512)	<b>(22,830,306)</b>	(19,859,512)
Loss for the year	<b>(1,264,814)</b>	(2,970,794)	<b>(1,264,814)</b>	(2,970,794)
At 25 September	<b>(24,094,120)</b>	(22,829,306)	<b>(24,095,120)</b>	(22,830,306)

**9 RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption granted to 90% subsidiaries, by FRS8 'Related Party Disclosures', not to disclose transactions with group undertakings

**10 ULTIMATE CONTROLLING PARTY**

The immediate parent undertaking is Babcock Investments Limited. The company's ultimate parent company 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 the Babcock International Group PLC accounts are available from the following address

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