

Babcock Support Services (Investments) Limited
Annual Report and Financial Statements
For the year ended 31 March 2022

Company registration number:

04393168 (England and Wales)



Babcock Support Services (Investments) Limited

Directors and advisors

Current directors

N Borrett
R Clark
S Doherty

Company secretary

Babcock Corporate Secretaries Limited

Registered office

33 Wigmore Street
London
W1U 1QX

Independent auditors

Deloitte LLP
1 New Street Square
London
EC4A 3HQ

Babcock Support Services (Investments) Limited

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Babcock Support Services (Investments) Limited

Strategic report for the year ended 31 March 2022

The directors present their Strategic report on Babcock Support Services (Investments) Limited ("the Company") for the year ended 31 March 2022.

Review of the business and principal activities

Babcock Support Services (Investments) Limited is a finance company to the Group headed by Babcock International Group PLC. The level of activity during the year fluctuates depending on the dividends paid upwards from subsidiaries and the impairments made on investments in subsidiaries. The directors do not expect this to change significantly in the next financial period.

Further details on the profit on disposal of subsidiaries, income from group undertakings and impairment of investments are discussed in note 7.

| | 2022 £000 | 2021 £000 *Restated |
|--|--------------|---------------------------|
| Profit / (loss) for the financial year | 116,257 | (36,261) |
| Write off of loans receivable from group undertakings (note 4) | - | (12,189) |
| Write back of loan payable to group undertaking (note 4) | 8,092 | - |
| Loss on disposal of group undertakings | (8,515) | - |
| Income from group undertakings | 31,849 | - |
| Impairment of investments | 97,732 | 16,028 |
| Provision for expected credit losses | (4,042) | (25,124) |

The profit for the financial year is mainly driven by finance income in the form of dividends received from group undertakings and reversal of previous impairments of investments. This is partially offset by expected credit loss provision, loss on disposal in group undertakings and loan interest payable to group undertakings.

The value for the investment in group undertakings increased during the year by £97.7 million (2021: £16.0 million), due to the impairment reversal illustrated above.

* In the year ended 31 March 2022, the Company restated the prior year financial information. Details of the restatement are contained in note 15.

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 and Financial Statements for the year ended 31 March 2022. Further discussion of these risks and uncertainties, in the context of the Group as a whole is provided on pages 76 to 87 of the Annual Report and Financial Statements of Babcock International Group PLC, which does not form part of this report.

Babcock Support Services (Investments) Limited

Strategic report for the year ended 31 March 2022 (continued)

Key performance indicators

The Babcock Group's activities are managed on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company.

S172(1) Statement and Stakeholder engagement

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

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

Stakeholder engagement is managed in accordance with Group policies and procedures which are discussed on pages 52, 53, 100, and 101 of the Annual Report and Financial Statements of Babcock International Group PLC, which does not form part of this report.

Employees

Our success is led by our employees. We continue to strengthen our employee value proposition by enhancing our engagement and promoting an agile global workplace. We are committed to creating an inclusive and diverse organisation where employees can develop their full potential. We focus on developing and supporting a truly engaged workforce, living our principles and working on shared goals, united by our common Purpose. These engagement activities form part of the Group-wide People Strategy as described on pages 18,19 and 63 to 66 of the Annual Report and Financial Statements of Babcock International Group PLC.

Business relationships

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

To support our global business operations and strategy we require an efficient and highly effective supply chain. This means we need to foster trusted and collaborative relationships with suppliers who share our appetite to drive improvement through innovation and best practice. Our external supply chains are an important part of our performance and by working collaboratively with suppliers we can ensure continuity of supply, minimise risk and bring innovative solutions to our customers. These engagement activities form part of the Group-wide Procurement Strategy as described on pages 21 and 69 to 72 of the Annual Report and Financial Statements of Babcock International Group PLC.

Babcock Support Services (Investments) Limited

Strategic report for the year ended 31 March 2022 *(continued)*

The community and environment

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

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

Climate action is a key focus: we are continuing to progress our Group-wide decarbonisation programme (Plan Zero 40). Aligned with the Plan Zero 40 pathway announced last year, we commenced baselining our carbon footprint and are on track to submit carbon reduction targets to the Science-Based Targets initiative by April 2023. These are to be achieved by 2030 and will set us on course for decarbonising our estate, assets and operations to reach our overarching goal of net zero emissions by 2040. Further information is included on pages 54 to 62 of the Annual Report and Financial Statements of Babcock International Group PLC.

These activities form part of the Group-wide ESG Strategy as described on pages 54 to 75 of the Annual Report and Financial Statements of Babcock International Group PLC.

This report was approved by the board on 20 November 2023 and signed on its behalf by:



R Clark
Director

Babcock Support Services (Investments) Limited

Directors' report for the year ended 31 March 2022

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2022.

Dividends

Dividends declared and paid during the financial year were £nil (2021: £nil). In view of the deficit on retained earnings the Directors are unable to recommend the payment of any dividend.

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:

| | |
|------------|---------------------------|
| N Borrett | |
| R Clark | (appointed 8 August 2022) |
| S Doherty | (appointed 31 May 2022) |
| I Urquhart | (resigned 31 May 2022) |

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

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

Going concern

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

As the Company is part of a larger group it participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parents and fellow subsidiaries.

The Company is in a net current liabilities position of £1,952.2m, comprised of intercompany amounts due to parent and group companies of £2,163.9m. The Company is not expected to settle the intercompany amounts due to parent and group undertakings until the Company has sufficient liquidity to do so and the Company has received confirmation from the other group companies these amounts are due to confirming this position. Additionally, the Company is expected to be in a position to obtain finance via intercompany loans to continue to operate for at least twelve months from when the financial statements are authorised for issue and the Company has received a letter of support from Babcock International Group PLC confirming this position. In completing this analysis, the Directors have considered the ability of Babcock International Group PLC to provide such finance.

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

Babcock Support Services (Investments) Limited

Directors' report for the year ended 31 March 2022 *(continued)*

Financial risk management

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

Qualifying third party indemnity provisions

Babcock International Group PLC provides protections for directors of companies within the Group against personal financial exposure they may incur in their capacity as such. These include qualifying third-party indemnity provisions (as defined by Companies Act 2006) for the benefit of members of Babcock International Group PLC, including, where applicable, in their capacity as a director of the Company and other companies within the Group. These indemnities came into force in 2012 and remain in force.

Post balance sheet events

There have been no significant events since the balance sheet date which materially affect the position of the Company.

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 the s418 of the Companies Act 2006.

Appointment of auditors

At the 2022 Annual General meeting of Babcock International Group plc, the Company's ultimate parent company, Deloitte LLP were reappointed as external auditor to the group. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed to the Company and Deloitte LLP will, therefore, continue in office.

This report was approved by the board on 20 November 2023 and signed on its behalf by:



R Clark
Director

Babcock Support Services (Investments) Limited

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Babcock Support Services (Investments) Limited

Independent Auditors' report to the members of Babcock Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Babcock Support Services (Investments) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 16.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Babcock Support Services (Investments) Limited

Independent Auditors' report to the members of Babcock Support Services (Investments) Limited *(continued)*

Report on the audit of the financial statements *(continued)*

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Babcock Support Services (Investments) Limited

Independent Auditors' report to the members of Babcock Support Services (Investments) Limited *(continued)*

Report on the audit of the financial statements *(continued)*

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

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

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

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address it are described below:

Carrying value of investments in subsidiaries

- obtained an understanding of key controls in relation to the investment impairment assessment process;
- evaluated management's assessment of whether any indicators of impairment existed;
- reconciled the cash flows and other key assumptions used to determine the recoverability of the Group's CGUs for the goodwill impairment review, which were subject to separate audit procedures;
- reperformed the investment impairment calculation to determine the accuracy of management's calculation in conjunction with valuation specialists;
- considered whether the impairment reversal indicated in the impairment model for 31 March 2022 reflected a change in service potential of the asset and therefore a valid reversal to record under IAS 36; and
- assessed the appropriateness of the disclosures.

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

Babcock Support Services (Investments) Limited

Independent Auditors' report to the members of Babcock Support Services (Investments) Limited *(continued)*

Report on the audit of the financial statements *(continued)*

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

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

Makhan Chahal ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

20 November 2023



Babcock Support Services (Investments) Limited

Income Statement

for the year ended 31 March 2022

| | Note | 2022 £000 | 2021 £000 *Restated |
|---|------|-----------------------|---------------------------|
| Administrative income / (expenses) | | <u>7,859</u> | <u>(12,322)</u> |
| Operating profit / (loss) | 4 | 7,859 | (12,322) |
| Income from shares in group undertakings | 7 | 31,849 | - |
| Loss on disposal of group undertakings | 7 | (8,515) | - |
| Impairment of investments | 7 | 97,732 | 16,028 |
| Provision for expected credit losses | 8 | <u>(4,042)</u> | <u>(25,124)</u> |
| Profit / (loss) before interest and taxation | | 124,883 | (21,418) |
| Finance income | 5 | 3,553 | 2,109 |
| Finance costs | 5 | <u>(14,124)</u> | <u>(15,005)</u> |
| Profit / (loss) before taxation | | 114,312 | (34,314) |
| Income tax expense | 6 | <u>-</u> | <u>(2)</u> |
| Profit / (loss) for the financial year | | <u>114,312</u> | <u>(34,316)</u> |

* In the year ended 31 March 2022, the Company restated the prior year financial information. Details of the restatement are contained in note 15.

All of the above results derive from continuing operations.

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

Babcock Support Services (Investments) Limited

Statement of Financial Position

as at 31 March 2022

| | Note | 2022 £000 | 2021 £000 *Restated |
|--|------|--------------------|---------------------------|
| Non-current assets | | | |
| Investments in subsidiaries | 7 | 499,511 | 460,294 |
| Trade and other receivables | 8 | 1,554,140 | 1,424,632 |
| Deferred tax | 8 | 9 | 9 |
| | | <u>2,053,660</u> | <u>1,884,935</u> |
| Current assets | | | |
| Trade and other receivables | 8 | 287,230 | 200,121 |
| Cash and cash equivalents | | <u>234,825</u> | <u>179,000</u> |
| | | 522,055 | 379,121 |
| Current liabilities | | | |
| Trade and other payables | 9 | (2,450,885) | (2,246,916) |
| Bank overdraft | | <u>(23,320)</u> | <u>(29,942)</u> |
| | | (2,474,205) | (2,276,858) |
| Net current liabilities | | <u>(1,952,150)</u> | <u>(1,897,737)</u> |
| Net assets / (liabilities) | | <u>101,510</u> | <u>(12,802)</u> |
| Equity | | | |
| Called up share capital | 10 | 10 | 10 |
| Share premium account | | 378,140 | 378,140 |
| Other Reserves | | 11,928 | 11,928 |
| Retained deficit | | <u>(288,568)</u> | <u>(402,880)</u> |
| Total shareholder's funds/(deficit) | | <u>101,510</u> | <u>(12,802)</u> |

* In the year ended 31 March 2022, the Company restated the prior year financial information. Details of the restatement are contained in note 15.

The notes on pages 16 to 27 are an integral part of these financial statements. The financial statements on pages 13 to 27 were approved by the Board of directors and signed on its behalf and authorised for issue by:



R Clark
Director
20 November 2023

Babcock Support Services (Investments) Limited

Statement of Changes in Equity

for the year ended 31 March 2022

| | Called up share capital £000 | Share premium account £000 | Other Reserves £000 | Retained deficit £000 *Restated | Total Shareholder's (deficit)/funds £000 *Restated |
|---------------------------------|---------------------------------------|-------------------------------------|---------------------------|--|--|
| Balance at 1 April 2020 | 11,938 | 378,140 | - | (368,564) | 21,514 |
| Prior year adjustment** | (11,928) | - | 11,928 | - | - |
| Loss for the financial year | - | - | - | (34,316) | (34,316) |
| Balance at 31 March 2021 | 10 | 378,140 | 11,928 | (402,880) | (12,802) |
| Profit for the financial year | - | - | - | 114,312 | 114,312 |
| Balance at 31 March 2022 | 10 | 378,140 | 11,928 | (288,568) | 101,510 |

* In the year ended 31 March 2022, the Company restated the prior year financial information. Details of the restatement are contained in note 15.

** Equity elements of convertible loan notes from 2012 have been reclassified as Other Reserves.

Babcock Support Services (Investments) Limited

Notes to the financial statements

1 General information

Babcock Support Services (Investments) Limited is a private company, limited by shares, which is incorporated under Companies Act and registered and domiciled in the UK. The address of the registered office is 33 Wigmore Street, London W1U 1QX.

2 Summary of significant accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). These financial statements are prepared on a going concern basis, under the historical cost convention. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest thousand.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

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

- a) 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).
- b) 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 carrying amount at the beginning and end of the period).
- c) Paragraphs 10(d), 10(f), 16, 38, 40, 111, and 134-136 of IAS 1 'Presentation of financial statements'.
- d) IAS 7, 'Statement of cash flows'.
- e) Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'.
- f) Paragraph 17 of IAS 24, 'Related party transactions' in respect of key management compensation.
- g) The requirements of IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Babcock Support Services (Investments) Limited

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(continued)*

Basis of Preparation *(continued)*

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.

Going concern

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

As the Company is part of a larger group it participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parents and fellow subsidiaries.

The Company is in a net current liabilities position of £1,952.2m, comprised of intercompany amounts due to parent and group companies of £2,163.9m. The Company is not expected to settle the intercompany amounts due to parent and group undertakings until the Company has sufficient liquidity to do so and the Company has received confirmation from the other group companies these amounts are due to confirming this position. Additionally, the Company is expected to be in a position to obtain finance via intercompany loans to continue to operate for at least twelve months from when the financial statements are authorised for issue and the Company has received a letter of support from Babcock International Group PLC confirming this position. In completing this analysis, the Directors have considered the ability of Babcock International Group PLC to provide such finance.

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

Investments

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

Trade and other receivables

Trade and other receivables (including amounts due from group undertakings) are stated at their cost less expected credit losses. A provision for bad debt is established when there is objective evidence that the collection of the debt is no longer probable.

Trade and other payables

Trade and other payables (including amounts due to group undertakings) are initially recognised at fair value, which is usually original invoice amount and are subsequently held at amortised cost using the EIR (Effective Interest Rate) method (although, in practice, the discount is often immaterial). If payment is due within one year or less payables are classified as current liabilities. If not, they are presented as non-current liabilities.

Babcock Support Services (Investments) Limited

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(continued)*

Taxation

(a) Current income tax

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements.

However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, 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 balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in either other comprehensive income or in equity.

Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the local 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 balance sheet date of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

3 Critical accounting estimates and judgements

In the course of preparation of the financial statements no critical judgements have been made in applying the Company's accounting policies, other than those involving estimates, 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 forward looking estimates may result in a material adjustment to the carrying amount 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. The key assumptions about the future, and other key sources of estimation uncertainty at the reporting year end that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Babcock Support Services (Investments) Limited

Notes to the financial statements *(continued)*

3 Critical accounting estimates and judgements *(continued)*

Critical accounting estimates – Impairment of investment in subsidiaries

The Company's impairment policies require management to perform impairment testing where indicators of impairment are identified. Impairment testing is performed at the individual asset level. Where an asset does not generate cash flows that are separately identifiable from other assets, the Company estimates the recoverable amount of the CGU (Cash Generating Unit) to which the asset belongs. The CGU for the purpose of this analysis is the sub-groups of entities which the Company has an investment in. The recoverable amount is the higher of fair value less costs of disposal, and value-in-use.

The carrying value of investment in subsidiaries is tested annually for impairment, in accordance with IAS 36. The impairment assessment is based on assumptions in relation to the cash flows expected to be generated by the subsidiaries, together with appropriate discounting of the cash flows.

4 Operating profit / (loss)

Operating profit / (loss) is stated after charging:

| | 2022 £000 | 2021 £000 |
|---|--------------|--------------|
| Foreign exchange loss | (166) | (83) |
| Write off of loan receivable from group undertakings: | | |
| Cavendish Nuclear Manufacturing Limited | - | (4,952) |
| Babcock Civil Infrastructure Limited | - | (7,237) |
| | - | (12,189) |
| Write back of loan payable to group undertaking: | | |
| Babcock Networks Limited | 8,092 | - |

The auditors' remuneration for the current year (£7,000) and prior year (£2,700) has been borne by a fellow group company. Fees paid to the company's auditors, Deloitte LLP and its associates, are disclosed on a consolidated basis in the financial statements of the ultimate parent undertaking, Babcock International Group Plc.

There were no staff employed by the Company during the current or prior year. All Directors' emoluments are paid by Babcock International Limited and amounts for services to the Company are immaterial.

5 Finance income and costs

| | 2022 £000 | 2021 £000 |
|---|--------------|--------------|
| Finance income: | | |
| Bank interest receivable | 3,553 | 2,109 |
| Finance costs: | | |
| Bank interest payable | (26) | (4) |
| Loan interest payable to Group undertakings | (14,098) | (15,001) |
| | (14,124) | (15,005) |

Babcock Support Services (Investments) Limited**Notes to the financial statements (continued)****6 Income tax expense**

| | 2022 £000 | 2021 £000 |
|--|----------------------------|----------------------------|
| Deferred tax: | | |
| Impact of change in UK tax rate | (2) | - |
| Origination and reversal of timing differences | 2 | 2 |
| Total deferred tax charge | - | 2 |

Tax expense for the year is higher (2021: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 March 2022 of 19% (2021: 19%). The differences are explained below:

| | 2022 £000 | 2021 £000 Restated* |
|--|----------------------------|---|
| Profit / (loss) before taxation | 114,312 | (34,316) |
| Loss before taxation multiplied by standard UK corporation tax rate of 19% (2021: 19%) | 21,719 | (6,520) |
| Effects of: | | |
| (Income) / Expenses not deductible for tax purposes | (22,234) | 1,728 |
| Group relief for nil consideration | 517 | 4,794 |
| Impact of change in UK tax rate | (2) | - |
| Total tax charge for the year | - | 2 |

In 2020 budget, it was announced that the decrease in UK rate of corporation tax from 19% to 17% was cancelled. On 24 May 2021, the Finance Act 2021 was substantively enacted, increasing the main rate of UK corporation tax from 19% to 25% with effect from 1 April 2023. Therefore, all deferred tax balances at 31 March 2022 have been calculated using a rate of 25%. There have been no further Budget changes to date.

* In the year ended 31 March 2022, the Company restated the prior year financial information. Details of the restatement are contained in note 15.

Babcock Support Services (Investments) Limited

Notes to the financial statements (continued)

7 Investments in subsidiaries

| | 2022 £000 | 2021 £000 Restated* |
|-------------------------------|--------------|---------------------------|
| Cost | | |
| At 1 April | 784,882 | 866,627 |
| Disposals | (75,000) | (81,745) |
| At 31 March | 709,882 | 784,882 |
| Accumulated impairment | | |
| At 1 April | (324,588) | (422,361) |
| Impairment | 97,732 | 16,028 |
| Disposals | 16,485 | 81,745 |
| At 31 March | (210,371) | (324,588) |
| Carrying value | | |
| At 31 March | 499,511 | 460,294 |

Results of the current year impairment assessment:

The impairment test for the year ended 31 March 2022 resulted in reversals of previously recognised impairments against Babcock Education & Training Holdings LLP of £49,219,000 and Babcock Services Group Limited of £48,513,000.

On 24 December 2021, the Company disposed of Babcock Networks Limited and received consideration of £50,000,000, which resulted in a loss on disposal of £8,515,000. In the prior year the company disposed of the fully impaired investment in Merlin Communications Group Limited.

The Company received £31,849,000 in dividends from Babcock Networks Limited (2021: £nil).

The Directors believe that the carrying value of the investments is supported by their future cash flow projections. A full list of related undertakings for the Company is disclosed in note 14.

Key assumptions

The key assumptions to which the recoverable amount of the Company's investment in subsidiary undertakings is most sensitive are future cash flows, long-term growth rates and discount rates. Further details on how these inputs are determined are set out in note 12 of the Group financial statements for the year ending 31 March 2022.

The value-in-use calculations do not include the anticipated benefits of the Group's revised operating model or the implementation costs of this project, reflecting that the Group was not committed to the project at 31 March 2022.

The discount rates used to determine the recoverable amount of the Company's investment in subsidiary undertakings are 11.3% – 11.7% (2021: 10.9%). The long-term growth rates used to determine the recoverable amount of the Company's investment in subsidiary undertakings are 1.8% – 2.5% (2021: 2%).

Babcock Support Services (Investments) Limited

Notes to the financial statements (continued)

7 Investments in subsidiaries (continued)

Sensitivity

The Directors carried out sensitivity analysis on the reasonably possible changes in key assumptions used to determine the recoverable value of the Company's investment in subsidiary undertakings.

The Company's calculation of recoverable value presents an impairment reversal of £97.7m in the year ending 31 March 2022, as well as an impairment reversal of £16.0m in the prior year. Further detail around the prior year impairment reversal is included in note 15. Accordingly, reasonably possible changes in estimates could give rise to a material impairment in the following year. The Company carried out sensitivity analysis on the reasonably possible changes in the discount rate and long-term growth rate used in the value-in-use models for the Company's investment in subsidiary undertakings.

An increase to the pre-tax discount rate of 100 basis points would cause a decrease to the impairment reversal of £8.7 million. A decrease to the long-term growth rate of 50 basis points would cause a decrease to the impairment reversal of £3.4 million.

The Directors consider that key cash flow assumptions in the calculation of the recoverable value of the Company's investment in subsidiary undertakings include short-term cash flows. If the year-on-year growth is decreased by 15%, the value in use for the Company's investment in subsidiary undertakings decreases by £3.6 million.

* In the year ended 31 March 2022, the Company restated the prior year financial information. Details of the restatement are contained in note 15.

8 Trade and other receivables

| | 2022 £000 | 2021 £000 Restated* |
|-------------------------------------|------------------|---------------------------|
| Non-current | | |
| Amounts due from group undertakings | 1,554,140 | 1,424,632 |
| Deferred tax asset | 9 | 9 |
| | 1,554,149 | 1,424,641 |
| | | |
| | 2022 £000 | 2021 £000 Restated |
| Current | | |
| Amounts due from group undertakings | 286,990 | 200,005 |
| Other receivables | 240 | 116 |
| | 287,230 | 200,121 |

* £3.3 million of UK corporation tax receivable has been reclassified in the prior year to amounts due from group undertakings in more than one year. This is to reflect another group company receiving payments from HMRC on behalf of the Company under the Group Payment Arrangement (GPA).

In the year ended 31 March 2022, the Company restated the prior year financial information. Details of the restatement are contained in note 15.

The amounts due from group undertakings is stated after the provision for expected credit losses of £188.4 million (2021: £184.4 million).

Babcock Support Services (Investments) Limited

Notes to the financial statements (continued)

8 Trade and other receivables (continued)

Amounts due from group undertakings are unsecured, repayable on demand and non-interest bearing.

Deferred tax comprises of accelerated capital allowances of £9,000 (2021: £9,000).

9 Trade and other payables

| | 2022 £000 | 2021 £000 *Restated |
|-----------------------------------|--------------|---------------------------|
| Amounts due to group undertakings | 2,450,885 | 2,246,916 |

* £0.1 million of UK corporation tax payable has been reclassified in the prior year to amounts due to group undertakings within one year. This is to reflect another group company making payments to HMRC on behalf of the Company under the Group Payment Arrangement (GPA).

In the year ended 31 March 2022, the Company restated the prior year financial information. Details of the restatement are contained in note 15.

Amounts due to group undertakings are repayable on demand and comprised of:

- £16,500,000 (2021: £16,500,000) bearing interest at 0.1%;
- £4,000,000 (2021: £4,000,000) bearing interest at SONIA + 1%;
- £338,723,000 (2021: £338,723,000) bearing interest at SONIA + 4%;
- £1,432,000 (2021: £nil) bearing interest at EURIBOR + 4%; and
- The remaining £2,090,230,000 (2021: £1,887,693,000) is non-interest bearing.

10 Called up share capital

| | 2022 £000 | 2021 £000 |
|--|--------------|--------------|
| Allotted, issued and fully paid | | |
| 10,307 (2021: 10,307) ordinary shares of £1 each | 10 | 10 |

11 Dividends paid

Dividends declared and paid were £nil (2021: £nil). There are no plans for a final dividend (2021: £nil).

12 Contingent liabilities

The Company has guaranteed or has joint and several liability for bank overdraft facilities that are shared across multiple Group companies with utilisation of £383,600,000 at 31 March 2022 (2021: £371,300,000).

13 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. There are no other related party transactions or balances requiring disclosure.

Babcock Support Services (Investments) Limited

Notes to the financial statements (continued)

14 Related undertakings

A full list of subsidiary undertakings and significant holdings as at 31 March 2022 is disclosed below:

| Name | Registered Office address | Ultimate % |
|--|--|------------|
| ABC Electrification Ltd | 8th Floor, The Place, High Holborn, London, WC1V 7AA, United Kingdom | 33.33% |
| Babcock Assessments Limited | 33 Wigmore Street, London, W1U 1QX, United Kingdom | 93% |
| Babcock Civil Infrastructure Limited* | BDO LLP, 55, Baker Street, London, England, W1U 7EU, United Kingdom | 100% |
| Babcock Communications Cyprus Limited | Spyrou Kyprianou, 47, 1st Floor, Mesa Geitonia, 4004 Limassol, Cyprus | 100% |
| Babcock Communications Limited* | 33 Wigmore Street, London, W1U 1QX, United Kingdom | 100% |
| Babcock Education & Training Holdings LLP | 33 Wigmore Street, London, W1U 1QX, United Kingdom | 93% |
| Babcock Education Holdings Limited | 33 Wigmore Street, London, W1U 1QX, United Kingdom | 93% |
| Babcock Integration LLP | 33 Wigmore Street, London, W1U 1QX, United Kingdom | 5.19% |
| Babcock IP Management (Number One) Limited | 33 Wigmore Street, London, W1U 1QX, United Kingdom | 5.21% |
| Babcock IP Management (Number Two) Limited | 33 Wigmore Street, London, W1U 1QX, United Kingdom | 5.19% |
| Babcock Learning and Development Partnership LLP | 33 Wigmore Street, London, W1U 1QX, United Kingdom | 74.49% |
| Babcock Rail Limited* | 33 Wigmore Street, London, W1U 1QX, United Kingdom | 100% |
| Babcock Services Group Limited* | 33 Wigmore Street, London, W1U 1QX, United Kingdom | 100% |
| Babcock Services Limited* | 33 Wigmore Street, London, W1U 1QX, United Kingdom | 100% |
| Babcock Skills Development and Training Limited | 33 Wigmore Street, London, W1U 1QX, United Kingdom | 93% |
| Babcock Training Limited | 33 Wigmore Street, London, W1U 1QX, United Kingdom | 93% |
| BIL Solutions Limited | BDO LLP, 55, Baker Street, London, England, W1U 7EU, United Kingdom | 100% |
| Cavendish Boccard Nuclear Limited | 33 Wigmore Street, London, W1U 1QX, United Kingdom | 51% |
| Cavendish Dounreay Partnership Limited | 33 Wigmore Street, London, W1U 1QX, United Kingdom | 50% |
| Cavendish Fluor Partnership Limited | 33 Wigmore Street, London, W1U 1QX, United Kingdom | 65% |
| Cavendish Nuclear (Overseas) Limited | 33 Wigmore Street, London, W1U 1QX, United Kingdom | 100% |
| Cavendish Nuclear Japan KK | Regus Tokyo , Arca Central - Office 104, Arca Central Building 14F, 1- 2-1, Kinshi , Sumida-ku, Tokyo, Japan | 100% |
| Cavendish Nuclear Limited | 33 Wigmore Street, London, W1U 1QX, United Kingdom | 100% |

Babcock Support Services (Investments) Limited

Notes to the financial statements (continued)

14 Related undertakings (continued)

| Name | Registered Office address | Ultimate % |
|----------------------------------|---|------------|
| FSP (2004) Limited | Kintail House, 3 Lister Way, Hamilton International Park, Blantyre, G72 0FT, Scotland | 50% |
| HCTC Limited | 33 Wigmore Street, London, W1U 1QX, United Kingdom | 93% |
| INS Innovation Limited | BDO LLP, 5 Temple Square, Temple Street, Liverpool, England, L2 5RH, United Kingdom | 100% |
| KML (UK) Limited | 33 Wigmore Street, London, W1U 1QX, United Kingdom | 93% |
| National Training Institute LLC | PO Box 267, MadinatQaboos, Sultanate of Oman, 115, Oman | 65.1% |
| SBRail Limited | 33 Wigmore Street, London, W1U 1QX, United Kingdom | 100% |
| Scimco Limited* | BDO LLP, 5 Temple Square, Temple Street, Liverpool, England, L2 5RH, United Kingdom | 100% |
| Skills2Learn Ltd | 33 Wigmore Street, London, W1U 1QX, United Kingdom | 93% |
| Touchstone Learning & Skills Ltd | 33 Wigmore Street, London, W1U 1QX, United Kingdom | 93% |

*Directly owned by Babcock Support Services (Investments) Limited.

15 Restatement

In the year ended 31 March 2022 the Company restated prior year financial information. The restatements are summarised below:

Impact on the income statement for the year ended 31 March 2021

| | Previously Published 2021 £000 | (a) Investment Impairment £000 | (c) Expected credit loss provision on group receivables £000 | Restated 2021 £000 |
|--------------------------------------|--------------------------------------|---|--|--------------------------|
| Income statement | | | | |
| Impairment of investments | (103,315) | 119,343 | - | 16,028 |
| Provision for Expected Credit Losses | - | - | (25,124) | (25,124) |
| Loss for the financial year * | (128,535) | 119,343 | (25,124) | (34,316) |

Babcock Support Services (Investments) Limited

Notes to the financial statements (continued)

15 Restatement (continued)

31 March 2021 – Statement of Financial Position (extract)

| | Previously Published 2021 £000 | (a) Investment Impairment £000 | (b) Intra-group payables/ receivables £000 | (c) Expected Credit Loss provision on group receivables £000 | Restated 2021 £000 |
|---|---|--------------------------------------|---|---|--------------------------|
| Assets | | | | | |
| Non-current assets | | | | | |
| Investments in subsidiaries | 505,030 | (44,736) | - | - | 460,294 |
| Trade and other receivables | - | - | 1,609,010 | (184,378) | 1,424,632 |
| Deferred Tax | - | - | 9 | - | 9 |
| Total non-current assets * | 505,030 | (44,736) | 1,609,019 | (184,378) | 1,884,935 |
| Current assets | | | | | |
| Trade and other receivables | 1,809,140 | - | (1,609,019) | - | 200,121 |
| Current Liabilities | | | | | |
| Creditors | (2,221,916) | - | (25,000) | - | (2,246,916) |
| Net current liabilities * | (263,718) | - | (1,634,019) | - | (1,897,737) |
| Non-Current Liabilities | | | | | |
| Creditors | (25,000) | - | 25,000 | - | - |
| Equity | | | | | |
| Accumulated loss (brought forward at 1 April 2020) | (45,231) | (164,079) | - | (159,254) | (368,564) |
| Accumulated profit at 31 March 2021 | (173,766) | (44,736) | - | (184,378) | (402,880) |
| Total Equity (brought forward at 1 April 2020) * | 344,847 | (164,079) | - | (159,254) | 21,514 |
| Total Equity at 31 March 2021 * | 216,312 | (44,736) | - | (184,378) | (12,802) |

* The tables above include only those financial statement line items which have been restated. The total profit for the year, non-current assets, net current assets/(liabilities) and equity, do not therefore represent the sum of the line items presented above.

(a) Investment Impairment

In the year ended 31 March 2022 it was identified that the impairment assessment for the Company's investment in subsidiary undertakings incorrectly calculated the recoverable amount for the prior two years. Re-performance of this assessment using the appropriate recoverable amount results in a reversal of the impairment in year ending 31 March 2021 and a change to the impairment charge in the year ending 31 March 2020. Impairment had been understated in the year ending 31 March 2020, which results in a change to opening Retained Earnings for the year ending 31 March 2021 of £164.1 million.

The prior year reversal of impairment of £119.3 million results in a net investment value of £460.3 million. Further detail is included in the restatement table above.

Babcock Support Services (Investments) Limited

Notes to the financial statements *(continued)*

15 Restatement *(continued)*

(b) Intra-group receivables and payables

In the prior year, amounts due from group undertakings were presented as falling due within one year and classified within current assets. Based on the underlying terms of the agreement and considering the fact that the assets are not expected to be settled within the next 12 months the classification of intra-group receivables has been reassessed, and the amounts due from group undertakings presented within non-current assets.

Similarly, In the prior year, an amount of £25 million due to group undertakings was presented as falling due after more than one year. Based on underlying terms of agreement, the classification of intra-group payables has been reassessed and presented within current liabilities. The balance sheet and applicable note in the comparative period have been restated accordingly.

(c) Expected Credit Losses

In the year ended 31 March 2022 it was identified that prior years' amounts due by group undertakings were not stated at cost less expected credit losses. Assessment of expected credit losses has resulted in a change to opening retained earnings of £159.3 million and an additional charge of £25.1 million in the year ending 31 March 2021. A total expected credit loss provision of £184.4 million has been recognised as at 31 March 2021.

16 Immediate and ultimate parent undertaking

The Company's immediate parent company is Babcock Management Limited, a company registered in England and Wales. The Company's ultimate parent undertaking and controlling party is Babcock International Group PLC, a company registered in England and Wales. The only Group in which the results of the Company are consolidated is that headed by Babcock International Group PLC.

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

The Company Secretary - Babcock International Group PLC
33 Wigmore Street
London W1U 1QX
United Kingdom