Babcock Training Limited

Annual Report and Financial Statements

For the year ended 31 March 2025

Company registration number 02817838

COMPANY INFORMATION

Directors	R Stacey J Rayson M Abbott
Company secretary	Babcock Corporate Secretaries Limited
Registered number	02817838
Registered office	33 Wigmore Street London W1U 1QX
Independent auditors	Forvis Mazars LLP One Peter’s Square Manchester M2 3DE

CONTENTS

Strategic report for the year ended 31 March 2025

The directors present their Strategic report on the company for the year ended 31 March 2025.

Principal activities
The principal activities of the company are the provision of apprenticeship and other vocational training across the emergency services and defence sectors to a range of customers including the London Fire Brigade and the Metropolitan Police Service.

Review of the business

	2025	2024
	£'000	£'000 *Restated
Revenue	**59,363**	60,990
Profit before tax	**8,451**	4,239
Net assets	**77,216**	71,487

The company is a significant provider of apprenticeship and other vocational training across the emergency services and defence sectors. It continues to hold contracts with the London Fire Brigade, the Metropolitan Police Service and certain UK Ministry of Defence related customers.

Revenue performed in line with the prior year. The increase in profit is principally driven by a one-off impairment to the investment held in the National Training Institute LLC in the year ended 31 March 2024 of £6,288k, offset by a loss on disposal of the same investment in the current year ended 31 March 2025 of £2,900k, the part release of onerous contract provision held against certain contracts of £366k and other trading movements.

On 11 November 2024 the Company sold its investment in National Training Institute LLC to Skills and Development Company LLC for a total consideration of OMR 49,500. This has led to the recognition of a loss on disposal of the investment of £2,900k in the year ended 31 March 2025.

*In the year ended 31 March 2025, the company restated the prior year financial information. Details of the restatement are contained in note 22.

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 2025 which does not form part of this report.

The management of the business and the execution of the company's strategy are subject to various risks and uncertainties. These are managed through the operational review process, supplemented at group level by independent challenge and review by the Audit Committee and the Risk and Controls Committee.

The key risks and uncertainties affecting the company are considered to be related to changes in government policy, budget allocations and the changing political and regulatory environment.

Risk is considered regularly at Group Board level. As part of its business planning and annual strategy review process, the Group Board conducts a robust assessment of principal and emerging risks. Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on pages 104 to 123 of the annual report of Babcock International Group PLC, which does not form part of this report.

Strategic report for the year ended 31 March 2025 *(continued)*

Key performance indicators

The financial and non-financial key performance indicators (KPIs) of Babcock International Group PLC, in the context of the Group as a whole, are provided on pages 26 to 27 of the annual report of Babcock International Group PLC, which does not form part of this report.

Management continues to use all relevant financial information in operating the company's contracts and in controlling its cost base. Individual contracts have key performance indicators (KPIs) integrated into their terms and conditions. The KPIs for the company are principally based on the successful delivery of training courses and the progression of learners to achieving their qualification. These KPIs are at the heart of the company's activities and customer satisfaction and as such they are monitored by management on a regular basis.

In the last year the company has continued to maintain the high levels of service KPIs to its existing and new customers and delivers a consistently high service to the customer throughout the year. The company's key customers continue to be satisfied with the level of performance.

We have identified the following financial and non-financial key performance indicators (KPIs) that reflect the internal benchmarks we use to measure the success of our business and strategy:

	2025	2024 Restated
Revenue Growth	**-2.7%**	-18.8%
Operating Return on Revenue	**2.0%**	-4.5%
Order Book	**£410.6m**	£438.7m
Total recordable injury rate (12 month rolling period)	**0.0**	0.0

Revenue Growth

Revenue performance remained consistent and stable year on year, supported by a strong orderbook..

Operating Return on Revenue

The increase in return reflects the one-off impact of the investment impairment in the prior year, offset by the disposal of investment in the current year, the part release of onerous contract provision held against certain contracts, plus the increase in performance of certain apprenticeship contracts.

Order Book

The company has a number of long-term contracts which provide a significant order book giving strong visibility of revenue for a number of years.

Total recordable injury rate (12 month rolling period)

The company has had another successful period of nil reportable injury rate. Focus on health and safety remains a priority. Safety sessions are regularly held to discuss incidents and near misses. Staff are empowered to challenge others if they notice non-compliance with health and safety procedures.

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 the company to have acted in a way that 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.

S172(1) Statement and Stakeholder engagement *(continued)*
Stakeholder engagement is managed in accordance with Group policies and procedures which are discussed on pages 62 to 63 and 136 to 138 of the annual report of Babcock International Group PLC, which does not form part of this report.

The Directors confirm that they, both individually and collectively, have acted in a way that they consider, in good faith, to be most likely to promote the long-term success of the company for the benefit of the shareholders as a whole, while having regard for all stakeholders. By considering key stakeholder groups and aligning our activities with our strategic plan, as well as the company's culture and values, we aim to act fairly, transparently and in the best interests of the company over the long term. Stakeholder engagement in relation to key stakeholder groups includes the following:

Customers
The future success of the company is driven by the long-term relationships with our customers. The directors 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.

What matters to them:
- Health and safety
- Operational excellence
- Affordability, Availability, Capability

How the Company engages:
- Regular ongoing relationship engagement at all levels
- Contract negotiation and execution
- Attendance at key industry events

Suppliers
Our sustainable growth requires 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 operational improvement through innovation and best practice. These partnerships allow us to ensure continuity of supply, minimise risk and bring integrated solutions to our customers.

What matters to them:
- Fair treatment and respect
- Access to opportunities
- Prompt payment and predictable supplier cash flows

How the Company engages:
- Regular open and honest two-way communications
- Supplier Code of Conduct and Supplier's Guide
- Supplier due diligence

Regulators
We are committed to providing safe and effective operations. We must maintain positive and constructive relationships with regulators to be able to operate, to help shape policy in our markets and to position for future opportunities.

What matters to them:
- Regulations, policies and standards
- Governance and transparency
- Trust and ethics

S172(1) Statement and Stakeholder engagement *(continued)*

Regulators (continued)
- Safety and compliance of operations
- Sustainability

How the Company engages:
- Regular engagement (national, local and official level)
- Briefing on key issues
- Dedicated compliance teams
- Response to direct queries
- Co-ordinated safety improvement programmes

Colleagues
Colleague engagement is a primary focus for the Directors of the company. Our people deserve an environment in which they can thrive – one that requires an unwavering commitment to their health, safety and wellbeing, and a culture where talent is recognised, supported and developed through meaningful action so that everyone can reach their full potential, united by our common Purpose.

What matters to them:
- Fair pay and reward
- Opportunities for career development
- Health, safety and wellbeing
- An empowering, inclusive culture with strong leadership
- Collaboration

How the Company engages:
- Internal communication channels, including intranet and senior management vlogs
- Access to the Group CEO via a dedicated email
- A dedicated onboarding app
- Senior management and board visits
- ‘Safety Starts with Me’ and Safety Stars programmes
- New colleague recognition Ignite Award scheme
- Free confidential employee support helpline

Communities
We seek to work in partnerships with the communities we serve so that we can thrive together. As good corporate citizens, we want to make a genuine difference by supporting our local communities both economically and socially; community engagement and social value creation is a key to our ESG strategy.

What matters to them:
- Employment opportunities and economic contribution
- Health, safety and wellbeing
- Sustainability and protection of the local environment
- Support for the armed forces and emergency services community

How the Company engages:
- Colleague volunteering
- Employer of service leavers, veterans and reserves
- Engagement with and support for local community programmes

Sustainability 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. Since outlining the Group’s ESG strategy in 2020 our ambition has grown, but the level and complexity of requirements placed on the business has also increased. Therefore, Babcock International Group PLC, of which this company is a subsidiary, has undertaken a full review and refresh of our sustainability strategy, to prepare us for the years ahead, and the company will focus on the following six strategic priorities:

Strategic report for the year ended 31 March 2025 *(continued)*

S172(1) Statement and Stakeholder engagement *(continued)*

Sustainability and environment (continued)

1. Tackling climate change. We have a responsibility to reduce our emissions but must also have a mature understanding of how we will respond to the impacts of climate change.
2. Managing our resources responsibly. We have a responsibility to work with our suppliers and on our own sites to ensure we use resources effectively and efficiently.
3. Protecting the natural environment. Not only is it important to comply with laws and regulations, but where possible we want to enhance the environments we operate in, providing both ecological and social benefits.
4. Ensuring the health safety and wellbeing of our people. Our first duty as a business is to look after our own people. This is not just in relation to matters of safety, but also their physical and mental health. Doing so not only improves the quality of life of our workforce, but it makes us a more productive and successful business.
5. Building an inclusive, diverse and resilient workforce. Inclusion and diversity not only benefit our communities, but it also enables us to build a stronger, more innovative business. We want to nurture and support talent throughout people's careers, regardless of background.
6. Supporting our communities. We will provide positive benefits to the places in which we operate, not only through employment, but also by working with local suppliers, local community groups and charities, through volunteering and STEM outreach.

Climate action remains a key focus, building on our Group wide climate-related risk management process. In 2021, we launched our Group decarbonisation strategy, Plan Zero 40, where we committed to delivery of a 2030 Science Based Target in line with a 1.5-degree pathway, delivering Net Zero across our own operations (Scope 1 and 2) by 2040 and delivering total Net Zero (Scope 1, 2 and 3) by 2050.

As part of our new sustainability strategy, we are reaffirming the Group's commitment to our long-term emission reduction targets which are:

- Reduce absolute Scope 1 and 2 greenhouse gas emissions (GHG) 90% by 2040 from a 2021 base year.
- Reduce Net Zero greenhouse gas emissions across the value chain by 2050. We also remain committed to our short-term target.

Further details in relation to these activities, and climate related financial disclosures, form part of the Group-wide ESG Strategy as described on pages 64 to 96 of the annual report for the year ended 31 March 2025 of its ultimate parent, Babcock International Group PLC, which does not form part of this report.

The Company has taken advantage of the exemption granted under section 414(7) of the Companies Act 2006 from including climate related financial disclosures within these financial statements.

This report was approved by the board on 31st October 2025 and signed on its behalf by:

M Abbott
Director
31st October 2025

Directors' report for the year ended 31 March 2025

The directors present their report and the audited financial statements of the company for the year ended 31 March 2025.

Dividends
No interim dividend of (2024: £nil) was declared and paid in the year. No final dividend for the year ended 31 March 2025 is proposed by the directors (2024: £nil).

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

S Doherty (resigned 20 September 2024)
J Parker (resigned 20 January 2025)
J Rayson
M Abbott (appointed 19 November 2024)
R Stacey (appointed 20 January 2025)

The Board is not aware of any contract of significance in relation to the company in which any director has, or has had, a material interest.

Future developments
The directors plan to continue to expand the company's delivery of both government funded training programmes and outsourced training management and delivery services in the emergency services and defence sectors. This will be achieved through tendering for new contracts and, where appropriate, by investing in strategic acquisitions.

To generate and preserve value in the longer term the company is also committed to developing its people and sustaining talent.

Going concern
The company's business activities, principal risks and financial position are set out within the Strategic Report. In addition, the Directors' Report includes factors likely to affect its future development and 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 its parents and fellow subsidiaries. The company is in a net current asset position of £50,304K. 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.

Following review, the directors have concluded that the company has adequate resources to continue as a going concern for at least 12 months from the date of signing these financial statements. The directors have not identified 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 interest, liquidity, currency and credit risks are discussed in detail on pages 242 to 248 of the annual report for Babcock International Group PLC, which does not form part of this report.

Employment of disabled persons
Babcock International Group, of which this company is a subsidiary, achieved Level 2 accreditation in the UK Government's Disability Confident scheme and are working towards Level 3, demonstrating our commitment to attracting, recruiting, on-boarding and retaining disabled people and those with caring responsibilities, and supporting them in the workplace to achieve their full potential.

Directors' report for the year ended 31 March 2025 *(continued)*

Employment of disabled persons *(continued)*
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.

Employees
The company is committed to equal opportunities and will not discriminate on the basis of disability, age, race, colour, ethnic origin, gender, marital status, religious or political beliefs or sexual orientation.

We believe that only by encouraging applicants from the widest pool of talent possible, and then selecting the best candidate based on their ability to do the job, can we ensure we continue to deliver our best for our customers and safeguard the future of Babcock. For more information about our inclusion and diversity policy, please see page 85 of the annual report for Babcock International Group PLC, which does not form part of this report.

Engagement with UK employees has been considered on page 6 of the Strategic Report.

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 2025 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 5.

Environment
The company recognises its responsibility to minimise, so far as reasonably possible, the potential for adverse impacts from its operations. It aims to achieve the highest standards in environmental management and seek accreditation to appropriate standards where appropriate. The company has developed and implemented an environmental policy to ensure that the impact of its activities on the environment is limited to the minimum practicable level.

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.

Events after the reporting period
In September 2025, the full balance of the loan note, including interest accrued up to the date of settlement, was repaid ahead of the loan terms by Inspirit Tulip Bidco Limited.

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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Appointment of auditors
Following appointment as Independent Auditor of the company last year, Forvis Mazars LLP is willing to continue in office. A resolution to reappoint Forvis Mazars LLP as Independent Auditor has been proposed and approved by the Audit Committee.

Directors’ responsibility statement
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 Group’s website, where specifically regarding the entity of which they are a director. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

This report was approved by the Board on 31st October 2025 and signed on its behalf by:

M Abbott
Director
31st October 2025

Independent auditor's report to the members of Babcock Training Limited

Opinion

We have audited the financial statements of Babcock Training Limited (the 'company') for the year ended 31 March 2025 which comprise the income statement, statement of comprehensive income, statement of financial position and statement of changes in equity and notes to the financial statements, including material accounting policy information.

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

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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 strategic report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the strategic 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 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.

Independent auditor’s report to the members of Babcock Training Limited
(continued)

We have nothing to report in this regard.

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.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.

Responsibilities of Directors

As explained more fully in the directors’ responsibilities statement set out on page 10, 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Independent auditor's report to the members of Babcock Training Limited
(continued)

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment (including health and safety), data protection, anti-bribery, anti-fraud, anti-corruption, anti-money laundering, national security, fair trading, environmental, import and export controls and government contracting and procurement regulations and conditions.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as financial reporting legislation (including related company legislation such as the Companies Act 2006)[, pensions legislation and taxation legislation.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to contract revenue and margin recognition on contracts with indicators of heightened audit risk and the associated accounting for contract assets, contract liabilities, provisions, contingent assets and contingent liabilities, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of Babcock Training Limited
(continued)

Use of the audit 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.

Valerie Levi
Valerie Levi (Oct 31, 2025 22:00:16 GMT)

Valerie Levi (Senior Statutory Auditor)
for and on behalf of Forvis Mazars LLP

Chartered Accountants and Statutory Auditor
One St Peter's Square
Manchester
M2 3DE

31st October 2025

Income Statement for the year ended 31 March 2025

	Note	**2025 £'000**	2024 £'000 Restated*
Revenue	4	**59,363**	60,990
Cost of sales		**(55,438)**	(56,025)
Gross profit		**3,925**	4,965
Administrative credit/(expenses)		**168**	(1,438)
Impairment of investments	5	**-**	(6,288)
Disposal of subsidiary	5	**(2,900)**	-
Operating profit/(loss)	5	**1,193**	(2,761)
Finance income	6	**7,606**	7,531
Finance expenses	6	**(348)**	(531)
Profit before taxation		**8,451**	4,239
Income tax expense	9	**(2,734)**	(44)
Profit for the financial year		**5,717**	4,195

The notes on pages 18 to 49 are an integral part of these financial statements.

All of the above results derive from continuing operations.

*In the year ended 31 March 2025, the company restated the prior year financial information. Details of the restatement are contained in note 22.

Statement of Comprehensive Income for year ended 31 March 2025

	Note	**2025 £'000**	2024 £'000 Restated*
Profit for the financial year		**5,717**	4,195
Other comprehensive income: *Items that will not be subsequently reclassified to income statement:*			
Gain on re-measurement of net defined benefit obligation	17	**16**	882
Tax on net defined benefit obligation	9	**(4)**	(220)
Total other comprehensive income		**12**	662
Total comprehensive income		**5,729**	4,857

*In the year ended 31 March 2025, the company restated the prior year financial information. Details of the restatement are contained in note 22.

Statement of Financial Position as at 31 March 2025

	Note	**2025** **£'000**	2024 £'000 Restated*
Non-current assets			
Intangible assets	10	**15,058**	15,260
Tangible assets	11	**7,593**	7,609
Right-of-use assets	12	**6,892**	7,722
Investments	13	**-**	2,999
Deferred tax asset	9	**45**	472
Trade and other receivables	14	**4,162**	4,953
Retirement benefit surplus	17	**3,692**	1,106
		37,442	40,121
Current assets			
Trade and other receivables	14	**81,712**	59,154
Contract assets	14	**-**	3,193
		81,712	62,347
Current liabilities			
Trade and other payables	15	**(13,156)**	(10,979)
Contract liabilities	15	**(17,121)**	(7,262)
Lease liabilities	12	**(823)**	(695)
Provisions for liabilities	16	**(308)**	-
Bank overdraft		**-**	(16)
Net current assets		**50,304**	43,395
Total assets less current liabilities		**87,746**	83,516
Non-current liabilities			
Lease liabilities	12	**(7,580)**	(8,413)
Provisions for liabilities	16	**(2,214)**	(3,616)
Retirement benefit deficit	17	**(736)**	-
Net assets		**77,216**	71,487
Equity			
Called up share capital	20	**17,051**	17,051
Share premium account		**37,499**	37,499
Other reserves		**2**	2
Retained earnings		**22,664**	16,935
Total shareholders' funds		**77,216**	71,487

*In the year ended 31 March 2025, the company restated the prior year financial information. Details of the restatement are contained in note 22.
The notes on pages 18 to 49 are an integral part of these financial statements. The financial statements on pages 15 to 49 were approved by the Board of Directors on 31st October 2025 and signed on its behalf by:

M Abbott (Director)
31st October 2025

Statement of Changes in Equity as at the 31 March 2025

	Called up share capital £'000	Share premium account £'000	Other Reserves £'000	Accumulated losses/ retained earnings £'000	Total Share-holders' funds £'000
Balance at 1 April 2023	**17,051**	**37,499**	**2**	**12,927**	**67,479**
Prior year restatement*	-	-	-	(849)	**(849)**
At 1 April 2023 restated	**17,051**	**37,499**	**2**	**12,078**	**66,630**
Profit for the financial year*	-	-	-	4,195	**4,195**
Total other comprehensive income*	-	-	-	662	**662**
Balance at 31 March 2024*	**17,051**	**37,499**	**2**	**16,935**	**71,487**
Profit for the financial year	-	-	-	5,717	**5,717**
Total other comprehensive income	-	-	-	12	**12**
Balance at 31 March 2025	**17,051**	**37,499**	**2**	**22,664**	**77,216**

*In the year ended 31 March 2025, the company restated the prior year financial information. Details of the restatement are contained in note 22.

Notes to the financial statements

1 General information

Babcock Training Limited is a private company limited by shares which is incorporated and domiciled in England and Wales, UK. The address of the registered Office is 33 Wigmore Street, London W1U 1QX.
Its ultimate controlling party is disclosed in note 25.

The principal activity of the company is set out in the Strategic report on page 3. These financial statements, which have been prepared in accordance with the Companies Act 2006, are presented in pounds sterling and, unless stated otherwise, rounded to the nearest thousand.

2 Summary of material 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
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). Where relevant, equivalent disclosures have been given in the group accounts of Babcock International Group PLC.

These financial statements are prepared on a going concern basis, under the historical cost convention as modified by the revaluation of relevant financial assets and financial liabilities (including derivative instruments). The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest thousand.

The company is a wholly owned subsidiary of Babcock Education and Training Holdings LLP and 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 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.

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 have 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.

Notes to the financial statements *(continued)*

2 Summary of material accounting policies *(continued)*

Basis of preparation *(continued)*

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.

The company intends to continue to prepare its financial statements in accordance with FRS 101.

Adoption of new and revised standards

The following standards and amendments to IFRSs became effective for the annual reporting period beginning on 1 April 2024 and did not have a material impact on the financial statements:

- *Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements*: These amendments add disclosure objectives to IAS 7 about supplier finance arrangements that enable users to assess the effect of such arrangements on the company's liabilities and cash flows. Additionally, the amendments revise IFRS 7 to add supplier finance arrangements as an example of liquidity risk within financial risk management. The company does not currently participate in any supplier finance arrangements and therefore these amendments have had no impact on the current or prior period Income Statement or Statement of Financial Position.
- *Amendments to IAS 1 – Classification of Liabilities as Current or Non-current*: These amendments affect only the presentation of liabilities as current or non-current in the statement of financial position.
- *Amendments to IAS 1 – Non-current Liabilities with Covenants:* These amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current).
- *Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback*: These amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale.

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.

Going concern

The company's business activities, principal risks and financial position are set out within the Strategic Report. In addition, the Directors' Report includes factors likely to affect its future development and 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 its parents and fellow subsidiaries. The company is in a net current asset position of £50,304K. 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.

Following review, the directors have concluded that the company has adequate resources to continue as a going concern for at least 12 months from the date of signing these financial statements. The directors have not identified 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 material accounting policies *(continued)*

Revenue
Revenue recognised represents income derived from contracts with customers for the provision of goods and services in the ordinary course of the company's activities. The company recognises revenue in line with IFRS 15, Revenue from Contracts with Customers. IFRS 15 requires the identification of performance obligations in contracts, determination of contract price, allocation of the contract price to the performance obligations and recognition of revenue as performance obligations are satisfied.

(a) Performance obligations
Contracts are assessed to identify each promise to transfer either a distinct good or service or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. Goods and services are distinct if the customer can benefit from them either on their own or together with other resources readily available to the customer and they are separately identifiable in the contract.

In assessing whether the performance obligations are separately identifiable, the services are reviewed to determine the extent to which the goods or services within a contract are interrelated and whether they modify other goods or services within a contract. The company also considers whether the goods and/or services are integrated and represent a combined output for which the customer has contracted. The integrated output nature of many of the services provided by the company results in some contracts only having one performance obligation.

(b) Determination and allocation of contract price to performance obligations

The contract price represents the amount of consideration which the company expects to be entitled in exchange for delivering the promised goods or services to the customer. Contracts can include both fixed and variable consideration.

Inclusion of variable consideration in the contract price requires the exercise of judgement in relation to the amount to be received through unpriced contract variations and claims (see section (d) below for further details) and variable elements of existing contracts, such as performance-based penalties and incentives, and gain/pain share arrangements where cost under/overspends are shared with the customer. Elements of variable consideration are estimated at contract inception and at the end of each reporting period. Any required adjustment is made against the contract price in the period in which the adjustment occurs.

Variable consideration is estimated using either the expected value or the most likely amount only to the extent that it is highly probable that there will not be a reversal in the amount of cumulative revenue recognised once the underlying uncertainty is resolved. This judgement is made by suitably qualified and experienced personnel based on the contract terms, status of negotiations with customers and historical experience with customers and with similar contracts. As part of this judgement, variable consideration may be constrained until the uncertainty is resolved. In the case of unpriced variations, these will be constrained to the extent that reversal of cumulative revenue including such variable consideration is not considered to be highly probable.

Variable consideration may be included in the total transaction price or, in certain circumstances, may be allocated to a specific time period. Where variable consideration is allocated to a specific time period this will typically be in relation to performance related deductions.

Given the bespoke nature of many of the goods and services the company provides, standalone selling prices are generally not observable and, in these circumstances, the company allocates the contract price to performance obligations based on cost plus margin. This amount would be the standalone selling price of each performance obligation if contracted with a customer separately.

Notes to the financial statements *(continued)*

2 Summary of material accounting policies *(continued)*

Revenue *(continued)*
(c) Revenue and profit recognition
Performance obligations are satisfied, and revenue recognised, as control of goods and services is transferred to the customer. Control can be transferred at a point in time or over time and the company determines, for each performance obligation, whether it is satisfied over time or at a point in time.

Revenue recognised over time
Performance obligations are satisfied over time if any of the following criteria are satisfied:
- the customer simultaneously receives and consumes the benefits of the company's performance as it performs; or
- the company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for work done; or
- the company's performance creates or enhances an asset controlled by the customer.

Typical performance obligations in the company's contracts that are recognised over time include the delivery of services (such as maintenance, engineering and training), as the customer simultaneously receives and consumes the benefits of the company's performance as it performs the services. Revenue from the design, manufacture and enhancement of bespoke assets is also recognised over time, as the company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date, being recovery of costs incurred in satisfying the performance obligation plus a reasonable profit margin.

Where the company satisfies performance obligations over time, the company primarily uses an input method to measure satisfaction of each performance obligation based on costs incurred compared to total estimated contract costs. For the majority of the company's contracts, this is deemed to be the most appropriate method to measure the company's effort in satisfying the applicable performance obligations. Costs are included in the measurement of progress towards satisfying the performance obligation to the extent that there is a direct relationship between the input and satisfaction of the performance obligation. For contracts where costs incurred is not deemed to be the most appropriate measure, the company uses time elapsed to measure satisfaction of the performance obligation.

Under most of the company's contracts, the customer pays in accordance with a pre-arranged payment schedule or once milestones have been met. If the amount of revenue recognised by the company (as measured by the methods described above) exceed the amount of cash received from the customer then the difference will be held on the statement of financial position. This will typically be comprised of a mixture of contract assets and trade receivables. If the amount of cash collected together with amounts due under the contract but uncollected exceeds the amount of revenue recognised then the difference is also held on the statement of financial position as a contract liability. See section (g) for further details on how contract assets and liabilities are recognised.

Revenue recognised at a point in time
If control of the goods or services is not transferred to the customer over time, then revenue is recognised at the point in time that control is transferred to the customer.

Point in time recognition mainly applies to sale of goods. Control typically transfers to the customer when the customer has legal title to the goods and this is usually coincident with delivery of the goods to the customer and right to receive payment by the company.

Assessment of contract profitability
Profit is recognised to the extent that the final outcome on contracts can be reliably assessed. Contract outturn assessments are carried out on a contract-by-contract basis, including consideration of technical and other risks, by suitably qualified and experienced personnel and the assessments of all significant contracts are subject to review and challenge.

Notes to the financial statements *(continued)*

2 Summary of material accounting policies *(continued)*

Revenue *(continued)*
Assessment of contract profitability (continued)
Estimating contract revenues can involve judgements around whether the company will meet performance targets and earn incentives, as well as consideration as to whether it is necessary to constrain variable revenues to meet the highly probable not to significantly reverse test set out in paragraph 56 of IFRS 15. When considering variations, claims and contingencies, the company analyses various factors including the contractual terms, status of negotiations with the customer and historical experience with that customer and with similar contracts. Estimates of costs include assessment of contract contingencies arising out of technical, commercial, operational and other risks. The assessments of all significant contract outturns are subject to review and challenge and estimation uncertainty is resolved on a contract-by-contract basis as contracts near the end of the project lifecycle.

If a contract is deemed to be loss making the present obligation is recognised and measured as provisions.

(d) Contract modifications
Claims and variations
The company's contracts are often amended for changes in the customers' requirements. Contract modifications can relate to changes in both contract scope and price arising in the ordinary course of delivering contracts, which are referred to as contract variations. Such variations may arise as a result of customer requests or instructions or from requests from the company in response to matters arising during the delivery of contracts. For example, some contracts include the requirement to conduct surveys and to report on or to recommend additional work as required. Some contracts may require the company to proceed with variations and to agree pricing subsequently. See further detail on accounting for contract modifications below.

Contract modifications can also refer to changes in price only, with no change in scope, where there is a difference of view or dispute in relation to interpretation of contracts.

These contract claims and variations are modifications as described in paragraph 18 of IFRS 15.

Accounting for contract modifications
The company accounts for contract modifications in one of three ways, based on the facts and circumstances of the contract modification:

a) Prospectively, as an additional, separate contract;
b) Prospectively, as a termination of the existing contract and creation of a new contract; or
c) As part of the original contract using a cumulative catch-up.

The company recognises contract variations, which impact both scope and price, when they are approved in accordance with IFRS 15. The company's preferred approach is to approve contract modifications by formal contract amendment. However, the approval of contract modifications often requires to be carried out at pace and other mechanisms, informed by established customer relationships and local working arrangements, can be used to achieve approval of contract modifications. In approving contract modifications in these circumstances, the company considers the scope of the contract modification in the context of the contract scope and contract terms. Contract variations where the formal contract amendment has not been received but which are, in management's judgement, approved are accounted for as a contract modification in accordance with IFRS 15 paragraph 18. Revenue from these contract variations is treated as variable consideration and subject to constraint as outlined in section (b) above, until the pricing is agreed.

Contract claims are also considered to be contract modifications in accordance with IFRS 15, and revenue is subject to constraint as outlined in section (b).

Claims and variations which are not deemed to be contract modifications
Claims can also be raised by Babcock against third-party sub-contractors or suppliers to the company. As these do not relate to contracts with customers, but rather relate to contracts with suppliers, they are not accounted for under IFRS 15. The company's accounting policy is to account for such claims in accordance with the contingent asset guidance per IAS 37. Income in relation to these claims will only be recognised once it is virtually certain.

Notes to the financial statements *(continued)*

2 Summary of material accounting policies *(continued)*

Revenue *(continued)*
(e) Costs of obtaining a contract
Directly attributable costs to obtain a contract with a customer that the company would not have incurred if the contract had not been won are recognised as an asset and amortised on a straight-line basis. Costs to obtain a contract that would have been incurred regardless of whether the contract was won or lost are recognised as an expense when incurred.

(f) Costs to fulfil a contract
Costs to fulfil a contract which do not fall within the scope of another standard are recognised under IFRS 15 as an asset in capitalised contract costs where they meet all of the following criteria:

i. the costs relate directly to a contract or to an anticipated contract that can be specifically identified;
ii. the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
iii. the costs are expected to be recovered.

Costs of recruiting or training staff are expensed as incurred.

(g) Contract assets and liabilities
Contract assets represent amounts for which the company has a conditional right to consideration in exchange for goods or services that the company has transferred to the customer. Contract liabilities represent the obligation to transfer goods or services to a customer for which consideration has been received, or consideration is due, from the customer.

Payment terms are set out in the contract and reflect the timing and performance of service delivery. For substantially all contracts the payment terms are broadly in line with satisfaction of performance obligations, and therefore recognition of revenue, such that each contract has either a contract asset or contract liability, however these are not overly material in the context of the contract.

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

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.

Employee benefits
a) Pension obligations
The company participates in a defined benefit scheme that shares risks between entities under common control. The defined benefit scheme defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The cost of providing benefits is determined using the projected unit credit actuarial valuation method. The total service cost and associated administration costs of the pension scheme are charged to operating profit. In addition, a retirement benefit interest charge on the net pension deficit is charged to the income statement as a finance cost. Actuarial gains and losses are recognised directly in equity through the statement of comprehensive income so that the company’s statement of financial position reflects the IAS 19 measurement of the schemes’ surpluses or deficits at the statement of financial position date.

The fair value of plan assets is measured in accordance with the FRS 101 fair value hierarchy using appropriate valuation techniques.

The extent to which the company recognises its share of the income statement charge, the assets and liabilities of the scheme, and the actuarial gain or loss is determined by the proportion of active members of the scheme that it employs.

Notes to the financial statements *(continued)*

2 Summary of material accounting policies *(continued)*

Employee benefits (continued)

a) Pension obligations (continued)
The scheme's liability is the present value of the defined benefit obligation at the end of the reporting date less the fair value of the plan assets at the reporting date.

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.

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 material accounting policies *(continued)*

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

a) Goodwill
Goodwill relating to acquisitions prior to transition date is maintained at its net book value on the date of transition to FRS 101.

The Company does not amortise goodwill in accordance with the requirements of IFRS as applied under FRS 101. Instead, an annual impairment test is performed and any impairment that is identified is recognised in the income statement. Goodwill impairments are not subsequently reversed. On disposal of a subsidiary, joint venture or associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. The non-amortisation of goodwill conflicts with paragraph 22 of Schedule 1 to 'The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410), which requires acquired goodwill to be written off over its useful economic life. As such, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view, from the requirement of paragraph 22 of Schedule 1 to the Regulations.

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 eight 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 statement of financial position date) at the following annual rates:

Freehold land	Not depreciated
Freehold buildings	2% to 8%
Assets under construction	Not depreciated
Leasehold improvements	Depreciation over duration of lease
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.

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.

Notes to the financial statements *(continued)*

2 Summary of material accounting policies *(continued)*

Leases (continued)
The company as lessee (continued)
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'.

Investments
Fixed asset investments are stated at cost less accumulated impairment losses.

Impairment of non-current assets
Goodwill and indefinite life intangibles are reviewed for impairment at least annually. For all other 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 cash generating unit (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.

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.

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.

Current intercompany trade receivables are expected to be settled in the company's usual operating cycle of 12 months or less and relate to balances due in the normal course of business.

Notes to the financial statements *(continued)*

2 Summary of material accounting policies *(continued)*

Trade and other receivables (continued)
Amounts due from group undertakings in relation to intercompany loans are recorded on the statement of financial position in line with settlement terms on underlying loan agreements. Inter-company loans receivable at the statement of financial position date that are settled within twelve months are recorded as current assets.

Trade and other payables
Trade and other payables are stated at actual cost, or estimated cost in respect of accruals.

Current intercompany trade payables are expected to be settled in the company's usual operating cycle of 12 months or less and relate to balances due in the normal course of business.

Amounts due to group undertakings in relation to intercompany loans are recorded on the statement of financial position in line with settlement terms on underlying loan agreements. Inter-company loans payable at the balance sheet date that are settled within twelve months are recorded as current liabilities.

Identification of prior year restatements

The results of the company have been restated where practicable by retrospectively restating the company's prior period results for the affected periods. Any restatements identified relating to reporting periods before 1 April 2023 have been corrected by cumulatively restating the impacted statement of financial position line item, including retained earnings, at 1 April 2023.

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 can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at an appropriate discount rate.

A provision for restructuring is recognised when the company has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been publicly announced. Future operating costs are not provided for.

Provisions for onerous revenue contracts are recorded when it becomes probable that total remaining contract fulfilment costs will exceed total remaining revenue not yet recognised. Provisions for losses on contracts are recognised after impairment of any assets directly related to fulfilling the loss-making contract. Losses are determined based on estimated results on completion of contracts and are updated regularly.

Dilapidation provisions for repairs and restoration are recognised to reflect the company's responsibility as lease to return the property to a specified condition at the end of the lease term, as stipulated in the lease. Changes to the provision are charged, or released, to the income statement when it is assessed by a suitably qualified person that the value of the liability has changed.

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. A provision is recognised for any amounts that the directors consider may become payable. See note 18 for details of contingent liabilities.

Notes to the financial statements *(continued)*

2 Summary of material accounting policies *(continued)*

Financial instruments

a) Financial assets and liabilities at amortised cost

Cash and cash equivalents, trade receivables, amounts due from related parties and other receivables 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 receivables, the company measures the provision at an amount equal to 12-month expected credit losses.

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

b) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative is entered into and are subsequently remeasured at fair value. The company designates certain of the derivative instruments within its portfolio to be hedges of the fair value of recognised assets or liabilities or unrecognised firm commitments.

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 derivative financial instruments are determined by the use of valuation techniques based on assumptions that are supported by observable market prices or rates. 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.

Dividends

Dividends are recognised as a liability in the company's financial statements in the period in which they are approved. Interim dividends are recognised when paid.

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.

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.

Notes to the financial statements *(continued)*

3 Critical accounting estimates and judgements

In the course of preparation of the financial statements 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. The application of the company's accounting policies requires the use of estimates and the inherent uncertainty in certain forward-looking estimates may result in a material adjustment to the carrying amounts of assets and liabilities in the next financial year. Critical accounting estimates are subject to continuing evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable in light of known circumstances. Critical accounting estimates and judgements in relation to these financial statements are considered below.

Critical accounting judgements
There are no critical accounting judgements.

Key sources of estimation uncertainty
The key sources 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 are set out below:

a) Revenue and profit recognition
The following represent the notable assumptions impacting upon revenue and profit recognition as a result of the Company's contracts with customers:

- *Stage of completion & costs to complete* – The company's revenue recognition policies require management to make an estimate of the cost to complete for long-term contracts. Management estimates outturn costs on a contract-by-contract basis and estimates are carried out by suitably qualified and experienced personnel. Estimates of cost to complete include assessment of contract contingencies arising out of technical, commercial, operational and other risks. The assessments of all significant contract outturns are subject to review and challenge, and judgements and estimates are reviewed regularly throughout the contract life based on latest available information with adjustments made where necessary. As contracts near completion, often less judgement is required to determine the expected outturn.
- *Variable consideration* – the company's contracts are often subject to variable consideration including performance-based penalties and incentives, gain/pain share arrangements and other items. Variable consideration is added to the transaction price only to the extent that it is highly probable that there will not be a significant reversal in the amount of cumulative revenue recognised once the underlying uncertainty is resolved.
- *Inflation* – The level to which the company's revenue and cost for each contract will be impacted by inflation is a key accounting estimate, as this could cause the revenue and cost of contract delivery to be greater than was expected at the time of contracting. The company's contracts are exposed to inflation due to rising employment costs, as well as increased costs of raw materials. The company endeavours to include cost recovery mechanisms or index-linked pricing within its contracts with customers in order to mitigate any inflation risk arising from increasing employment and raw material costs.

The above assumptions all impact upon each individual contract to varying extents depending on the risk profile of the contract and the individual contract terms and conditions. As such sensitivities to these assumptions are not provided as to do so is not considered practicable.

b) Defined benefit pension schemes
The company's defined benefit pension schemes are assessed annually in accordance with IAS 19 and the valuation of the defined benefit pension obligations is sensitive to the inflation and discount rate actuarial assumptions used. There is a range of possible values for the assumptions and small changes to the assumptions may have a significant impact on the valuation of the defined benefit pension obligations. In addition to the inflation and discount rate estimates, management is required to make an accounting judgement relating to the expected availability of future accounting surpluses under IFRIC 14. Further information on the key assumptions and sensitivities is included in note 17.

Notes to the financial statements *(continued)*

3 Critical accounting estimates and judgements *(continued)*

c) Valuation of loan notes

Management is required to make an estimate of cashflow in order to fair value the loan notes on initial recognition following the disposal of Babcock Skills Development and Training Limited to Inspirit Tulip Bidco Limited. This valuation has been determined by considering the future cash flow of the disposed entity and adjusting for potential risk.

d) Goodwill impairment assessment

The carrying value of goodwill is tested for impairment annually in accordance with the requirements of IFRS as applied under FRS 101. As part of this assessment. IFRS 8 requires that, for the purpose of subsequent impairment testing, goodwill acquired in business combinations be allocated to cash generating units (‘CGUs’) or groups of CGUs expected to benefit from the synergies of the combination to assess its value-in-use. To calculate a value-in-use management is required to forecast future performance and discount to present value. Inherently, the nature of forecasting future performance and discounting rate assumptions gives rise to estimation uncertainty.

4 Revenue

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

	2025	2024
	£’000	£’000
		*Restated
By area of activity:		
Provision of services – transferred over time	**59,363**	60,990

All the revenue in the year ended 31 March 2025 and year ended 31 March 2024 originated in the United Kingdom.

*In the year ended 31 March 2025, the company restated the prior year financial information. Details of the restatement are contained in note 22.

5 Operating profit/(loss)

Operating profit/(loss) is stated after charging/ (crediting):	**2025 £’000**	2024 £’000
Depreciation of property, plant and equipment (note 11)	**530**	561
Profit on disposal of right-of-use assets (note 12)	**(2)**	-
Right-of-use assets depreciation (note 12)	**775**	1,119
Amortisation of intangible assets (note 10)	**202**	203
Loss allowance in trade receivables	**(1)**	(16)
Reduction in carrying value of investments (note 13)	**-**	6,288
Loss on disposal of investment (note 13)	**2,900**	-
Interest on lease liabilities (note 12) *Restated for comparison	**343**	531

Fees paid to the company’s auditors, Forvis Mazars LLP (2024: 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. Auditor fees of £128,000 (2024: £203,000) were borne by a fellow group company.

Notes to the financial statements *(continued)*

6 Finance income and expenses

	2025	2024
	£'000	£'000
Finance income:		
Loan interest receivable from group undertakings (note 14)	**5,557**	3,375
Movement in fair value of loan note	**1,830**	4,101
Exchange rate gain	**2**	5
Retirement benefit interest (note 17)	**217**	50
	7,606	7,531
Finance expenses:		
Loan interest payable from group undertakings	**(5)**	-
Lease interest	**(343)**	(531)
	(348)	(531)

7 Staff costs

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

	2025	2024
	Number	Number
By activity:		
Operations	**510**	555
Management and administration	**61**	59
	571	614

Their aggregate remuneration comprised:

	2025	2024
	£'000	£'000
Wages and salaries	**20,041**	20,455
Social security costs	**2,328**	2,231
Pension costs – defined contribution plans (note 17)	**2,125**	2,109
Pension costs – defined benefit plans (note 17)	**210**	299
	24,704	25,094

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 are recharged to those business entities where it is possible to make an accurate apportionment of these employees' emoluments relating to services provided to other companies.

8 Directors' emoluments

During this year and the prior year all of the directors of the company were 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.

Notes to the financial statements *(continued)*

9 Tax

Income tax expense

	2025 £'000	2024 £'000 *Restated
Analysis of tax expense in the year		
Current tax:		
Group relief received for consideration	**2,312**	-
Current tax expense	**2,312**	-
Deferred tax:		
Origination and reversal of timing differences	**634**	44
Adjustments in respect of prior years	**(212)**	-
Deferred tax expense	**422**	44
Total tax expense	**2,734**	44

	2025 £'000	2024 £'000 *Restated
Deferred tax:		
Tax impact of actuarial gains on post-employment benefits	**4**	220
Tax expense included in other comprehensive income	**4**	220

The tax for the year is higher (2024: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2025 £'000	2024 £'000 *Restated
Profit before income tax	**8,451**	4,239
Loss before income tax multiplied by standard UK corporation tax rate of 25% (2024: 25%)	**2,113**	1.060
Effects of:		
Group Relief surrendered for nil consideration	**-**	(2,711)
Expenses not deductible for tax purposes	**833**	1,695
Adjustments in respect of deferred tax for prior years	**(212)**	-
Total tax expense for the year	**2,734**	44

*In the year ended 31 March 2025, the company restated the prior year financial information. Details of the restatement are contained in note 22.

In July 2023, the UK enacted legislation to introduce the 'Pillar Two' global minimum tax model rules of the OECD's Inclusive Framework on Base Erosion and Profit Shifting and a UK qualified domestic minimum top-up tax. The legislation applies to the Company with effect from 1 April 2024. Under the Pillar Two rules, a top-up tax liability arises where the effective tax rate of the Company and its fellow subsidiaries in the same jurisdiction is below 15%. The Company has applied the temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Notes to the financial statements *(continued)*

9 Tax (continued)

The Company does not expect to have a Pillar Two tax liability for the period.

Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax balances have been calculated at 25%.

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:

	2025 £’000	2024 £’000 *Restated
Deferred tax asset	**45**	472
	45	472

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

	Accelerated capital allowances £’000	**Retirement Benefit Obligations £’000**	**Other £’000**	**Total £’000**
Deferred tax (assets)/liability				
At 1 April 2024:	**(360)**	**276**	**(388)**	**(472)**
Credited/(charged) to the income statement	152	459	(188)	**423**
Credited to other comprehensive income	-	4	-	**4**
At 31 March 2025:	**(208)**	**739**	**(576)**	**(45)**
At 1 April 2023	**(466)**	**68**	**(338)**	**(736)**
Credited/(charged) to the income statement*	106	(12)	(50)	44
Credited to other comprehensive income*	-	220	**-**	220
At 31 March 2024:	**(360)**	**276**	**(388)**	**(472)**

*In the year ended 31 March 2025, the company restated the prior year financial information. Details of the restatement are contained in note 22.

Notes to the financial statements *(continued)*

10 Intangible assets

	Software £'000	Goodwill £'000	Total £'000
Cost			
At 1 April 2024	1,589	14,316	15,905
At 31 March 2025	**1,589**	**14,316**	**15,905**
Accumulated amortisation			
At 1 April 2024	(645)	-	(645)
Amortisation	(202)	-	(202)
At 31 March 2025	**(847)**	**-**	**(847)**
Net book value			
At 31 March 2025	**742**	**14,316**	**15,058**
At 31 March 2024	944	14,316	15,260

Intangible assets amortisation relating to software is recorded in cost of sales in the income statement. The amortisation period is between three and eight years.

The company does not amortise goodwill in accordance with the requirements of IFRS as applied under FRS 101. Instead, an annual impairment test is performed and any impairment that is identified is recognised in the income statement. The non-amortisation of goodwill conflicts with paragraph 22 of Schedule 1 to 'The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410), which requires acquired goodwill to be written off over its useful economic life. As such, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view, from the requirement of paragraph 22 of Schedule 1 to the Regulations.

Goodwill is reviewed for impairment annually based on the latest forecast produced as part of our annual planning process. We assess the appropriate growth rates and discount factor to apply at a Sector level.

Notes to the financial statements *(continued)*

11 Tangible assets

	Freehold land & buildings	Motor Vehicles, Plant and machinery	Fixtures, Fittings and Equipment *Restated	Assets under construction * Restated	Leasehold Improvements	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 April 2024	13,785	80	1,234	34	271	15,404
Additions	-	-	131	410	-	541
Transfer	-	-	7	(7)	-	-
Disposals	-	-	-	(27)	-	(27)
At 31 March 2025	**13,785**	**80**	**1,372**	**410**	**271**	**15,918**
Accumulated Depreciation						
At 1 April 2024	(6,624)	(57)	(848)	-	(266)	(7,795)
Charge for the year	(431)	(8)	(91)	-	-	(530)
At 31 March 2025	**(7,055)**	**(65)**	**(939)**	**-**	**(266)**	**(8,325)**
Net book value						
At 31 March 2025	**6,730**	**15**	**433**	**410**	**5**	**7,593**
At 31 March 2024	7,161	23	386	34	5	7,609

Contractual commitments for property, plant and equipment at year end is £nil (2024: £nil).

The principal assets relate to the London Fire Brigade Training facility at Park Royal which are depreciated over the life of the contract.

*In the year ended 31 March 2025, assets totalling £34,000 have been reclassified in the opening cost as at 1 April 2024 between Fixtures, Fittings and Equipment and Assets under Construction. There is no change in the overall Property, Plant and Equipment balances reported at 31 March 2024.

Notes to the financial statements *(continued)*

12 Leases

Right-of-use assets

The Company leases buildings and vehicles under non-cancellable lease arrangements.

	Property £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 April 2024	13,729	110	13,839
Terminations	-	(7)	(7)
Transfer to related Group company	-	(103)	(103)
At 31 March 2025	**13,729**	**-**	**13,729**
Accumulated depreciation			
At 1 April 2024	(6,086)	(31)	(6,117)
Charge for the year	(751)	(24)	(775)
Terminations	-	7	7
Transfer to related Group company	-	48	48
At 31 March 2025	**(6,837)**	**(-)**	**(6,837)**
Net book value			
At 31 March 2024	**6,892**	**-**	**6,892**
At 31 March 2023	7,643	79	7,722

Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2025 £'000	2024 £'000
Opening value of liability	**9,108**	7,110
Additions	**-**	1,568
Disposals	**-**	(36)
Transfer to related Group company	**(57)**	-
Interest charged	**343**	531
Payments	**(991)**	(65)
Closing value of liability	**8,403**	9,108

The entity leases various premises under non-cancellable lease agreements. The leases have various terms, escalation clauses and renewal rights. The entity also leases plant and machinery under non-cancellable leases. Discounted future minimum lease payments are as follows:

	2025 £'000	2024 £'000
Within one year	**823**	695
In more than one year, but not more than five years	**2,943**	2,730
After five years	**4,637**	5,683
Carrying value of liability	**8,403**	9,108

12 Leases (continued)

The following are the amounts recognised in profit or loss:

	2025 £'000	2024 £'000
Expense relating to short-term leases	**125**	103
Expense relating to leases of low-value assets	**1**	10
	126	113

13 Investments

	Shares in group undertaking £'000
Cost	
At 1 April 2024	19,566
Disposal	(19,566)
At 31 March 2025	-
Accumulated impairment	
At 1 April 2024	16,567
Disposal	(16,567)
At 31 March 2025	**-**
Carrying amount at 31 March 2025	**-**
Carrying amount at 31 March 2024	2,999

On 11 November 2024 the Company sold its investment in National Training Institute LLC to Skills and Development Company LLC for a total consideration of OMR 49,500. This has led to the recognition of a loss on disposal of the investment of £2,900k in the year ended 31 March 2025.

During the year the Company received no dividend from National Training Institute LLC (2024: £nil).

14 Trade and other receivables

	2025 £'000	2024 £'000
Current assets:		
Trade receivables	**4,985**	534
Amounts owed by group undertakings	**72,179**	49,107
Other receivables	**37**	1,141
Accrued income	**3,852**	7,741
Prepayments	**129**	101
Capitalised contract costs	**530**	530
	81,712	59,154
Contract asset	**-**	3,193
	81,712	62,347
Non-current assets:		
Loan note	**2,750**	3,011
Capitalised contract costs	**1,412**	1,942
	4,162	4,953

Notes to the financial statements *(continued)*

14 Trade and other receivables (continued)

Trade receivables are stated after provisions for impairment of £1,000 (2024: £3,000).

Amounts due from Group undertakings are all due from fellow subsidiary companies of the ultimate parent, Babcock International Group Plc and comprise the following:

- Two loans totalling £71,894,094 (2024: £48,948,000) are repayable on demand and are interest bearing.
- Debtors totalling £285,158 (2024: £159,000) are unsecured and repayable on demand, with no interest charge.

Current intercompany trade receivables are expected to be settled in the company's usual operating cycle of 12 months or less and relate to balances due in the normal course of business.

Other receivables primarily comprise of amounts recoverable on the employee Cycle2work scheme and refundable contract related deposits.

The loan notes have arisen following the disposal Babcock Skills Development and Training Limited to Inspirit Tulip Bidco Limited the principal amount of loan notes are £12,829,000. The notes are repayable over a period of 5 years to the extent the disposed business has cash in excess of £2,000,000. The notes are interest bearing with an initial rate of 3.25% above the Bank of England base rate. The interest rate increases by 1% each year up to a maximum of 7.25% in the fifth year. Upon initial recognition the loan notes were fair valued at £1,464,000 and following a receipt of £2,090,529 in FY25 (2024: £2,554,381) and consideration of the future cash flows the loan notes have been fair valued at £2,750,000 (2024: £3,011,000) at March 2025.

The Group recognises that there is an inherent element of estimation uncertainty and judgement involved in assessing contract profitability, as disclosed in note 3. Management have taken a best estimate view of contract outcomes based on the information currently available, after allowing for contingencies, and have applied a constraint to the variable consideration within revenue resulting in a revenue estimate that is suitably cautious under IFRS 15.

Significant changes in contract assets during the year are as follows:	**Contract asset £'000**
At 1 April 2024	3,193
Transfers from contract assets recognised at the beginning of the year to trade receivables	(3,193)
Increase due to work done not transferred from contract assets	-
At 31 March 2025	**-**

15 Trade and other payables

	2025 £'000	2024 £'000 *Restated
Current liabilities:		
Trade creditors	**1,461**	304
Amounts owed to group undertakings	**2,350**	292
Other taxation and social security	**2,623**	1,560
Other payables	**225**	73
Accruals	**6,497**	8,750
	13,156	10,979
Contract liabilities	**17,121**	7,262
	30,277	18,241

Notes to the financial statements *(continued)*

15 Trade and other payables (continued)

	Contract liabilities £'000
	*Restated
At 1 April 2024	7,262
Revenue recognised that was included in contract liabilities at the beginning of the year	(7,341)
Increase due to cash advanced, excluding amounts recognised as revenue	17,200
At 31 March 2025	**17,121**

Amounts owed to Group undertakings comprise the following:

- One loan totalling £20,306 (2024: two loans totalling £20,000) repayable on demand, with no interest charge.
- All other amounts due to group undertakings are unsecured and repayable on demand.

The company has access to the Babcock International Group PLC overdraft facility. The company along with fellow group undertakings has provided cross-guarantees in relation to this facility stated in note 18.

*In the year ended 31 March 2025, the company restated the prior year financial information. Details of the restatement are contained in note 22.

16 Provisions for liabilities

	Contract provisions £000	Dilapidations provisions £000	Employee related provisions £000	Total £000
At 1 April 2023	**814**	**522**	**882**	**2,218**
Charged to the income statement	1,213	122	484	1,819
Utilised	-	-	(421)	(421)
At 31 March 2024	**2,027**	**644**	**945**	**3,616**
Charged to the income statement	-	1	44	45
Utilised	(366)	-	(773)	(1,139)
At 31 March 2025	**1,661**	**645**	**216**	**2,522**

Provisions have been analysed as current and non-current as follows:

	2025 £'000	2024 £'000
Current	308	-
Non-current	2,214	3,616
Total	**2,522**	3,616

Contract provisions
A contract provision has been recognised to provide against expected future losses on two long term contracts. It has been determined based on the assessment of future costs compared to expected revenue having made reference to past experience. The provisions are expected to be utilised over the next 6 financial years.

Notes to the financial statements *(continued)*

16 Provisions for liabilities (continued)

Dilapidation provisions

Dilapidation provisions relate to the cost of dilapidations to leasehold properties. These provisions are expected to be utilised in the next 14 years.

Employee related provisions

The balance relates principally to certain employee related exposures. The amount has been determined based on the future anticipated costs which have been discounted to reflect the time value of money. The balance is expected to be utilised over the next 11 years.

17 Retirement benefit deficit

The company accounts for pension costs in accordance with IAS 19.

Defined Contribution Schemes

The company contributes into the Babcock International Group Pension Scheme. The total cost of pension contributions for employees of the company during the year was £2,125,310 (2024: £2,109,000).

Defined Benefit Schemes

The company also participates in a number of defined benefit pension schemes for the benefit of its employees. The full details of these schemes are disclosed below.

Guidance Pension Scheme (GPS)

The “Guidance Pension Scheme” (GPS) was closed during 2011 for future accrual for all members. However, it was re-opened for the month of February 2013 to enable the transfer in of one Babcock Training Limited employee for one month to enact the apportionment of GPS into the company. The latest triennial review was 5 April 2023. The company expects to contribute approximately £900,000 (2024: £900,000) in the next financial year.

Citrus Pension Scheme (CPS)

The company participates in the superannuation agreements of the Citrus Pension Plan, which is a centralised defined benefit scheme for certain employees, with assets held in separate trustee-administered funds. The latest triennial review was 31 March 2024. The company expects to contribute approximately £942,000 (2024: £797,000) in the next financial year.

Local Government Pension Scheme (LGPS)

The company also participates in the Local Government Pension Scheme (LGPS), a centralised defined benefits scheme with the assets held in separate trustee-administered funds. The company expects to contribute approximately £124,000 (2024: £125,000 *Restated) in the next financial year. The LGPS asset is capped at nil in the statement of financial position as it does not meet the recognition requirements of a defined benefit asset under IFRIC 14 and IAS 19, as it is not expected to be recoverable or a refund to be obtained.

London Fire Brigade

A number of employees working on the London Fire Brigade contract continue to be members of the LGPS. Under the terms and conditions of the original transfer, the associated pension fund assets and liabilities are separately identifiable and segregated for funding purposes. The last formal valuation was carried out at 31 March 2022.

In December 2018, the Court of Appeal handed down a judgement regarding two employment tribunal cases (McCloud and Sargeant), which were brought against the Government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015. The judgement concluded that the transitional protection offered to some members as part of scheme reforms amounted to unlawful discrimination. On 27 June 2019, the Supreme Court denied the Government’s request to appeal the judgement. As a result, all the public sector pension schemes will need to amend benefits for those affected, including the LGPS.

From 1 October 2023, the LGPS rules changed to remove the discrimination. Following the new legislation pension funds must review all the pensions it is paying to work out which ones will increase. From 31 August

Notes to the financial statements *(continued)*

17 Post-employment benefits *(continued)*

2025, all annual benefit statements issued will include information about underpin protection for all qualifying members.

London Fire Brigade (continued)
The last formal valuation as at 31 March 2022 made an allowance for the impact of McCloud. As allowance is made within future triennial funding valuations for McCloud, allowance will also be made within future financial statements.

For all the defined benefit schemes outlined below, the IAS 19 valuation has been updated at 31 March 2025 by an independent qualified actuary using revised assumptions that are consistent with the requirements of IAS 19. The major assumptions used for the IAS 19 valuation were:

	2025 GPS	**2025 CPS**	**2025 LGPS**	2024 GPS	2024 CPS	2024 LGPS
Major assumptions						
Rate of increase in pensionable salaries	N/A	N/A	2.90%	N/A	N/A	2.90%
Rate of increase in pensions	3.09%	2.72%	2.72%	3.09%	2.72%	2.72%
Discount rate	5.70%	5.70%	5.80%	4.90%	4.80%	4.90%
Inflation rate (RPI)	3.10%	3.10%	3.10%	3.10%	3.20%	3.10%
Inflation rate (CPI)	2.30%	2.7%	2.7%	2.30%	2.70%	2.70%
Weighted average duration of cash flows (years)	13	11	14	15	13	16
Total life expectancy for current pensioners aged 65 (years) - male	21.5	20.2	20.8	21.6	20.5	20.8
Total life expectancy for current pensioners aged 65 (years) - female	24.2	24.1	22.4	24.1	23.9	22.4
Total life expectancy for future pensioners currently aged 45 (years) - male	22.5	21.9	20.9	22.5	21.6	21.0
Total life expectancy for future pensioners currently aged 45 (years) - female	25.2	24.9	24.6	25.2	24.9	24.6

The company's cash contribution rates payable to the schemes are expected to be as follows:

	GPS	**CPS**	**LGPS**
Future service contribution rate	N/A	N/A	15.0%
Future service cash contributions	N/A	N/A	124
Deficit contributions	900	797	-
Expense contributions	-	145	-
Additional longevity swap payments	N/A	N/A	-
Expected employer cash costs for 2025/26	900	942	124
Expected salary sacrifice contributions	N/A	N/A	-
Expected total employer contributions	900	942	124

Notes to the financial statements *(continued)*

17 Post-employment benefits *(continued)*

The changes to the company's statement of financial position at March 2025 and the changes to the company's income statement for the year to March 2026, if the assumptions were sensitised by the amounts below, would be:

£'m	**2025 GPS**	**2025 CPS**	**2025 LGPS**	2026 GPS	2026 CPS	2026 LGPS
	Defined Benefit			**Income Statement**		
Initial assumptions	15.9	23.3	8.6	0.02	(0.08)	(0.09)
Discount rate assumptions increased by 0.5%	14.9	22.0	8.0	(0.04)	(0.18)	(0.16)
Discount rate assumptions decreased by 0.5%	16.8	24.6	9.2	0.07	0.01	(0.04)
Inflation rate assumptions increased by 0.5%	16.9	24.6	9.2	0.08	(0.01)	(0.05)
Inflation rate assumptions decreased by 0.5%	15.0	22.1	8.0	(0.03)	(0.15)	(0.14)
Total life expectancy increased by half a year	16.1	23.7	8.7	0.03	(0.06)	(0.09)
Total life expectancy decreased by half a year	15.7	22.8	8.5	0.01	(0.11)	(0.10)
Salary increase assumptions increased by 0.5%	N/A	N/A	8.7	N/A	N/A	(0.08)
Salary increase assumptions decreased by 0.5%	N/A	N/A	8.5	N/A	N/A	(0.11)

The fair value of the assets, the present value of the liabilities and the expected rates of return of the scheme at the statement of financial position date of 31 March 2025 were:

Fair value of plan of assets/(liabilities)

£'000	**2025 GPS**	**2025 CPS**	**2025 LGPS**	2024 GPS	2024 CPS	2024 LGPS
Growth assets	-	-	-	-	-	-
Equities	5,244	3,156	7,265	5,142	3,943	7,188
Property funds	-	2,309	2,382	-	1,943	2,573
High yield bonds/emerging market debt	351	-	-	369	-	-
Absolute return and multi-strategy funds	6,059	-	-	6,690	4,827	-
Low-risk assets	-	-	-	-	-	-
Bonds	9,151	10,836	2,025	9,348	12,725	2,186
Matching assets*	(5,672)	10,675	238	(5,512)	2,939	133
Longevity swaps	-	-	-	-	-	-
Fair value of assets	15,133	26,976	11,910	16,037	26,377	12,080
Percentage of assets quoted	33%	33%	33%	71%	71%	71%
Percentage of assets unquoted	67%	67%	67%	29%	29%	29%
Present value of defined benefit obligations:						
Active members	-	-	3,595	-	-	3,747
Deferred pensioners	8,704	9,603	2,298	9,372	12,495	2,692
Pensioners	7,165	13,681	2,704	7,897	11,544	3,054
Total defined benefit obligations	15,869	23,284	8,597	17,269	24,039	9,493
Derecognition of overall scheme asset in line with IFRIC 14 guidance	-	-	(3,313)	-	-	(2,587)
Net assets/(liabilities) recognised in the statement of financial position	(736)	3,692	-	(1,232)	2,338	-

All the assets of the scheme are quoted except for the longevity swaps

Notes to the financial statements *(continued)*

17 Post-employment benefits *(continued)*

The schemes do not invest directly in assets or shares of Babcock International Group PLC. Investments have been valued for this purpose at fair value at the statement of financial position date. Equity investments and bonds are valued at bid price.

The longevity swaps have been valued in line with assumptions that are consistent with the requirements of IFRS 13 using Level 3 inputs. The key inputs to the valuation are the discount rate and mortality assumptions.

The amounts recognised in the company income statement are as follows:

£'000	**2025 GPS**	**2025 CPS**	**2025 LGPS**	**2025 Total**	2024 GPS	2024 CPS	2024 LGPS	2024 Total
Current service cost	-	-	120	120	-	-	156	156
Incurred expenses	-	90	-	90	-	143	-	143
Past service cost	-	-	-	-	-	-	-	-
Curtailment	-	-	-	-	-	-	-	-
Total included within operating profit	-	90	120	210	-	143	156	299
Net interest cost/(credit)	39	(129)	(127)	(217)	89	(62)	(77)	(50)
Total included within income statement	**39**	**(39)**	**(7)**	**(7)**	89	81	79	249

Amounts recorded in the company statement of comprehensive income.

£'000	**2025 GPS**	**2025 CPS**	**2025 LGPS**	**2025 Total**	2024 GPS	2024 CPS	2024 LGPS	2024 Total
Actual return less interest on pension scheme assets	1,956	(98)	498	2,356	869	(391)	(620)	(142)
Experience gains/(losses) arising on scheme liabilities	64	1,913	5	1,982	(285)	94	36	(155)
Changes in assumptions on scheme liabilities *Restated	(1,655)	(2,333)	(1,092)	(5,080)	(827)	(377)	(360)	(1,564)
Derecognition of overall scheme asset in line with IFRIC 14 guidance	**-**	**-**	**726**	**726**	-	-	979	979
	365	**(518)**	**137**	**(16)**	(243)	(674)	35	(882)

Reconciliation of present value of scheme assets, including reimbursement rights:

£'000	**2025 GPS**	**2025 CPS**	**2025 LGPS**	2024 GPS	2024 CPS	2024 LGPS
Fair value of plan assets						
At 1 April	16,037	26,377	12,080	15,920	25,414	11,088
Interest on assets	792	1,250	586	769	1,204	529
Actuarial gain on assets*	(1,956)	98	(498)	(869)	391	620
Employer contributions	900	797	130	900	797	114
Employee contributions	-	-	47	-	-	43
Benefits paid	(640)	(1,546)	(435)	(683)	(1,429)	(314)
Settlements	-	-	-	-	-	-
At 31 March	15,133	26,976	11,910	16,037	26,377	12,080

Notes to the financial statements *(continued)*

17 Post-employment benefits *(continued)*

Reconciliation of present value of scheme liabilities:

£'000	**2025 GPS**	**2025 CPS**	**2025 LGPS**	2024 GPS	2024 CPS	2024 LGPS
Present value of benefit obligations						
At 1 April	17,269	24,039	9,493	18,206	24,465	9,480
Service cost	-	-	120	-	-	156
Incurred expenses	-	90	-	-	143	-
Interest cost	831	1,121	459	858	1,143	452
Employee contributions	-	-	47	-	-	43
Experience (gain)/loss	64	1,913	5	(285)	94	36
Actuarial loss/(gain) – demographics	(32)	(79)	(17)	(733)	(307)	(328)
Actuarial (gain)/loss – financial	(1,623)	(2,254)	(1,075)	(94)	(70)	(32)
Benefits paid	(640)	(1,546)	(435)	(683)	(1,429)	(314)
Past service costs	-	-	-	-	-	-
Curtailment	-	-	-	-	-	-
At 31 March	15,869	23,284	8,597	17,269	24,039	9,493
Derecognition of overall scheme asset in line with IFRIC 14 guidance	-	-	(3,313)	-	-	(2,587)
Net surplus/(deficit) at 31 March	(736)	3,692	-	(1,232)	2,338	-

Virgin Media Case

The company is aware of the 'Virgin Media v NTL Pension Trustees Ltd and others' case and that there is a potential for it to have an impact on the company's pension schemes. The case affects defined benefit schemes that provided contracted-out benefits before 6 April 2016 based on meeting the reference scheme test. Where scheme rules were amended, potentially impacting benefits accrued from 6 April 1997 to 6 April 2016, schemes needed the actuary to confirm that the reference scheme test was still being met by providing written confirmation under Section 37 of the Pension Schemes Act 1993. In the Virgin Media case the judge ruled that alterations to the scheme rules were void and ineffective because of the absence of written actuarial confirmation required under Section 37 of the Pension Schemes Act 1993.

The case was appealed and, in a judgment delivered in July 2024, the Court of Appeal upheld the High Court's decision. However, the company is aware that there is continued uncertainty on various points of detail that were not explored in the Virgin Media case and that a further case was heard in 2025 (judgment for which has not yet been delivered) which may give guidance on issues connected with the Virgin Media case. In addition, on 5 June 2025 the DWP issued a statement confirming that the Government will introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. The potential impact on the company is therefore not yet known and continues to be assessed.

18 Contingent liabilities

The company had previously guaranteed or had joint and several liability for Babcock International Group PLC bank facilities that are shared across multiple Group companies. These were cancelled in the period to 31 March 2025 (2024: £8.3m). In addition, the company had joint and several liabilities for the drawn bank overdraft facilities of other Group companies of £nil (2024: £nil).

The company is a member of a wider Babcock VAT group, and as a result is jointly and severally liable with the other members for the VAT liability of the Group. At 31 March 2025 the accrued VAT liability of the Group was £2,014,810 (2024: £960,572).

Notes to the financial statements *(continued)*

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 year ended 31 March 2024 and 2025, the Company had no transactions or balances outstanding with related parties that fall outside of the FRS 101 exemption criteria / include details on the related party transactions.

20 Called up Share capital

	2025 **£000**	2024 £000
Allotted and fully paid		
17,051,110 ordinary shares of £1 each (2024: 17,051,110)	**17,051**	17,051

21 Subsidiary, and associate and joint venture undertakings

All related undertakings for the company are as listed below:

Company Name	Country	Address	Interest	Direct %
Direct;				
Skills2Learn Limited	United Kingdom	33 Wigmore Street, London, W1U 1QX, England	100 ordinary shares	100.0%

Subsidiary undertakings operate in the United Kingdom. The company's investments in subsidiary undertakings take the form of a holding of Ordinary shares.

22 Prior year restatement

In the year ended 31 March 2025, the Company restated the prior year financial information. The restatements are summarised below:

Impact on the Income statement for the year ended 31 March 2024

	Year ended 31 March 2024 (previously published) £'000	LGPS IFRIC 14 pension asset derecognition £'000	Indexation on variable apprenticeship revenue £'000	Year ended 31 March 2024 (restated) £'000
Revenue	59,728	-	1,262	**60,990**
Cost of sales	(56,025)	-	-	**(56,025)**
Gross profit	3,703	-	1,262	**4,965**
Administrative expenses	(1,438)	-	-	**(1,438)**
Impairment of investments	(6,288)	-	-	**(6,288)**
Operating loss	(4,023)	-	1,262	**(2,761)**
Finance income	7,531	-	-	**7,531**
Finance expenses	(531)	-	-	**(531)**
Profit before taxation	2,977	-	1,262	**4,239**
Income tax expense	(446)	402	-	**(44)**
Profit for the financial year	2,531	402	1,262	**4,195**

Notes to the financial statements *(continued)*

22 Prior year restatement (continued)

Impact on the Statement of Other Comprehensive Income for the year ended 31 March 2024

	Year ended 31 March 2024 (previously published) £'000	LGPS IFRIC 14 pension asset derecognition £'000	Indexation on variable apprenticeship revenue £'000	Year ended 31 March 2024 (restated) £'000
Profit for the financial year	2,531	402	1,262	**4,195**
Other comprehensive income/(loss):				
Items that will not be subsequently reclassified to income statement:				
Gain on re-measurement of net defined benefit obligation	1,861	(979)	-	**882**
Tax on net defined benefit obligation	(465)	245	-	**(220)**
Total other comprehensive income	1,396	(734)	-	**662**
Total comprehensive income	3,927	(332)	1,262	**4,857**

22 Prior year restatement (continued)

Impact on the Statement of Financial Position for the year ended 31 March 2024

	Year ended 31 March 2024 (previously published) £'000	LGPS IFRIC 14 pension asset derecognition £'000	Indexation on variable apprenticeship revenue £'000	Year ended 31 March 2024 (restated) £'000
Non-current assets				
Intangible assets	15,260	-	-	**15,260**
Tangible assets	7,609	-	-	**7,609**
Right-of-use assets	7,722	-	-	**7,722**
Investments	2,999	-	-	**2,999**
Deferred tax asset	-	472	-	**472**
Trade and other receivables	4,953	-	-	**4,953**
Retirement benefit surplus	3,693	(2,587)	-	**1,106**
	42,236	(2,115)	-	**40,121**
Current assets				
Trade and other receivables	59,154	-	-	**59,154**
Contract assets	3,193	-	-	**3,193**
	62,347	-	-	**62,347**
Current liabilities				
Trade and other payables	(10,979)	-	-	**(10,979)**
Contract liabilities	(9,283)	-	2,021	**(7,262)**
Lease liabilities	(695)	-	-	**(695)**
Provisions for liabilities	-	-	-	**-**
Bank overdraft	(16)	-	-	**(16)**
Net current assets	41,374	-	2,021	**43,395**
Total assets less current liabilities	83,610	(2,115)	2,021	**83,516**
Non-current liabilities				
Deferred tax liability	(175)	175	-	**-**
Lease liabilities	(8,413)	-	-	**(8,413)**
Provisions for liabilities	(3,616)	-	-	**(3,616)**
Retirement benefit deficit	-	-	-	**-**
Net assets	71,406	(1,940)	2,021	**71,487**
Equity				
Called up share capital	17,051	-	-	**17,051**
Share premium account	37,499	-	-	**37,499**
Other reserves	2	-	-	**2**
Retained earnings	16,854	(1,940)	2,021	**16,935**
Total shareholders' funds	71,406	(1,940)	2,021	**71,487**

22 Prior year restatement (continued)

LGPS IFRIC 14 pension asset derecognition
On detailed review of the company's pension scheme terms against the IFRIC 14 requirements, it was concluded that the pension asset on the LGPS should be capped at nil. A pension asset must be capped at nil when the company cannot obtain an economic benefit from a surplus in the form of a refund or a reduction in future contributions. This asset ceiling arises because IAS 19 only permits recognition of a net defined benefit asset to the extent that it is recoverable, either through a cash refund or by offsetting future contributions it would otherwise have to make. As the contractual requirements prevent access to the surplus and minimum funding rules require ongoing contributions despite the surplus, the asset value has been reduced to nil in both the current and prior years. This has led to a reduction in the retirement benefit surplus reported previously at year ended 31 March 2024 of £2,587k and movement in the deferred tax balance of £647k, changing from a liability position to a closing asset position of £472k. There has been a reduction in the retained earnings balance of £1,940k. This is due in part to the impact of the derecognition and resulting tax impact on comprehensive income of £332k. Additionally consideration to correct the opening balance sheet position for year ended 31 March 2024 has also taken place to remove the closing surplus recognised in the year ended 31 March 2023. This has led to the remaining reduction in retained earnings of £1,608k, which is reflective of the closing year ended 31 March 2023 LGPS surplus previously recognised in the Statement of Financial Position.

Indexation on variable apprenticeship revenue
The price per unit on the variable apprenticeship revenue on the London Fire Brigade contract was revised to include indexation from the year ended 31 March 2021 until year ended 31 March 2025. This has led to a revision of the total contract value and associated impact on FY22-FY24 revenue and deferred revenue. The revenue in the year ended 31 March 2024 has increased by £1,262k compared to what was previously reported. There has also been a related reduction of £2,022k to contract liabilities and increase of £2,022k to retained earnings in the restated statement of financial position.

23 Dividends

Dividends declared and paid were £nil (2024: £nil). There are no plans for a final dividend.

24 Events after the reporting period

In September 2025, the full balance of the loan note, including interest accrued up to the date of settlement, was repaid ahead of the loan terms by Inspirit Tulip Bidco Limited.

25 Immediate and ultimate parent undertaking

The company's immediate parent company is Babcock Education and Training Holdings LLP, a limited liability partnership registered in England and Wales. The company's ultimate parent undertaking and controlling party is Babcock International Group PLC, a company registered in England and Wales. The only Group in which the results of the company are consolidated is that headed by Babcock International Group PLC.

Copies of Babcock International Group PLC Financial Statements are available from the following address:

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Babcock International Group PLC
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London
W1U 1QX