

Gibraltar Investments (No.7) Limited

Annual Report

For the year ended 31 March 2018

Company registration number:

04540026



Gibraltar Investments (No.7) Limited

Directors and advisors

Current directors

F Martinelli
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

Gibraltar Investments (No.7) Limited

Strategic report for the year ended 31 March 2018

The directors present their Strategic report on the Company for the year ended 31 March 2018.

Principal activities

The principal activities of the company continue to be that of a group finance company within the group headed by Babcock International Group PLC.

Review of the business

	2018 £000	2017 £000
Profit for the financial year	6,260	7,221

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.

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.

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.

On behalf of the Board



I Urquhart
Director

16 August 2018

Gibraltar Investments (No.7) Limited

Directors' report for the year ended 31 March 2018

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

Dividends

Dividends declared and paid during the financial year were £13,764,400 (2017: £nil). There are no plans for a final dividend.

Future developments

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

Financial risk management

All treasury transactions are carried out only with prime rated counter-parties. Financial Risk is managed in accordance with Group policies and procedures which are discussed on pages 26 to 29 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:

F Martinelli
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
- 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.

Gibraltar Investments (No.7) Limited

Directors' report for the year ended 31 March 2018 (continued)

Statement of directors' responsibilities (continued)

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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is 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 that information.

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 were reappointed as auditors at the Annual General Meeting.

On behalf of the Board



I Urquhart
Director

16 August 2018

Gibraltar Investments (No.7) Limited

Independent auditors' report to the members of Gibraltar Investments (No.7) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Gibraltar Investments (No.7) 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 profit 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 2018; the Income Statement, the Statement of Comprehensive Income, 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.

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.

Gibraltar Investments (No.7) Limited

Independent auditors' report to the members of Gibraltar Investments (No.7) Limited *(continued)*

Reporting on other information *(continued)*

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 pages 3 and 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.

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.

Gibraltar Investments (No.7) Limited

Independent auditors' report to the members of Gibraltar Investments (No.7) Limited *(continued)*

Auditors' responsibilities for the audit of the financial statements *(continued)*

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.

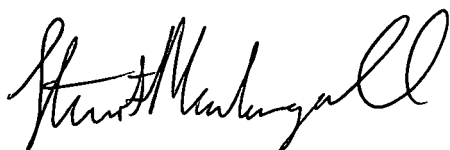
Other required reporting

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.



Stuart Macdougall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

17 August 2018

Gibraltar Investments (No.7) Limited

Income statement

for the year ended 31 March 2018

	Note	2018 £000	2017 £000
Administrative (expenses) / income		<u>(6,035)</u>	7,221
Operating (loss) / profit	4	(6,035)	7,221
Income from shares in group undertakings	6	<u>13,764</u>	-
Profit before income tax		7,729	7,221
Income tax expense	5	<u>(1,469)</u>	-
Profit for the financial year		<u>6,260</u>	7,221

All of the above results derive from continuing operations.

Statement of comprehensive income

for the year ended 31 March 2018

	2018 £000	2017 £000
Profit for the financial year	<u>6,260</u>	7,221
Total comprehensive income for the year	<u>6,260</u>	7,221

Gibraltar Investments (No.7) Limited

Balance sheet

as at 31 March 2018

	Note	2018 £000	2017 £000
Non-current assets			
Investments	6	<u>100</u>	<u>100</u>
Current assets			
Trade and other receivables – amounts falling due within one year	7	<u>56,800</u>	<u>62,838</u>
Current liabilities			
Trade and other payables – amounts falling due within one year	8	<u>(6,642)</u>	<u>(5,176)</u>
Net current assets		<u>50,158</u>	<u>57,662</u>
Net assets		<u>50,258</u>	<u>57,762</u>
Equity			
Called up share capital	9	611	611
Retained earnings		<u>49,647</u>	<u>57,151</u>
Total shareholders' funds		<u>50,258</u>	<u>57,762</u>

The notes on pages 11 to 16 are an integral part of these financial statements.

The financial statements on pages 8 to 16 were approved by the Board of directors and signed on its behalf by:



I Urquhart
Director

16 August 2018

Gibraltar Investments (No.7) Limited**Statement of changes in equity**
for the year ended 31 March 2018

	Called up share capital £000	Retained Earnings £000	Total shareholders' funds £000
Balance at 1 April 2016	611	49,930	50,541
Profit for the financial year	-	7,221	7,221
Balance at 31 March 2017	611	57,151	57,762
Profit for the financial year	-	6,260	6,260
Dividends paid	-	(13,764)	(13,764)
Balance at 31 March 2018	611	49,647	50,258

Gibraltar Investments (No.7) Limited

Notes to the financial statements

1 General information

Gibraltar Investments (No.7) 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 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 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 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 Overseas 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. 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 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'
- 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.

Gibraltar Investments (No.7) Limited

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

Basis of preparation (continued)

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.

Investments

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

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.

Gibraltar Investments (No.7) Limited

Notes to the financial statements (continued)

4 Operating (Loss)/ profit

Profit before income tax is stated after (charging) / crediting:

	2018 £000	2017 £000
Foreign exchange (losses) / gains	(6,035)	7,223
Audit fees	-	(2)
	<u>(6,035)</u>	<u>7,221</u>

The fee payable to the parent auditors and its associates in respect of the audit of the Company's financial statements was £2,033 (2017: £2,000) and was borne by Babcock International Limited (2017: the Company).

5 Income tax expense

Tax expense for the year is higher (2017: lower) than the standard effective 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
Profit before income tax	<u>7,729</u>	<u>7,221</u>
Profit before income tax multiplied by standard UK corporation tax rate of 19% (2017: 20%)	1,469	1,444
Effects of:		
Group relief for nil consideration	-	(1,444)
Total tax charge for the year	<u>1,469</u>	<u>-</u>

It was announced in 2018 UK Budget that the UK corporation tax rate will be reduced to 17% from April 2020. As a result of this change, UK deferred tax balances have been remeasured at 17% as this is the tax rate that will apply on reversal.

6 Investments

	2018 £000	2017 £000
Shares in group undertakings		
Cost and carrying amount		
At 1 April and 31 March	<u>100</u>	<u>100</u>

The Company received a dividend of £13,764,400 (2017: £nil) from Babcock International Guarantee Company.

The directors believe that the carrying value of the investments is supported by their underlying assets. A full list of related undertakings for the Company has been disclosed in note 13.

Gibraltar Investments (No.7) Limited

Notes to the financial statements (continued)

7 Trade and other receivables – amounts falling due within one year

	2018 £000	2017 £000
Amounts due by parent and group undertakings	<u>56,800</u>	62,838

All amounts due by group undertakings are unsecured, non-interest bearing and repayable on demand.

8 Trade and other payables – amounts falling due within one year

	2018 £000	2017 £000
Amounts due to parent and group undertakings	100	100
Group tax relief due to parent and group undertakings	5,064	5,064
Bank loans and overdrafts	9	10
Accruals	-	2
UK corporation tax payable	<u>1,469</u>	-
	<u>6,642</u>	5,176

All amounts due to group undertakings are non-interest bearing and repayable on demand.

9 Called up share capital

	2018 £000	2017 £000
Authorised		
50,000,000 ordinary shares of £1 each (2017: 50,000,000)	<u>50,000</u>	50,000
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each (2017: 1,000)	1	1
1,000,000 ordinary B shares of \$1 each (2017: 1,000,000)	<u>610</u>	610
Allotted, called up and partly paid		
30,000,000 ordinary shares of £1 each (0.0001p paid per share) (2017: 30,000,000)	<u>-</u>	-

10 Dividends

Dividends declared and paid during the financial year were £13,764,400 (2017: £nil). There are no plans for further dividend.

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.

12 Contingent liabilities

At the year-end date 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 had joint and several liabilities for the drawn bank overdraft facilities of other Group companies of £nil (2017: £nil).

Gibraltar Investments (No.7) Limited

Notes to the financial statements (continued)

13 Related undertakings

All related undertakings for the Company are as listed below:

Name	Address	Interest	Immediate %	Ultimate %
Babcock International Guarantee Company	33, Wigmore Street, London, W1U 1QX, United Kingdom	100,000 Ordinary shares	100.00%	100.00%
Tyneham Investments Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	36 ORDINARY shares	26.47%	26.47%
Birchill Investment Co. Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	8 ORDINARY shares	80.00%	21.18%
Babcock International Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	100,000,000 ORDINARY shares, 5,000,000 Preference shares	100.00%	21.18%
Babcock Contractors Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	6,700,000 ORDINARY shares	100.00%	21.18%
Babcock Integration LLP	33, Wigmore Street, London, W1U 1QX, United Kingdom	Holding Company > Subsidiary Company	66.80%	14.15%
Babcock IP Management (Number One) Limited	33, Wigmore Street, London, England, W1U 1QX, United Kingdom	10,002 Ordinary shares	99.95%	14.14%
Babcock IP Management (Number Two) Limited	33, Wigmore Street, London, England, W1U 1QX, United Kingdom	10,001 Ordinary shares	100.00%	14.15%
Babcock Nominees Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	700,000 ORDINARY shares	100.00%	21.18%
Babcock Woodall-Duckham (Overseas) Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	108,485 'B' ORDINARY shares, 51,515 ORDINARY shares, 180,000 6% CUMULATIVE PREFERENCE shares	100.00%	21.18%
Babcock-Moxey Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	20,447 ORDINARY shares	100.00%	21.18%
BMH (2002) Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	129,572 ORDINARY shares	100.00%	21.18%
Hiberna Contract Services Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	8,614,327 ORDINARY shares	100.00%	21.18%
Hiberna Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	100 ORDINARY shares	100.00%	21.18%
St Helen's Securities Limited	33, Wigmore Street, London, W1U 1QX, United Kingdom	11,361,934 ORDINARY shares	100.00%	21.18%
The Stirling Boiler Company Limited	C/O DWF LLP , 110 Queen Street , Glasgow , Scotland, G1 3HD, United Kingdom	15,000 ORDINARY shares	100.00%	21.18%

Gibraltar Investments (No.7) Limited

Notes to the financial statements *(continued)*

14 Immediate and ultimate parent undertakings

The Company's immediate parent company is Babcock Overseas Investments 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