

**Babcock Defence and Security  
Investments Limited**

**Annual report  
For the year ended 31 March 2014**

**Company registration number:  
08132272**

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# **Babcock Defence and Security Investments Limited**

## **Directors and advisors**

### **Directors**

F Martinelli

W Tame

### **Company secretary**

Babcock Corporate Secretaries Limited

### **Registered office**

33 Wigmore Street

London

W1U 1QX

### **Independent Auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Savannah House

3 Ocean Way

Ocean Village

Southampton

SO14 3TJ

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**Babcock Defence and Security Investments Limited**  
**Directors' Report****Directors' report for the year ended 31 March 2014**

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2014.

**Principal activities**

The principal activity of the Company is that of an investment holding company.

**Review of the business**

Over the course of the year, the Company's core business activities continued to perform in line with expectations. The year on year increase in Other operating income results from a full year of trading (the prior year was 9 months). No dividends were received in the current year, this accounts for the year on year decrease in Profit.

During the year the Company derived its operating income from the deferred income release of commitment and arrangement fees for an associate undertaking. The Company's interest receivable income is derived from loans with the associated undertakings.

In the previous financial year, the Company issued share capital and acquired share capital and loans receivables. More detail on these transactions can be found in note 7 Investments and note 11 Called up share capital.

**Future developments**

The directors are confident about the future trading prospects of the Company and it continues to operate as a going concern.

**Post Balance Sheet event**

On the 4 April 2014 the Company received a dividend of £3,400,000 from Holdfast Training Services Limited, an associated undertaking of the Company.

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**Babcock Defence and Security Investments Limited**  
**Directors' Report (cont)****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 the political and regulatory environment. The directors manage this risk by meeting on a regular basis to discuss these risks.

Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on pages 64 to 71 of the annual report of Babcock International Group PLC, which does not form part of this report.

**Key performance indicators**

The Company's activities are managed on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company. The growth and performance of Babcock Defence & Security, a division of Babcock International Group PLC, which includes the Company, is discussed on pages 26 to 31 of the Group's report, which does not form part of this report.

**Results and dividends**

The Company's results for the year are set out in the profit and loss account on page 8 showing a profit for the financial period after tax of £1,839,000 (2013: £4,453,000). At 31 March 2014, the Company had net assets of £60,352,000 (2013: £58,513,000).

No dividends were paid or proposed during the current year or comparative period.

**Financial risk management**

The Company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Company.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors of Babcock International Group PLC are implemented by the Group and Company's finance department. The department has a policy and procedures manual that sets out specific guidelines to allow it to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

*Liquidity risk*

The Company retains access to pooled cash resources to ensure it has sufficient available funds for operations. The Company also has access to longer term funding from its ultimate parent undertaking if required.

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## **Babcock Defence and Security Investments Limited**

### **Directors' Report (cont)**

#### *Interest rate cash flow risk*

The Company has interest-bearing assets. The interest-bearing assets earn interest at a fixed rate, with the exception of interest earned on cash balances which accrue interest at a floating rate. The Company does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied.

#### **Directors**

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

F Martinelli  
W Tame

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

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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 firm 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.

#### **Directors' protection**

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 members of Babcock International Group PLC, including, where applicable, in their capacity as a director of the Company and other companies within the Group. These indemnities came into force in 2012 and remain in force.

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**Babcock Defence and Security Investments Limited**  
**Directors' Report (cont)**

**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.

The directors have taken advantage of Section 414B of the Companies Act 2006 in relation to small entities.

By order of the Board

A handwritten signature in black ink, appearing to read 'F Martinelli', with a stylized flourish at the end.

F Martinelli

**Director**

28 November 2014

**Babcock Defence and Security Investments Limited**  
**Independent auditors' report to the members of Babcock Defence and Security Investments Limited**

**Report on the financial statements**

**Our opinion**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

**What we have audited**

The financial statements, which are prepared by Babcock Defence and Security Investments Limited, comprise:

- the Balance Sheet as at 31 March 2014;
- the Profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

**What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Babcock Defence and Security Investments Limited**  
**Independent auditors' report to the members of Babcock Defence and Security Investments Limited (cont)**

**Opinion on other matter 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.

**Other matters on which we are required to report by exception**

**Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

**Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

**Responsibilities for the financial statements and the audit**

**Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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



Michael Coffin (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Southampton

28 November 2014



# Babcock Defence and Security Investments Limited

## Profit and loss account for the year ended 31 March 2014

|  | Notes | Year ended 31<br>March 2014<br>£000 | Period from 5 July<br>to 31 March 2013<br>£000 |
|--|-------|-------------------------------------|--|
| Other operating income                               |       | 15                                  | 3  |
| <b>Operating profit</b>                              | 2     | <u>15</u>                           | <u>3</u>                                       |
| Interest receivable and similar Income               | 3     | 1,824                               | 550  |
| Income from shares in associated undertakings        |       | -                                   | 3,900  |
| <b>Profit on ordinary activities before taxation</b> |       | <u>1,839</u>                        | <u>4,453</u>                                   |
| Tax on profit on ordinary activities                 | 6     | -                                   | -  |
| <b>Profit for the financial period</b>               | 12    | <u>1,839</u>                        | <u>4,453</u>                                   |

There is no difference between the profit (2013: profit) on ordinary activities before taxation and the profit for the financial year/period (2013: profit) stated above and their historical cost equivalents.

There are no recognised gains or losses other than the profit (2013: profit) for the financial year/period reported above and therefore no separate statement of total recognised gains and losses has been presented.

All results derive from continuing operations.

# Babcock Defence and Security Investments Limited

## Balance Sheet as at 31 March 2014

|  | Notes | 2014<br>£000  | 2013<br>£000  |
|--|-------|---------------|---------------|
| <b>Fixed Assets</b>  |       |               |               |
| Investments  | 7     | 34,975        | 53,770        |
| <b>Current assets</b>  |       |               |               |
| Debtors - amounts falling due within one year                  | 8     | 13,089        | 934           |
| - amounts falling due after more than one year                 | 8     | 10,722        | -             |
| Cash at bank and in hand                                       |       | 1,810         | 4,067         |
|  |       | <u>25,621</u> | <u>5,001</u>  |
| <b>Creditors: amounts falling due within one year</b>          | 9     | (14)          | (14)          |
| <b>Net current assets</b>                                      |       | <u>25,607</u> | <u>4,987</u>  |
| <b>Total assets less current liabilities</b>                   |       | 60,582        | 58,757        |
| <b>Creditors: amounts falling due after more than one year</b> | 10    | (230)         | (244)         |
| <b>Net assets</b>  |       | <u>60,352</u> | <u>58,513</u> |
| <b>Capital and reserves</b>                                    |       |               |               |
| Called up share capital  | 11    | -             | -             |
| Share premium account  | 12    | 54,060        | 54,060        |
| Profit and loss account  | 12    | 6,292         | 4,453         |
| <b>Total shareholders' funds</b>                               | 12    | <u>60,352</u> | <u>58,513</u> |

The financial statements on pages 8 to 16 were approved by the board of directors on 28 November 2014 and signed on its behalf by:



**F Martinelli**  
Director

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**Babcock Defence and Security Investments Limited**  
**Notes to the financial statements****1. Accounting policies**

The following accounting policies have been applied consistently throughout the period.

**Basis of preparation**

These financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and UK generally accepted accounting principles. The principal accounting policies are summarised below.

The Company is exempt by virtue of s400(1) of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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

The Company is a wholly-owned subsidiary of Babcock International Group PLC. Consequently, the Company has taken advantage of the exemption available under FRS 8 not to disclose details of transactions with Babcock International Group PLC or other Group undertakings, and is included in the consolidated financial statements of Babcock International Group PLC which are publicly available. In addition the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996).

**Investments**

Fixed asset investments are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

**Taxation**

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 'Deferred tax'. Deferred tax assets are recognised only to the extent that in the opinion of the directors, there is reasonable probability that the asset will crystallise in the foreseeable future. Deferred tax is measured at the average 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 substantively enacted by the balance sheet date.

**Babcock Defence and Security Investments Limited**  
**Notes to the financial statements (cont)**

**2. Operating profit**

Fees payable for the statutory audit of the financial statements have been borne by the Company's immediate parent undertaking, Babcock Defence & Security Holdings LLP.

Fees paid to the Company's auditors PricewaterhouseCoopers LLP, and its associates, for services other than statutory audit of the Company, are disclosed on a consolidated basis in the financial statements of the ultimate parent undertaking, Babcock International Group PLC.

**3. Interest receivable and similar income**

|   | Period from 5<br>July to 31 March |            |
|---|-----------------------------------|------------|
|   | 2014                              | 2013       |
|   | £000                              | £000       |
| Loan interest from joint venture undertakings | 1,824                             | 550        |
|   | <u>1,824</u>                      | <u>550</u> |

**4. Staff costs**

No staff were employed by the Company during the current or prior year.

**5. Directors' remuneration**

The emoluments of the directors, including pension contributions, are borne by another Babcock International Group company in their role as executives of those companies. No part of their emoluments could be attributed to their services in respect of the Company (2013: £nil).

**Babcock Defence and Security Investments Limited**  
**Notes to the financial statements (cont)**

**6. Tax on profit on ordinary activities**

|  | <b>2014</b> | Period from 5 July |
|--|-------------|--------------------|
|  | <b>£000</b> | to 31 March 2013   |
|  |             | <b>£000</b>        |
| Current tax:                                       |             |                    |
| - UK corporation tax on profits of the year/period | -           | -                  |
| <b>Total current tax</b>                           | -           | -                  |
| <b>Tax on profit on ordinary activities</b>        | -           | -                  |

The tax assessed for the year is lower (2013: lower) than the standard rate of corporation tax in the UK (23% (2013: 24%). The difference between the total current year/period tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

|   | <b>2014</b>  | Period from 5 July |
|---|--------------|--------------------|
|   | <b>£000</b>  | to 31 March 2013   |
|   |              | <b>£000</b>        |
| <b>Profit on ordinary activities before tax</b>                                     | <b>1,839</b> | <b>4,453</b>       |
| Profit on ordinary activities multiplied by standard rate in the UK 23% (2013: 24%) | <b>423</b>   | 1,069              |
| Effects of:   |              |                    |
| - Income not taxable for tax purposes   | -            | (936)              |
| - Group relief claimed for nil consideration  | <b>(423)</b> | (133)              |
| <b>Current tax charge for the period</b>  | -            | -                  |

**Factors affecting current and future tax charges**

A number of changes to the UK Corporation tax system were announced in the March 2012 Budget Statement. Legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 is included in the Finance Act 2013. Further changes to the UK Corporation tax system were announced in the March 2013 Budget Statement. These included further reductions to the main rate corporation rate from 21% to 20% by 1 April 2015. These further changes have been substantively enacted at the balance sheet date and therefore, the impact is included in these financial statements.

**Babcock Defence and Security Investments Limited**  
**Notes to the financial statements (cont)**

**7. Investments**

|   | <b>Shares in<br/>associated<br/>undertakings<br/>£000</b> |
|---|---|
| <b>At 1 April 2013</b>                      | 53,770  |
| Repayment of principle                      | (1,095)   |
| Reclassification of loans to current assets | (17,700)  |
| <b>At 31 March 2014</b>                     | <b><u>34,975</u></b>                                      |

  

|  | <b>Total<br/>£000</b> |
|--|-----------------------|
| <b>At 5 July 2012</b>                      | -                     |
| Acquisitions                               | 54,060                |
| Interest receivable from JVs when acquired | (234)                 |
| Repayment of principle                     | (56)                  |
| <b>At 31 March 2013</b>                    | <b><u>53,770</u></b>  |

Investments comprise equity shares in joint venture companies which were acquired on the 4 December 2012. A list of joint ventures can be found on page 16.

On the 4 December 2012, the Company acquired Ascent Flight Training (Holdings) Limited from Babcock International Support Services Limited for a cash consideration of £7,912,000 for the shareholding and the loan notes receivable (£3,258,723).

On the same date, the Company acquired ALC (Superholdco) Limited from Babcock Land Limited for the shareholding for a cash consideration of £17,821,000 for the shareholding and the loan notes receivable (£4,397,270).

On the same date, the Company acquired Holdfast Training Services Limited from Babcock Support Services Limited for a cash consideration of £28,327,000 for the shareholding and the loan notes (£10,941,414).

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

**Babcock Defence and Security Investments Limited**  
**Notes to the financial statements (cont)**

**8. Debtors – amounts falling due within one year**

|   | 2014<br>£000  | 2013<br>£000 |
|---|---------------|--------------|
| <b>Amounts falling due within one year:</b>             |               |              |
| Amounts owed by Group undertakings                      | 5,799         | 425          |
| Amounts owed by associated undertakings                 | 6,978         | -            |
| Interest receivable on loans to associated undertakings | 312           | 509          |
|   | <u>13,089</u> | <u>934</u>   |

**Amounts falling due after more than one year:**

|   |               |            |
|---|---------------|------------|
| Amounts owed by associated undertakings | 10,722        | -          |
|   | <u>23,811</u> | <u>934</u> |

Amounts owed by Group undertakings are unsecured and repayable on demand. Amounts owed by associated undertakings are loans which are unsecured and repayable on demand. There are three loans, one with each of the associated undertakings. ALC (Superholdco) Limited and Ascent Flight Training (Holdings) Limited accrues interest at 12%. Holdfast Training Services Limited accrues interest at 8%.

**9. Creditors – amounts falling due within one year**

|                           | 2014<br>£000 | 2013<br>£000 |
|---------------------------|--------------|--------------|
| Deferred operating income | 14           | 14           |
|                           | <u>14</u>    | <u>14</u>    |

Deferred operating income is receivable representing commitment and arrangement fees in assisting Ascent Flight (Training) Holdings Limited in gaining their loan notes and is being amortised over the life of the loan notes.

**10. Creditors – amounts falling due after more than one year**

|                           | 2014<br>£000 | 2013<br>£000 |
|---------------------------|--------------|--------------|
| Deferred operating income | 230          | 244          |
|                           | <u>230</u>   | <u>244</u>   |

Deferred operating income is receivable representing commitment and arrangement fees in assisting Ascent Flight (Training) Holdings Limited in gaining their loan notes and is being amortised over the life of the loan notes.

**Babcock Defence and Security Investments Limited**  
**Notes to the financial statements (cont)**

**11. Called up share capital**

|  | 2014<br>£  | 2013<br>£  |
|--|------------|------------|
| <b>Allotted and fully paid</b>             |            |            |
| 202 (2013: 202) ordinary shares of £1 each | 202        | 202        |
|  | <u>202</u> | <u>202</u> |

On the 5 July 2012, 2 shares of £1 each were issued to Vosper Thornycroft (UK) Limited for a cash consideration of £2.

On 4 December 2012, 100 ordinary shares of £1 were issued at a premium of £7,911,900 to the Company's parent Babcock Defence & Security Holdings LLP for cash consideration. The cash raised from this share issue was used to acquire the shareholding and loan notes in Ascent Flight Training (Holdings) Limited.

On the same date, 100 ordinary shares of £1 were issued at a premium of £46,147,900 to the Company's parent Babcock Defence & Security Holdings LLP for cash consideration. The cash raised from this share issue was used to acquire the shareholding and loan notes in ALC (Superholdco) Limited and Holdfast Training Services Limited

**12. Reconciliation of movement in shareholders' funds**

|                               | Called up share<br>capital<br>£000 | Share premium<br>account<br>£000 | Profit and loss<br>account<br>£000 | Total<br>£000 |
|-------------------------------|------------------------------------|----------------------------------|------------------------------------|---------------|
| At 1 April 2013               | -                                  | 54,060                           | 4,453                              | 58,513        |
| Profit for the financial year | -                                  | -                                | 1,839                              | 1,839         |
| <b>At 31 March 2014</b>       | <b>-</b>                           | <b>54,060</b>                    | <b>6,292</b>                       | <b>60,352</b> |

|  | Called up share<br>capital<br>£000 | Share premium<br>account<br>£000 | Profit and loss<br>account<br>£000 | Total<br>£000 |
|--|------------------------------------|----------------------------------|------------------------------------|---------------|
| At 5 July 2012   | -                                  | -                                | -                                  | -             |
| Capital introduced by issue of shares by group companies | -                                  | 54,060                           | -                                  | 54,060        |
| Profit for the financial period                          | -                                  | -                                | 4,453                              | 4,453         |
| <b>At 31 March 2013</b>                                  | <b>-</b>                           | <b>54,060</b>                    | <b>4,453</b>                       | <b>58,513</b> |

**13. Guarantees and financial commitments**

*a) 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 £620.8 million (2013: £658.6 million) 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 (2013: £nil).



**Babcock Defence and Security Investments Limited**  
**Notes to the financial statements (cont)**

**14. Related party disclosures**

As a wholly owned undertaking of Babcock International Group PLC, the Company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" from disclosing transactions with other members of the group headed by Babcock International Group PLC, whose financial statements are publicly available.

**15. Subsidiary undertakings**

The Company has taken advantage of the exemption under Section 410(2) of the Companies Act 2006 by providing information only in relation to related undertakings whose results or financial position, in the opinion of the Directors, principally affected the financial statements. A full list of associated undertakings as at 31 March 2014 will be annexed to the Company's next annual return filed with the Registrar of Companies.

The associated undertakings of the Company at 31 March 2014 are shown below. The Company and its associated undertakings are all incorporated and domiciled in England and Wales. All holdings are in relation to ordinary shares.

| Name                                      | Principal activity                    | Percentage held |
|---|---------------------------------------|-----------------|
| ALC (Superholdco) Limited                 | Provision of vehicles                 | 50%             |
| Ascent Flight Training (Holdings) Limited | Provision of flight training services | 50%             |
| Holdfast Training Services Limited        | Provision of training services        | 74%             |

**16. Ultimate parent undertaking**

The Company's immediate parent company is Babcock Defence & Security Holdings LLP, a limited liability partnership 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