Babcock Land Defence Limited

Annual report and financial statements

for the year ended 31 March 2022

Registered number: **09329025**

Babcock Land Defence Limited

Directors

L Atkinson
N Borrett
J Cohen
S Doherty
J Rayson
C Spicer

Company Secretary

Babcock Corporate Secretaries Limited

Registered Number
09329025

Registered office

33 Wigmore Street
London
W1U 1QX

Independent auditor

Deloitte LLP
1 New Street Square
London
EC4A 4HQ

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Strategic report for the year ended 31 March 2022

The directors present their Strategic report on the Company for the year ended 31 March 2022.

Principal activities

The Company is engaged in the maintenance of military vehicles, the provision of vehicles, management of the Ministry of Defence (MoD) estate and support to training activities. During the year, the company's principal contracts were the Defence Support Group contract ("DSG contract") with the MoD for the maintenance, repair, overhaul and storage of military vehicles and light weapons for the British Armed Forces and providing training for the Royal School of Military Engineering (RSME). From the 1 April 2021 the company provided the provision of Fleet, Procurement and Supply Chain Management Services for the MoD (Phoenix), and provision of over 500 assets to the MoD via Phoenix acting as Procurement Agent (Contract Hire). From 1 November 2021, the company provided technical training for MoD (EMTC) and from 1 January 2022, provided training of management, instructor and developer personnel to deliver Falcon training (WANT).

Review of the business

	Year ended	Year ended
	31 March 2022	31 March 2021
	£000	£000
		**Restated*
Revenue	**232,296**	152,491
Profit/(Loss) for the financial year before tax		

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

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 2022, which does not form part of this report.

The key risks and uncertainties affecting the Company are considered to be the performance of contractual obligations, achieving extensions to existing contracts, political and regulatory environment. The Directors manage this risk by meeting on a regular basis to discuss these risks.

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

S172(1) statement and stakeholder engagement *(continued)*

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.

What matters to them

- Safety
- Operational excellence
- Innovation and expertise
- Reliability
- Value for money
- Collaboration
- Deep understanding of their needs, both now and in the future
- Sustainability performance and agenda

How the Company engages

- Regular ongoing relationship engagement at all levels
- Contract negotiation and execution
- Collaboration on joint initiatives
- Attendance at key industry events
- Provision of information on sustainability goals

Investors

Why they matter to us

The support of our equity and debt investors and continued access to capital is vital to the long-term success of the Company. We work to ensure that we provide clear and transparent information to the market which allows investors and potential investors to make informed decisions, via market updates, information published on our website, appropriate access to management and an active Investor Relations and Treasury team.

What matters to them

- Shareholder value
- Financial and operational performance
- Strategy and business development
- Capital structure
- Dividend policy
- Transparency of communication
- Governance and management
- Sustainability strategy

How the Company engages

- Annual Report and Financial Statements
- Results materials and presentations
- Investor relations team
- Treasury team with banks and noteholders and credit rating agencies
- Dedicated investor section on Babcock website
- Chair engagement with top shareholders
- Consultation with large shareholders on remuneration policy
- Investor site visits
- Stock exchange announcements and press releases

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

S172(1) statement and stakeholder engagement *(continued)*

Employees

Why they matter to us

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

S172(1) statement and stakeholder engagement *(continued)*

Sustainability and the local environment
Support for armed forces community
Community engagement

How the Company engages

Sponsorship and donations
Employee volunteering
University partnerships
STEM Ambassadors
Employer of service leavers, veterans and reserves
Engagement with local community programmes

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

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.

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

Statement of disclosure of information to auditors
Each director, as at the date of this report, has confirmed that in so far as they are aware there is no relevant audit information of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of this information.

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 re-appointed as external auditor to the group. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed to the Company and Deloitte LLP will, therefore, continue in office.

This report was approved by the board on 19 December 2023 and signed on its behalf by

L Atkinson
Director

Statement of Directors' responsibilities in respect of the financial statements

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

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

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

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

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

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

Income statement

for the year ended 31 March 2022

	Note	2022	2021
		£000	£000
			Restated
Revenue	4	**232,296**	152,491
Cost of revenue - excluding amortisation of contract intangible & impairment of assets		**(196,634)**	(207,740)
Cost of revenue - impairment of contract intangible		**-**	(65,661)
Cost of revenue - amortisation of contract intangible		**-**	(16,514)
Cost of revenue - impairment of other assets		**-**	(6,171)
Total cost of revenue		**(196,634)**	(296,086)
Gross profit/(loss)		**35,662**	(143,595)
Administrative expenses		**(6,431)**	(2,191)
Administrative expenses - exceptional		**(9,094)**	-
Total administrative expenses		**(15,525)**	(2,191)
Operating profit/(loss)	5	**20,137**	(145,786)
Finance costs	6	**(982)**	(378)
Other finance income - pensions	21	**75**	286
Profit/(loss) before taxation		**19,230**	(145,878)
Income tax (expense)/benefit	10	**(730)**	12,459
Profit/(loss) for the ffit/(lossls) foı			

Statement of comprehensive income

for the year ended 31 March 2022

	2022	2021
	£000	£000
		Restated
Profit/(loss) for the financial year	**18,500**	(133,419)
Gain/(loss) on re-measurement of net defined benefit obligation	**19,032**	(8,601)
Tax (charge)/credit on net defined benefit obligation	**(5,066)**	3,662
	13,966	(4,939)
Total comprehensive income/(expense) for the financial year	**32,466**	(138,358)

*In the year ended 31 March 2022, the Company restated the prior year financial information. Details of the restatement are contained in note 22.

Babcock Land Defence Limited

Statement of financial position

As at 31 March 2022

	Note	2022	2021
		£000	£000
			Restated
Non Current Assets			
Intangible assets	11	**2,105**	2,178
Tangible fixed assets	12	**270**	368
Right-of-use assets	13	**16,007**	877
Trade and other receivables	16	**40,884**	10,884
Deferred tax asset	10	**-**	1,246
		59,266	15,553
Current assets			
Inventories	15	**7,624**	9,071
Pension scheme surplus	21	**24,167**	1,840
Trade and other receivables	16	**64,779**	25,852
Cash and cash equivalents		**-**	48,708
		96,570	85,471
Current liabilities			
Trade and other payables	17	**(134,621)**	(168,734)
Lease Liabilities	13	**(5,195)**	(1,892)
Cash and cash equivalents		**(39,838)**	-
Net current liabilities		**(83,084)**	(85,155)
Total assets less current liabilities		**(23,818)**	(69,603)
Non-current liabilities			
Lease liabilities	13	**(12,220)**	(1,412)
Deferred tax liability	10	**(4,549)**	-
Provisions for liabilities	18	**(8,436)**	(10,474)
Net liabilities		**(49,023)**	(81,489)
Equity			
Called up share capital	19	-	-
Share premium account	19	**47,619**	47,619
Retained accumulated Losses		**(96,642)**	(129,108)
Total shareholders' funds		**(49,023)**	(81,489)

*The notes on pages 22 to 58 are an integral part of these financial statements.

In the year ended 31 March 2022, the Company restated the prior year financial information. Details of the restatement are contained in note 22.

The financial statements on pages 18 to 58 were approved by the board of Directors on 19 December 2023 and signed on its behalf by:

[redacted]

L Atkinson
Director

Registered number 09329025

Statement of changes in equity

As at 31 March 2022

	Called up share capital account	Share premium account	(Accumulated losses) / Retained earnings	Total shareholders' funds
	£000	£000	£000	£000
At 1 April 2020 (previously reported)	**-**	**47,619**	**6,747**	**54,366**
Prior year restatement (Note 22)*	-	-	(3,926)	(3,926)
At 1 April 2020 (restated)	**-**	**47,619**	**2,821**	**50,440**
Loss for the financial year (restated – Note 22)*	-	-	(133,419)	(133,419)
Other comprehensive expense (restated – Note 22)*	-	-	(4,938)	(4,938)
Capital contribution from parent	-	-	6,428	6,428
At 31 March 2021 restated	**-**	**47,619**	**(129,108)**	**(81,489)**
Profit for the financial year	-	-	18,500	18,500
Other comprehensive income	-	-	13,966	13,966
Total comprehensive income	**-**	**-**	**32,467**	**32,467**
At 31 March 2022	**-**	**47,619**	**(96,642)**	**(49,023)**

In the year ended 31 March 2022, 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 Land Defence Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered Office is 33 Wigmore Street, London W1U 1QX.

Its ultimate controlling party is disclosed in note 27. 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 significant accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework (FRS 101)'. The Company applies the recognition, measurement and disclosure requirements in accordance with the international accounting standards and FRS 101, but makes amendments where necessary in order to comply with 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 45(b) and 46 to 52 of IFRS 2, 'Share based payments'
b) IFRS 7, 'Financial instruments: Disclosures'
c) Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
d) 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.
e) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 58, 90, 91 and 93 of IFRS 16 Leases.
f) 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(ntsfe27(0)a3 8p0om(ph)3.2( )13e3e .7(o)1nm(r)-4.3(.8(r)-3.3(1.9(r)-5.d)3.2( )5.1(e))1.8(99

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(continued)*

Basis of preparation *(continued)*
The Company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Babcock International Group PLC, a company registered in England and Wales. Accordingly, these financial statements present information about the Company as an individual and not as a group.

The financial statements have been prepared under the historical cost convention, as modification by the revaluation of relevant financial assets and financial liabilities (including derivative instruments).

Adoption of new and revised standards
There are no amendments to accounting standards that are effective for the year ended 31 March 2022 that have a material impact on the company's financial statements.

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

As the Company is part of a larger group it participates in the group's centralised treasury arrangements and so shares banking arrangements with it parents and fellow subsidiaries. The Company is in a net liabilities position of £49,023,000 but 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.

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(continued)*

Revenue *(continued)*

estimated contract costs. For the majority of the Company's contracts, this is deemed to be the most appropriate method to measure Babcock'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

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(continued)*

Revenue *(continued)*

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.

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(continued)*

Intangible assets *(continued)*

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(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'.

Inventory
Inventory is valued at the lower of cost and net realisable value. Cost is determined on a moving average basis.

Contingent liabilities
A contingent liability is a possible obligation arising from past events whose existence will be confirmed only

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(continued)*

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

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(continued)*

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 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.

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

Notes to the financial statements *(continued)*

3 Critical accounting estimates and judgements *(continued)*

class of customer (i.e., they provide an incremental discount to the customer). To assess whether the price for any extension years is a discount compared to the stand-alone selling price, the consideration for these years is forecast using the pricing schedule from the contract and applying an interpretation of the indexation

Notes to the financial statements *(continued)*

3 Critical accounting estimates and judgements *(continued)*

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 9(a)1.fb22.4(s)-6.9(a)1.7bti-61.8(l68(i-61.8(ti)4.8(e)1.8(s)-4.9( )-1

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Notes to the financial statements *(continued)*

5 Operating profit/(loss)

Operating profit is stated after charging / (crediting):

	2022	*2021*
	£000	*£000*
		Restated
Operating loss is stated after charging/(crediting):		
Amortisation charge on intangible assets (note 11)	**465**	16,515
Impairment of intangible assets (note 11)	**-**	65,662
Depreciation - property, plant & equipment (note 12)	**44**	2,049
Impairment of property, plant & equipment (note 12)	**-**	5,274
(Profit) on disposal of fixed assets	**(175)**	(10)
Depreciation - right of use assets (note 13)	**3,460**	2,903
Impairment of right of use assets (note 13)	**-**	896
Interest on lease liabilities (note 6)	**812**	102
Operating lease charges – low value leases	**16**	16
Cost of inventories recognised as an expense	**31,138**	31,790
Net foreign exchange losses	**24**	126
Research and development costs	-	1,730
Staff costs (note 7)	**90,540**	80,481
Fees for audit services payable to the Company's auditor	**99**	47

Fees paid to the Company's auditors, Deloitte LLP and its associates (2022), PricewaterhouseCoopers LLP and its associates (2021), are disclosed on a consolidated basis in the financial statements of the ultimate parent undertaking, Babcock International Group PLC.

Fees payable for the audits of Babcock Land Limited £159,000 (2021: £nil) have been borne by the Company and are in addition to the fees in respect of the Company disclosed in the table.

6 Finance costs

	2022	*2021*
	£000	*£000*
		Restated
Bank interest paid	**(169)**	(276)
Interest on lease liabilities	**(812)**	(102)
	(982)	(378)

Notes to the financial statements *(continued)*

7 Staff costs

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

	2022	2021
By Activity:	**Number**	Number
Operational and technical	**2,210**	2,019

Notes to the financial statements *(continued)*

8 Directors' emoluments *(continued)*

Except for four (2021: three) Directors, all of the Directors of the Company are remunerated by other Babcock Group companies. It is not possible to make an accurate apportionment of these Directors' emoluments relating to services provided to the Company and as such no disclosure of emoluments received by these Directors has been made in these financial statements. No recharge is made for costs borne by the Company in relation to services performed by the Directors in relation to other Babcock Group companies.

The above amount for remuneration includes the following in respect of the highest paid director:

	2022	*2021*
	£000	*£000*
Remuneration (excluding pension contributions)	**338**	117
Defined contribution pension schemes	**-**	6
	338	123

The highest paid Director exercised shares under long term incentive plans (2021: did not exercise shares under long term incentive plans).

The highest paid Director's defined benefit accrued pension and accrued lump sum at 31 March 2022 was £nil (2021: £nil) and £nil (2021: £nil), respectively.

9 Share based payments

The charge to the income statement is based on the amount charged from Babcock International Group PLC. This charge represents an allocation of the total charge based on the proportion which relates to Babcock Land Defence Limited. The total charge has been based on the assumptions below and is based on the binomial model as adjusted, allowing for a closed form numerical-integrated solution, which makes it analogous to the Monte Carlo simulations, including performance conditions. The detailed description of the

Notes to the financial statements

Notes to the financial statements *(continued)*

12 Property, plant, and equipment

	Plant & equipment
	£000
Cost	
At 1 April 2021	15,360
Contract novation	69
Additions	1,564

Notes to the financial statements *(continued)*

13 Leases

Right-of-use assets

The Company leases buildings, equipment and motor vehicles used in the operations under non-cancellable lease arrangements.

	Property	Plant & machinery	Motor vehicles	Total
	£000	£000	£000	£000
Cost				
At 1 April 2021 (as previously reported)	15,590	3,822	-	19,412
Prior year restatement	(15,161)	-	-	(15,161)
At 1 April 2021 (restated)	**429**	**3,822**	**-**	**4,251**
Contract novation	-	-	18,582	18,582
Additions	-	596	-	596
Disposals	-	(520)	(69)	(588)
At 31 March 2022	**429**	**3,898**	**18,514**	**22,840**
Accumulated depreciation				
At 1 April 2021 (as previously reported)	(15,258)	(3,277)	-	(18,535)
Prior year restatement	15,161	-	-	15,161
At 1 April 2021 (restated)	**(97)**	**(3,277)**	**-**	**(3,374)**
Charge for the year	(19)	(345)	(3,642)	(4,006)
Disposals	-	518	29	547
At 31 March 2022	**(116)**	**(3,104)**	**(3,613)**	**(6,833)**
Net book value:				
At 31 March 2022	**312**	**794**	**14,901**	**16,007**
At 31 March 2021	332	545	-	877

The contract novation in the year is explained in the Strategic report on page 3.

Right of use assets, for one contract in Babcock Land Defence Limited, was impaired to nil net book value in year ended 31 March 2021, in line with an assessment under IAS 36, following a profitability review of the related contract.

In the year ended 31 March 2022, the Company restated the prior year financial information. Details of the restatement are contained in note 22.

Notes to the financial statements *(continued)*

13 Leases *(continued)*

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

	2022 £000	2021 £000
Opening as at 1 April (as previously reported)	3,304	9,811
Prior year restatement	-	(8,521)
Opening as at 1 April (restated)	3,304	1,310
Contract novation	19,093	-
Additions	596	3,069
Disposals	(84)	(46)
Interest charged	796	117
Payments	(6,290)	(1,126)
Closing as at 31 March	**17,415**	**3,304**

Discounted future minimum lease payments are as follows:

	31 March 2022 £000	31 March 2021 £000
Within one year	**5,195**	1,892
In more than one year, but not more than five years	**12,220**	1,412
Carrying value of liability	**17,415**	3,304

The following are the amounts recognised in profit or loss:

	31 March 2022 £000	31 March 2021 £000
Expense relating to low value leases	**16**	16
	16	16

Notes to the financial statements *(continued)*

14 Investments

	2022 Shares in group undertakings £	2021 Shares in group undertakings £
Cost		
At April 2021	**1**	1
Carrying amount at 31 March 2022	**1**	1

The shares in group undertakings represents 100% of the shares in Peterhouse GmbH, whose registered office is AmZoppenberg 23, 41366 Schwalmtal, Germany. The directors believe the carrying value of the investment is supported by the value in use of the underlying asset.

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

15 Inventories

	2022	2021
	£000	£000
Raw materials and consumables	**7,624**	9,071
	7,624	9,071

Inventories are stated after provisions for impairment of £11,227,000 (2021: £7,446,000).

Notes to the financial statements *(continued)*

16 Trade and other receivables

	2022 £000	*2021* *£000* *Restated*
Amounts falling due within one year:		
Trade receivables	**41,868**	13,267
Contract balances	**20,916**	11,184
Amounts owed by Group undertakings	**1,166**	889
Other receivables	**73**	71
Prepayments	**756**	441
	64,779	25,852