Babcock Corporate Services Limited

Annual report and financial statements

for the year ended 31 March 2023

Registered number: 04415588

COMPANY INFORMATION

Directors	S Doherty I Connell N Borrett
Company secretary	Babcock Corporate Secretaries Limited
Registered Number	04415588
Registered office	33 Wigmore Street London W1U 1QX
Independent auditor	Deloitte LLP 1 New Street Square London EC4A 4HQ

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Strategic report for the year ended 31 March 2023

The Directors present their Strategic report on the Company for the year ended 31 March 2023.

Principal activities
The Company's principal activities continued to be provision of IT and other shared services to fellow subsidiaries.

Business review

	2023	2022
	£'000	£'000
Revenue	**102,431**	88,398
Loss before tax for the financial year	**(19,486)**	(7,479)

During the year, the Company's core business activities continued to perform in line with expectations. In the current year revenue was higher due to the transfer of centrally led functional staff and property leases and the associated recharges to other Babcock Group subsidiaries, the loss was predominantly due to an impairment charge recognised in relation to IT software of £5,845k, and the full year impact of the transfer of centrally led functional staff and property leases. In the prior year an operating loss was made due to the transfer of centrally led functional staff and the impact of transferring six property leases, a license agreement and associated provisions from other Babcock Group subsidiaries. In addition an impairment charge was recognised in relation to two of the leases and an onerous contract provision was recognised, the charge to the income statement as a result was £3,996k.

The net assets of the Company have reduced in the year to £168,368k (2022: £187,854k) due to an increase in utilisation of the bank overdraft facility £13,008k (2022: £704k) and an increase in amounts owed by other Babcock International Group PLC subsidiaries £26,143k (2022: £22,229k) to the Company.

Principal risks and uncertainties
The Company's ultimate controlling parent is Babcock International Group PLC. Risks are managed at a group level in accordance with the risk management framework of Babcock International Group PLC. The principal risks and uncertainties of Babcock International Group PLC are discussed in its Annual Report for the year ended 31 March 2023.

The Directors manage 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 87 to 103 of the annual report of Babcock International Group PLC, which does not form part of this report.

Future developments
Babcock Corporate Services Limited employs centrally led functional staff. The new Babcock International Group operating model has impacted the growth of the Company, as the model increased central activity in support of the group. The activity of the Company, including the number of employees, is likely to continue to increase as a result of the new operating model. Future growth is also expected to be driven by that of the Babcock group as a whole.

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 Company, a subsidiary of Babcock International Group PLC, is discussed in the annual report of Babcock International Group PLC, which does not form part of this report.

Strategic report for the year ended 31 March 2023 (continued)

S172(1) Statement and Stakeholder engagement
This statement contains an overview of how the Directors have performed their duty to promote the success of the Company as set out in Section 172(1) of the Companies Act 2006. That section requires a director of a company to act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of the shareholders. In doing this, the director must have regard, amongst other matters, to:

a) the likely consequences of any decision in the long term,
b) the interests of the company's employees,
c) the need to foster the company's business relationships with suppliers, customers and others,
d) the impact of the company's operations on the community and the environment,
e) the desirability of the company maintaining a reputation for high standards of business conduct, and
f) the need to act fairly between members of the company.

Stakeholder engagement is managed in accordance with Group policies and procedures which are discussed on pages 56, 57, and 115 of the annual report of Babcock International group PLC, which does not form part of this report.

Employees
Our success is led by our employees. We continue to strengthen our employee value proposition by enhancing our engagement and promoting an agile global workplace. We are committed to creating an inclusive and diverse organisation where employees can develop their full potential. We focus on developing and supporting a truly engaged workforce, living our principles and working on shared goals, united by our common Purpose.

These engagement activities form part of the Group-wide People Strategy as described on pages 20 - 21 and 83 – 85 the annual report of Babcock International Group PLC which does not form part of this report.

Business relationships
We are committed to conducting business honestly, transparently and with integrity. Understanding the needs and challenges of our customers allows us to help them to succeed. We work in partnership with public and private customers across the globe, enabling them to deliver critical programmes and services, adding value to their operations. We seek to solve their challenges through excellent operational performance and the introduction of innovative solutions and technology to support their longer-term needs. We build and maintain long-term relationships with our customers to promote the future success of the Company.

To support our global business operations and strategy we require an efficient and highly effective supply chain. This means we need to foster trusted and collaborative relationships with suppliers who share our appetite to drive improvement through innovation and best practice. Our external supply chains are an important part of our performance and by working collaboratively with suppliers we can ensure continuity of supply, minimise risk and bring innovative solutions to our customers. These engagement activities form part of the Group-wide Procurement Strategy as described on pages 20 – 21 and 83 – 85 of the annual report of Babcock International Group PLC which does not form part of this report.

The community and environment
Sustainability is an integral part of our corporate strategy and how we do business and it underpins our corporate Purpose: to create a safe and secure world, together. We have done a lot in the past year to drive our sustainability programme across the Group, ensure progress towards our corporate commitments and deliver our five ESG priorities shown below.

1. We will reduce emissions and set science-based targets to get to net zero across our estate, assets and operations by 2040.
2. We will integrate environmental sustainability into programme design to minimise waste and optimise resources.
3. We will ensure the safety and wellbeing of all our people.
4. We will make a positive difference to the communities we’re proud to be part of and provide high-quality jobs that support local economies.
5. We will be a collaborative, trusted partner across the supply chain, helping to tackle common challenges.

Strategic report for the year ended 31 March 2023 (continued)

The community and environment *(continued)*
These activities form part of the Group-wide ESG Strategy as described on pages 58 – 86 of the annual report of Babcock International Group PLC which does not form part of this report.

Maintaining a reputation for high standards of business conduct
To protect the Company and reduce risks, we have established a policy on how we should conduct business which is summarised in the form of the Babcock Code of Business Conduct.

Compliance with this policy is compulsory for our employees, business advisors and business partners (or, in the case of business advisors and partners, they must have equivalent standards and procedures in their own businesses). The policy is kept under review by the Group Company Secretary and General Counsel and on an annual basis the Board undertakes an annual ethics review, seeking assurance that the Group's Ethics policy is complied with.

This report was approved by the board on 12 March 2024 and signed on its behalf.

S Doherty

Director

Directors report for the year ended 31 March 2023

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2023.

Dividends
An interim dividend of £nil (2022: £nil) representing nil pence (2022: nil pence) per ordinary share was declared and paid in the year. No final dividend for the year ended 31 March 2023 is proposed by the directors (2022: £nil).

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

I Urquhart (resigned 31 May 2022)
S Parker (resigned 6 Apr 2023)
I Connell
S Doherty (appointed 31 May 2022)
N Borrett (appointed 15 December 2022)

The Board is not aware of any customer or supplier contract of significant value in relation to the Company in which any Director has, or has had, a material interest.

Going concern
The Company's business activities, together with the factors likely to affect its future development and financial position are set out within the Strategic Report. In addition, within the Directors' Report there are details of the financial risks that the Directors have highlighted as significant to the business.

As the Company is part of a larger group it participates in the group's centralised treasury arrangements and so shares banking arrangements with it parents and fellow subsidiaries. The Company is in a net current liabilities position of £124,802k, but is not expected to settle the intercompany amounts due to parent and group undertakings until the Company has sufficient liquidity to do so. Additionally, the Company is expected to be in a position to obtain finance via intercompany loans to continue to operate for at least twelve months from when the financial statements are authorised for issue and the Company has received a letter of support from Babcock International Group PLC confirming this position. In completing this analysis, the Directors have considered the ability of Babcock International Group PLC to provide such finance.

The Directors are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Financial risk management
The applicable financial risk management policies and exposure to financial risks including price, credit, liquidity and cash flows are discussed in detail within the annual report for Babcock International Group PLC.

Employment of disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Employee involvement
Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Company as a whole. Communication with all employees continues through the in-house newspaper and newsletters, briefing groups and the distribution of the annual report.

Directors report for the year ended 31 March 2023 (continued)

Safety policy
The Company recognises the promotion of health and safety at work as an important objective. It is Company policy to take steps to ensure, as far as reasonably practical, the health, safety and welfare of the employees of the Company.

Research and development
The Company commits resources to research and development to the extent management considers reasonable for the evolution and development of the business.

Energy and carbon reporting
The Company has taken advantage of the exemption granted under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 as this information is disclosed in the annual report for the year ended 31 March 2023 of its ultimate parent, Babcock International Group PLC.

Engagement with suppliers and customers
Engagement with suppliers and customers has been considered in the Strategic Report on page 4.

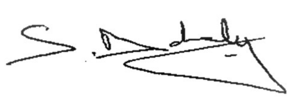
Qualifying third party indemnity provisions
Babcock International Group PLC provides protections for directors of companies within the Group against personal financial exposure they may incur in their capacity as such. These include qualifying third party indemnity provisions (as defined by Companies 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.

Post balance sheet events
There have been no significant events affecting the Company since the year end.

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.

Appointment of auditors
At the 2023 Annual General meeting of Babcock International Group PLC, the Company's ultimate parent company, Deloitte LLP were reappointed as external auditor to the group. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed to the Company and Deloitte LLP will, therefore, continue in office.

This report was approved by the board on 12 March 2024 and signed on its behalf.



S Doherty

Director

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). 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; 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. 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Babcock Corporate Services Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Babcock Corporate Services Limited (the 'company'):
- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the income statement;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in

Independent auditor's report to the members of Babcock Corporate Services Limited *(continued)*

Other information (continued)
the financial statements themselves. 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 in this regard.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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 auditor's report.

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:
- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, relevant tax legislation and pensions legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team and relevant internal specialists such as tax and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

Independent auditor’s report to the members of Babcock Corporate Services Limited *(continued)*

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors’ report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors’ report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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; 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.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

James Isherwood

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James Isherwood ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
12 March 2024

Income statement for the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Revenue	4	**102,431**	88,398
Cost of revenue		**(121,676)**	(97,296)
Operating loss	5	**(19,245)**	(8,898)
Finance income	6	**2,641**	2,580
Finance costs	6	**(2,882)**	(1,161)
Loss before taxation		**(19,486)**	(7,479)
Income tax charge	9	**-**	(3,679)
Loss for the financial year		**(19,486)**	(11,158)

All of the above results derive from continuing operations.

There have been no other comprehensive gains/losses during either the current or prior year other than as disclosed in the profit and loss account and therefore no separate statement of comprehensive income has been presented.

Statement of financial position as at 31 March 2023

	Note	**2023**	2022
		£'000	£'000
Non-current assets			
Intangible assets	10	**35,188**	51,625
Property, plant and equipment	11	**17,474**	10,354
Right-of-use assets	12	**34,819**	28,414
Lease receivables	13	**1,915**	2,346
Trade and other receivables	**14**	**241,358**	239,310
		330,754	332,049
Current assets			
Trade and other receivables	**14**	**49,351**	36,802
Lease receivables	**13**	**665**	656
Cash and cash equivalents		**253**	10,134
		50,269	47,592
Current Liabilities			
Lease liabilities	**12**	**(4,346)**	(3,928)
Trade and other payables	**15**	**(170,725)**	(156,249)
Net current liabilities		**(124,802)**	(112,585)
Total assets less current liabilities		**205,952**	219,464
Non-current liabilities			
Lease liabilities	**12**	**(35,201)**	(28,811)
Provision for liabilities	**16**	**(2,383)**	(2,799)
Net assets		**168,368**	187,854
Equity			
Called up share capital	17	**181,369**	181,369
Share premium account		**14,510**	14,510
Retained earnings		**(27,511)**	(8,025)
Total shareholders' funds		**168,368**	187,854

The notes on pages 15 to 29 are an integral part of these financial statements.

The financial statements on pages 12 to 29 were approved on 12 March 2024 by the board of directors and signed on its behalf by:

S Doherty
Director

Statement of changes in equity as at 31 March 2023

		Called up share capital £'000	Share premium account £'000	Retained earnings £'000	Total share-holders' funds £'000
Balance at 1 April 2021		**181,369**	**14,510**	**3,133**	**199,012**
Loss for the year		-	-	(11,158)	(11,158)
Balance at 31 March 2022		**181,369**	**14,510**	**(8,025)**	**187,854**
Loss for the year		**-**	**-**	(19,486)	(19,486)
Balance at 31 March 2023		**181,369**	**14,510**	**(27,511)**	**168,368**

Notes to the financial statements

1 General information

Babcock Corporate Services Limited is a private company which is incorporated and domiciled in the UK. The address of the registered Office is 33 Wigmore Street, London W1U 1QX.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

Basis of preparation

These financial statements have been prepared under the historical cost convention, certain financial assets and liabilities measured at fair value through profit and loss in accordance with applicable law, the Companies Act 2006 and Financial Reporting Standard 101 ‘Reduced Disclosure Framework (FRS 101)’. The presentation currency of these financial statements is sterling and all amounts have been rounded to the nearest £’000.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements in accordance with the international accounting standards in conformity with the requirements of Companies Act 2006 as applicable to companies under FRS 101.

The company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, these financial statements have been prepared in accordance with Financial Reporting Standard 101 ‘Reduced Disclosure Framework’ (FRS 101). In preparing these financial statements, the company applies the recognition and measurement requirements of International Financial Reporting Standards (IFRS) as adopted by the UK, but makes amendments where necessary in order to comply with the Companies Act 2006 and sets out below where advantage of the FRS 101 disclosure exemptions has been taken:

a) IFRS 7, ‘Financial instruments: Disclosures’.
b) 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).
c) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
d) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 58, 90, 91 and 93 of IFRS 16 Leases.
e) 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).

f) Paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements.
g) IAS 7, ‘Statement of cash flows’
h) Paragraph 30 and 31 of IAS 8 ‘Accounting policies, changes in accounting estimates and errors’.
i) Paragraph 17 of IAS 24, ‘Related party transactions’ in respect of key management compensation.
j) The requirements of IAS 24, ‘Related party disclosures’ to disclose related party transactions entered into between two or more members of a group.
k) Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

2 Summary of significant accounting policies *(continued)*

Adoption of new and revised standards

The following standards and amendments to IFRS became effective for the annual reporting period beginning on 1 April 2022 and did not have a material impact on the consolidated financial statements:

- Amendments to IAS 37, *'Provisions, contingent liabilities and contingent assets'*. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract.
- Amendments to IAS 16, *'Property, plant and equipment'*. The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced before that asset is available for use and clarifies the meaning of 'testing whether an asset is functioning properly'.
- Amendments to IFRS 3, *'Business Combinations'*. The amendment relates to the identification of liabilities assumed and contingent assets acquired in a business combination.
- Annual improvements to IFRS 2018 – 2020 cycle

The Company has not early adopted any other amendment, standard or interpretation that has been issued but is not yet effective. It is expected that these standards and amendments will be adopted on the applicable effective date. The following new or amended IFRS accounting standards, amendments and interpretations not yet adopted are not expected to have a significant impact on the Company:

- IFRS 17, *'Insurance Contracts'*
- Amendments to IAS 1, *'Presentation of Financial Statements'*
- Amendments to IFRS 3, *'Business Combinations'*
- Amendments to IAS 8, *'Accounting Policies, Changes in Accounting Estimates and Errors'*
- Amendments to IAS 12, *'Income Taxes'*

All new standards and amendments are effective for accounting periods beginning on or after 1 January 2023.

Going concern

The Company's business activities, together with the factors likely to affect its future development and financial position are set out within the Strategic Report. In addition, within the Directors' Report there are details of the financial risks that the Directors have highlighted as significant to the business.

As the Company is part of a larger group it participates in the group's centralised treasury arrangements and so shares banking arrangements with it parents and fellow subsidiaries. The Company is in a net current liabilities position of £124,802k, but is not expected to settle the intercompany amounts due to parent and group undertakings until the Company has sufficient liquidity to do so. Additionally, the Company is expected to be in a position to obtain finance via intercompany loans to continue to operate for at least twelve months from when the financial statements are authorised for issue and the Company has received a letter of support from Babcock International Group PLC confirming this position. In completing this analysis, the Directors have considered the ability of Babcock International Group PLC to provide such finance.

The Directors are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes to the financial statements (continued)

2 Summary of significant accounting policies *(continued)*

Revenue

Recharges to fellow subsidiary undertakings represent charges for corporate services provided to fellow Babcock International Group PLC subsidiary companies.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation. The intangible assets are amortised on a straight-line basis as follows:

a) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditure is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have been capitalised are amortised from the date the product is available for use on a straight-line basis over the period of its expected benefit but not exceeding seven years.

b) Computer software

Computer software includes software licences acquired plus the costs incurred in bringing the software into use and is shown at cost less accumulated amortisation and is amortised over its expected useful lives of between three and five years.

The Company is implementing an ERP system on behalf of Babcock International Group PLC in phases over several years. The costs are held as Assets Under Construction until the date the asset is available for use. This occurs once the implementation has been completed for each respective phase. It is then transferred to assets in use and amortised over its useful life of 10 years.

Property, plant and equipment

Property, plant and equipment is shown at cost less subsequent depreciation and impairment, except for land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is provided on a straight-line basis to write off the cost of property, plant and equipment over the estimated useful lives to their estimated residual value (reassessed at each balance sheet date) at the following annual rates:

Leasehold property	Lease term
Plant and equipment	6.6% to 33.3%

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount exceeds the higher of an asset’s fair value less cost to sell or value in use.

Provisions

A provision is recognised in the statement of financial position when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at an appropriate discount rate.

Notes to the financial statements (continued)

2 Summary of significant accounting policies *(continued)*

Impairment of non-current assets
For all non-financial non-current assets (including acquired intangible assets, capitalised development costs, software assets, property, plant and equipment and right of use assets) the Company performs impairment testing where indicators of impairment are identified. Impairment testing is performed at the individual asset level. Where an asset does not generate cash flows that are separately identifiable from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs.

The recoverable amount is the higher of fair value less costs of disposal, and value-in-use. When the recoverable amount is less than the carrying amount, an impairment loss is recognised immediately in the Company income statement.

Where an impairment loss on other non-financial non-current assets subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised in prior years. Goodwill impairments are not subsequently reversed.

Leases
The Company as lessee
For all leases in which the Company is a lessee (other than those meeting the criteria detailed below), the Company recognises a right of use asset and corresponding lease liability at commencement of the lease. The lease liability is the present value of future lease payments discounted at the rate implicit in the lease, if available, or the applicable incremental borrowing rate. The incremental borrowing rate is determined at lease inception based on a number of factors including asset type, lease currency and lease term. Lease payments include fixed payments and variable lease payments dependent on an index or rate, initially measured using the index or rate at the commencement date. The lease term reflects any extension or termination options that the Company is reasonably certain to exercise.

The lease liability is subsequently measured at amortised cost using the effective interest rate method, with interest on the lease liability being recognised as a finance expense in the income statement. The lease liability is remeasured, with a corresponding adjustment to the right of use asset, if there is a change in future lease payments, for example resulting from a rent review, change in a rate/index or change in the Company's assessment of whether it is reasonably certain to exercise an extension, termination or purchase option.

The right of use asset is initially recorded at cost, being equal to the lease liability, adjusted for any initial direct costs, lease payments made prior to commencement date, lease incentives received and any dilapidation costs. Depreciation of right of use assets is recognised as an expense in the income statement on a straight-line basis over the shorter of the asset's useful life or expected term of the lease.

Right of use assets arising from sale and leaseback transactions are measured at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Company. Gains arising on sale and leaseback transactions are recognised to the extent that they relate to the rights transferred to the buyer-lessor whilst losses arising on sale and leaseback transactions are recognised in full.

Right of use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, with the impairment expense being recognised in the income statement. Where a lease is terminated early, any termination fees or gain or loss relating to the release of right of use asset and lease obligation are recognised as a gain or loss through the income statement.

Payments in respect of short-term leases not exceeding 12 months in duration or low-value leases are expensed straight line to the income statement as permitted by IFRS 16, 'Leases'.

The Company as lessor
As a lessor, the Company classifies lessor arrangements as finance or operating leases. Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. All lessor arrangements in the Company meet the criteria for a finance lease.

Notes to the financial statements (continued)

2 Summary of significant accounting policies *(continued)*

Leases (continued)

The Company as lessor (continued)

Amounts due from lessees under a finance lease are held on the statement of financial position as a financial asset at an amount equal to the Company's net investment in the lease. The finance lease payments received are treated as finance income and a repayment of principal including initial direct costs. Finance income is allocated over the lease term, with the gross receivable being reviewed for impairment on a regular basis.

Contingent liabilities

A contingent liability is a possible obligation arising from past events whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the Company's control, or a present obligation that is not recognised because it is not probable that an outflow of economic benefits will occur or the value of such outflow cannot be measured reliably. The Company does not recognise contingent liabilities. See note 18 for details of contingent liabilities.

Cash and cash equivalents

Company cash and cash equivalents consist of cash at bank and cash in hand, together with short-term deposits with an original maturity of three months or less and money market funds.

Taxation

a) Current income tax

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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 substantively enacted, by the reporting 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. Deferred tax assets are recognised where deferred tax liabilities exist and are expected to reverse in the same period as the deferred tax asset or in periods into which a loss arising from a deferred tax asset can be carried forward or back. In the absence of sufficient deferred tax liabilities, deferred tax assets are recognised where it is probable that there will be future taxable profits from other sources against which a loss arising from the deferred tax asset can be offset. In assessing the availability of future profits, the Company uses profit forecasts consistent with those used for goodwill impairment testing. Profits forecast beyond the Company's five-year budget cycle are risk-weighted to reflect commercial uncertainties.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

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.

Notes to the financial statements (continued)

2 Summary of significant accounting policies *(continued)*

Trade and other receivables
Trade and other receivables are stated at their cost less provision for bad debts. A provision for bad debts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

The Company writes off a trade receivable when there is objective evidence that the debtor is in significant financial difficulty and there is no realistic prospect of recovery.

Finance costs
Finance costs are recognised as an expense in the period in which they are incurred unless they are attributable to an asset under construction, in which case finance costs are capitalised.

Finance income
Finance income is recognised in the period to which it relates using the effective interest rate method.

Employee benefits
a) Pension obligations
The Company participates in a defined contribution scheme. Obligations for contributions to the defined contribution pension plan are recognised as an expense in the income statement.

b) Holiday pay
Paid holidays are regarded as an employee benefit and as such are charged to the income statement as the benefits are earned.

Financial instruments

Financial assets and liabilities at amortised cost
Cash and cash equivalents, trade receivables, amounts due from related parties and other debtors are classified as financial assets held at amortised cost as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. Trade receivables, contract assets and lease receivables include a provision for expected credit losses. The Company measures the provision at an amount equal to lifetime expected credit losses, estimated by reference to past experience and relevant forward-looking factors. For all other financial assets carried at amortised cost, including loans to joint ventures and associates and other debtors, the Company measures the provision at an amount equal to 12-month expected credit losses.

Trade creditors, amounts due to related parties, other creditors, accruals and bank loans and overdrafts are classified as financial liabilities held at amortised cost.

Fair value measurement
The fair value of an asset or liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the year-end date. Fair value measurements are used on a recurring basis except where used in the acquisition of assets and liabilities through a business combination. The fair values of non-financial assets and liabilities are based on observable market prices or rates.

The carrying values of financial assets and liabilities which are not held at fair value in the Company balance sheet are assumed to approximate to fair value due to their short-term nature, with the exception of fixed rate bonds.

There have been no changes to the valuation techniques used during the year.

Foreign currencies

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Sterling, which is the Company's functional and presentation currency.

Notes to the financial statements (continued)

2 Summary of significant accounting policies *(continued)*

Foreign currencies (continued)

b) Transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the year-end exchange rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at exchange rates ruling at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

3 Critical accounting estimates and judgements

In the course of preparation of the financial statements no judgements and estimates have been made in applying the Company's accounting policies that have had a material effect on the amounts recognised in the financial statements.

Management consider there are no critical accounting judgements and no key sourced of estimation uncertainty at the reporting period end that may result in significant risk of material adjustment to the carrying amount of assets and liabilities within the next financial year.

4 Revenue

Revenue is wholly attributable to the principal activities of the Company and arises as follows:

	2023	2022
	£'000	£'000
By area of activity:		
Rendering of IT and other services	**102,431**	88,398
	102,431	88,398

	2023	2022
	£'000	£'000
By geographical area:		
United Kingdom	**93,117**	82,047
Europe	**3,612**	3,683
Australasia	**3,403**	2,434
Canada	**2,016**	18
Africa	**283**	216
	102,431	88,398

5 Operating loss

Operating loss is stated after charging:

	2023	2022
	£'000	£'000
Depreciation of tangible fixed assets (Note 11)	**5,242**	5,751
Amortisation of intangible assets (Note 10)	**11,540**	11,797
Rent charges from group undertakings	**-**	658

Auditors' remuneration of £30,000 (2022: £30,000) has been borne by Babcock Holdings Limited. No non-audit services were provided in relation to this entity.

Fees paid to the Company's auditors, Deloitte 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. The group financial statements are required to comply with the statutory disclosure requirements.

Notes to the financial statements (continued)

6 Finance income and costs

	2023 £'000	2022 £'000
Finance income:		
Bank interest income	**36**	-
Exchange gain	**60**	-
Loan interest receivable from group undertakings	**2,545**	2,580
	2,641	2,580
Finance costs:		
Bank interest	**168**	7
Lease interest	**1,584**	469
Loan interest payable to group undertakings	**1,130**	670
Exchange loss	**-**	15
	2,882	1,161

7 Staff costs

The average monthly number of employees (including directors) employed by the Company during the year was as follows:

	2023 Number	2022 Number
By activity:		
Operations		
Management and administration	**732**	517

Their aggregate remuneration comprised:

	2023 £'000	2022 £'000
Wages and salaries	**34,948**	22,441
Social security costs	**4,846**	2,800
Pension costs – defined contribution plans (note 20)	**4,162**	2,390
	43,956	27,631

During the period, the company had pension costs £4,162,000 (2022: £2,390,000) in respect of the defined contribution scheme.

The employment costs above include those of employees providing management services to other group companies, as well as staff seconded to other group companies. These costs are subsequently recharged to those business entities.

Notes to the financial statements (continued)

8 Directors' emoluments

All of the Directors of the Company are remunerated by other Babcock Group companies. It is not possible to make an accurate apportionment of these Directors' emoluments relating to services provided to the Company and as such no disclosure of emoluments received by these Directors has been made in these financial statements. No recharge is made for costs borne by the Company in relation to services performed by the Directors in relation to other Babcock Group companies.

9 Tax

Income tax benefit

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Analysis of tax expense/(benefit) in the year		
Current tax		
• UK current year expense/(benefit)	**-**	-
	-	-
Deferred tax		
• Origination and reversal of timing differences	**-**	3,774
• Adjustment in respect of prior years	**-**	(95)
• Impact of changes in tax rates	**-**	-
Total income tax benefit	**-**	3,679

The increase in the UK rate of corporation tax to 25% with effect from 1 April 2023 was substantively enacted during the period, therefore all closing deferred tax balances have been restated at 25%.

Notes to the financial statements (continued)

9 Tax *(continued)*

Income tax benefit *(continued)*

The differences are explained below:

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Loss before tax	**(19,486)**	(7,479)
Loss on ordinary activities multiplied by rate of corporation tax in the UK of 19% (2022: 19%)	**(3,702)**	(1,421)
Effects of:		
Expenses not deductible for tax purposes	**-**	-
Deferred tax asset not recognised	**(139)**	3,729
Group relief surrendered for nil consideration	**3,841**	1,466
Prior year adjustments	**-**	(95)
Impact of change in UK tax rate	**-**	-
Total income tax benefit	**-**	3,679

Deferred tax

Deferred tax assets and deferred tax liabilities have been offset if, and only if, there is a legally enforceable right in that jurisdiction to set off corporation tax assets and corporation tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same Taxation Authorities:

	31 March 2023 £'000	31 March 2022 £'000
Deferred tax asset	**-**	-
	-	-

The movements in deferred tax assets and liabilities during the year are shown below.

	Tangible assets £'000	Total £'000
At 1 April 2022	-	-
Income statement charge	-	-
At 31 March 2023	**-**	**-**
At 1 April 2021	3,679	3,679
Income statement charge	(3,679)	(3,679)
At 31 March 2022	**-**	**-**

Deferred tax assets were previously recognised in respect of accelerated capital allowances.

Notes to the financial statements (continued)

10 Intangible assets

	Assets in the course of construction £'000	Software £'000	Total £'000
Cost			
At 1 April 2022	1,505	120,200	121,705
Additions	351	646	997
Reclassification from Assets in the course of construction	(178)	178	-
Reclassification to Property, Plant & Equipment	-	(49)	(49)
At 31 March 2023	**1,678**	**120,975**	**122,653**
Accumulated amortisation and impairment			
At 1 April 2022	-	70,080	70,080
Charge for the year	-	11,540	11,540
Impairment	-	5,845	5,845
At 31 March 2023	**-**	**87,465**	**87,465**
Net book value			
At 31 March 2023	**1,678**	**33,510**	**35,188**
At 31 March 2022	1,505	50,120	51,625

Software includes software licenses acquired plus the costs incurred in bringing the software in to use and is shown at cost less accumulated amortisation and is amortised over its expected useful life of between three and ten years.

An impairment charge was recognised in the year in relation to IT software associated with the Aviation Emergency Services business that formed part of the Babcock International Group PLC disposal programme.

Intangible assets amortisation is recorded in cost of revenue in the income statement.

11 Property, plant and equipment

	Assets in the course of construction £'000	Property, Plant & Equipment £'000	Total £'000 £'000
Cost			
At 1 April 2022	2,375	54,046	56,421
Additions	6,715	5,598	12,313
Reclassification	(246)	246	-
Reclassification from Intangible assets	-	49	49
At 31 March 2023	**8,844**	**59,939**	**68,783**
Accumulated depreciation			
At 1 April 2022	-	46,067	46,067
Charge for the year	-	5,242	5,242
At 31 March 2023	**-**	**51,309**	**51,309**
Net book value			
At 31 March 2023	**8,844**	**8,630**	**17,474**
At 31 March 2022	2,375	7,979	10,354

Depreciation is recorded in cost of revenue in the income statement.

Notes to the financial statements (continued)

12 Leases

Right-of-use assets
The Company leases land, buildings, vehicles and IT data centres under non-cancellable lease arrangements.

	Property £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 April 2022	31,227	117	31,344
Additions	8,137	2,399	10,536
Terminations	(585)	(102)	(687)
At 31 March 2023	**38,779**	**2,414**	**41,193**
Accumulated depreciation			
At 1 April 2022	2,859	71	2,930
Charge for the year	3,771	231	4,002
Impairment reversal	(205)	-	(205)
Terminations	(353)	-	(353)
At 31 March 2023	**6,072**	**302**	**6,374**
Net book value			
At 31 March 2023	**32,707**	**2,112**	**34,819**
At 31 March 2022	28,368	46	28,414

A lease in relation to one property was transferred from another Group subsidiary during the year ended 31 March 2023 (2022: Six).

Lease liabilities

	31 March 2023 £'000	31 March 2022 £'000
At 31 March 2021	**32,739**	1,562
Additions	**11,355**	32,473
Terminations	**(505)**	-
Interest Charged	**1,584**	469
Payments	**(5,626)**	(1,765)
At 31 March 2022	**39,547**	32,739

Discounted future minimum lease payments are as follows:

	31 March 2023 £'000	31 March 2022 £'000
Within one year	**4,346**	3,928
In more than one year, but not more than five years	**16,056**	13,739
After five years	**19,145**	15,072
Carrying value of liability	**39,547**	32,739

Notes to the financial statements (continued)

13 Lease receivables

	31 March 2023 £'000	31 March 2022 £'000
Within one year	**696**	696
Greater than one year but less than two years	**696**	696
Greater than two years but less than three years	**696**	696
Greater than three years but less than four years	**696**	696
Greater than four years but less than five years	**117**	696
Greater than five years	**-**	117
Total undiscounted finance lease payments receivable	**2,901**	3,597
Impact of discounting	**(321)**	(595)
Finance lease receivable	**2,580**	3,002

There was no material impairment of lease receivables in the year ended 31 March 2023 (2022: £nil).

The lease receivable relates to the Bramley Vale property lease, transferred from Morrison Energy Services (Transmission Networks) Limited (formerly Babcock Networks Limited) during the prior year.

The Company has minimal residual risk for underlying assets to which it retains rights as the lease for which the Company acts as lessor is a finance lease and therefore the asset has been leased for a term equivalent to the asset's useful economic life.

14 Trade and other receivables

	31 March 2023 £'000	31 March 2022 £'000
Amounts falling due after one year:		
Amounts due from group undertakings	**241,358**	239,310

	31 March 2023 £'000	31 March 2022 £'000
Amounts falling due within one year:		
Trade receivables	**1,154**	172
Amounts due from group undertakings	**34,015**	22,229
Prepayments and accrued income	**14,182**	14,401
	49,351	36,802

Amounts due from Group undertakings comprises the following:

- A loan of £227,467k (2022: £227,467k) is repayable on demand, the interest rate is one hundred and thirteen basis points.
- A loan totalling £6,500k (2022: £6,500k) is repayable on demand, with no interest charge.
- A loan totalling £2,485k (2022: £2,485k) is repayable on demand, with no interest charge.
- All other amounts due from group undertakings are repayable on demand with no interest charge.

Trade receivables are stated after provisions for impairment of £367k (2022: £367k).

Notes to the financial statements (continued)

15 Trade and other payables

	31 March 2023 £'000	31 March 2022 £'000
Amounts falling due within one year:		
Bank overdraft	**-**	704
Trade payables	**7,424**	8,219
Accruals and deferred income	**7,202**	5,984
Amounts due to parent and group undertakings	**153,595**	139,251
UK corporation tax payable	**-**	232
Other taxation and social security	**1,387**	761
Other payables	**1,117**	1,098
	170,725	156,249

Amounts due to Group undertakings comprises the following:

- A loan of £15,000k (2022: £15,000k) is repayable on demand, the interest rate is Libor plus 400 basis points, payable every 6 months.
- All other amounts due from group undertakings are unsecured and repayable on demand.

The Company has access to the Babcock International Group PLC overdraft facility. Accruals of £5,360k (2022: £4,025k) are included within Accruals and deferred income.

16 Provisions for liabilities

The company had the following provisions during the year:

	Property £'000	Contract £'000	Total £'000
At 1 April 2022	990	1,809	2,799
Additional provisions	-	-	-
Credited to the income statement	(190)	(226)	(416)
At 31 March 2023	**800**	**1,583**	**2,383**

Property provisions primarily relate to dilapidation costs expected to be utilised in line with the lease expiry dates in June 2023 and March 2027.

The contract provision relates to expected future losses in relation to an onerous contract with an expiry date of May 2027.

17 Share capital

	31 March 2023 £'000	31 March 2022 £'000
Allotted, called up and fully paid		
181,369,347 ordinary shares of £1 each (2022: 181,369,347)	**181,369**	**181,369**

Notes to the financial statements (continued)

18 Guarantees and financial commitments

a) Contingent liabilities

The Company has guaranteed or has joint and several liability for bank overdraft facilities that are shared across multiple Group companies with utilisation of £21m at 31 March 2023 (31 March 2022: £383.6m).

b) Capital commitments

At 31 March 2023 the Company had capital commitments of £nil (2022: £nil)

19 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.

In the prior and current year the Company entered into transactions in the ordinary course of business with Ascent Flight Training (Management) Limited in which Babcock International Group PLC hold a 50% shareholding

Transactions entered into and trading balances outstanding at 31 March 2023 are as follows:

Related party	**Sales to related party £000**	**Balance owed by £000**
Ascent Flight Training (Management) Limited	14	-

Transactions entered into and trading balances outstanding at 31 March 2022 are as follows:

Related party	**Sales to related party £000**	**Balance owed by £000**
Ascent Flight Training (Management) Limited	15	-

All dealings with related parties noted above arise in the normal course of business and are subject to normal terms and conditions.

20 Pension commitments

Pension costs for defined contribution schemes are as follows:

	31 March 2023	31 March 2022
	£'000	£'000
Defined contribution schemes	**4,162**	2,390

The Company accounts for pension costs in accordance with IAS 19. The Company contributes to a defined contribution scheme in the UK in respect of a number of its employees.

21 Immediate and ultimate parent undertakings

The Company's immediate parent company is Vosper Thornycroft (UK) 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