

Babcock Mission Critical Services Onshore Limited
Annual report and financial statements
for the year ended 31 March 2022

Registered number: 03776034

COMPANY INFORMATION

Directors	C Barker S Ward
Company Secretary	Babcock Corporate Secretaries Limited
Registered Number	03776034
Registered Office	33 Wigmore Street London W1U 1QX
Independent Auditor	Deloitte LLP 1 New Street Square London EC4A 4HQ

CONTENTS

Strategic report	3
Directors' report	10
Independent Auditors report	14
Income Statement	19
Statement of comprehensive income	19
Statement of Financial Position	20
Statement of changes in equity	21
Notes to the financial statements	22

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 principal activity of the Company continued to be the provision and operation of twin-engine helicopters. These operate on long-term sole-use contracts primarily providing emergency medical support and police support services. The majority of revenue is generated from fixed fees received for the availability of aircraft with additional variable revenue generated based on the flying activity of the aircraft.

Business review

	2022	2021
	£'000	£'000
		*Restated
Revenue	35,852	34,078
Loss/profit for the financial year	(697)	34,342

*In the year ended 31 March 2022, the Company restated the prior year financial information. Details of the restatement are contained in note 20.

Over the course of the year, the Company's core business activities continued to perform in line with expectations. The Company operates at 20 bases around the UK and employed an average of 212 (2021: 225) staff during the year. The company continues to support a number of air ambulance charities and Police Scotland with the operation and maintenance of aircraft for its customers. The Company has aircraft, employer and aviation liability insurance policies (including civil liability cover) and life insurance policies for employees in place that are consistent with market practices and in compliance with the requirements set forth in the contract we have with Police Scotland.

The Company's revenue has increased by 5% mainly due to increased activity from helicopter provision services. During the year the company renewed contracts with East Anglian Air Ambulance to 2028 and Northwest Air Ambulance to 2031.

Cost of sales has decreased by 17% from 2021 and the Company continues to work with key suppliers to continue to manage this element of the Company's cost base. Surplus aircraft assets were identified, and sale of these assets completed during both 2021 and 2022, this has resulted in a reduced maintenance cost burden in 2022. Additionally, as part of the business profitability assessments during 2021, impairment positions were recognised in relation to both owned and leased aircraft, resulting in a reduction of depreciation charges during the year 2022.

The Company remains in a net current liability position at £4,821,000 (2021: £5,436,000) however has increased its cash balances held by 65% to £4,604,000 (2021: £2,794,000). The company has also reduced its intercompany receivables by £314,000 during the year.

The Directors are positive about the future growth of the business and operating within a larger business as part of Babcock International Group PLC.

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.

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

The operation of aircraft inherently involves a degree of risk. Due to the critical nature of the services the Company provides, this risk is often compounded through low altitude flying in adverse climatic or operational conditions or terrains. The Company has made significant investments in safety systems combined with extensive communications to mitigate this risk as far as possible. This includes safety work streams to identify areas for sharing best practices and improvement opportunities within the domains of safety culture, organisation, people, systems and controls and crew training and monitoring.

The key financial risks and uncertainties affecting the Company are considered to be related to price risk, credit risk and interest rate risk. The Directors manage this risk by meeting on a regular basis to discuss these risks and mitigation procedures.

Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on

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

S172(1) Statement and Stakeholder engagement (continued)

Suppliers

Why they matter to us

To support our 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 customer. These engagement activities form part of the Group-wide Procurement Strategy as described on pages 21 and 69 – 72 of the annual report of Babcock International Group PLC for the year ended 31 March 2022.

What matters to them

- Good working relationships
- Access to opportunities
- Prompt payment and predictable supplier cash flows

How the Company engages

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

S172(1) Statement and Stakeholder engagement (continued)

Employees

Why they matter to us

Our success is led by our employees. We continue to strengthen our employee value proposition by enhancing our engagement and promoting an agile 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 19 and 63 - 66 of the annual report of Babcock International Group PLC for the year ended 31 March 2022.

What matters to them

- Remuneration and reward
- Professional development
- The Company's aims, goals, priorities and reputation
- Employee engagement
- Health, safety and wellbeing
- An empowering culture
- Inclusion and diversity
- Our ESG agenda
- Employee networks

How the Company engages

- Employee forums and meetings
- Global engagement platforms
- Weekly CEO and senior management vlogs
- Access to the CEO via a dedicated email
- Weekly global news round-up videos
- Regular internal updates
- Cascade briefings
- A dedicated onboarding app
- Apprentice and Graduate programmes
- Regular training
- Access to independent whistleblowing process
- Senior management and board visits
- Free confidential employee support helpline

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

No interim dividend payments have been made for the financial year (2021: £nil). No final dividend for the year ended 31 March 2022 is proposed by the Directors (2021: £nil).

Directors and their interests

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

C Barker (appointed 28 September 2023)

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

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

Directors' Responsibility statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law

Classification: UNCLASSIFIED

Babcock Mission Critical Services Onshore Limited



Independent auditor's report to the members of Babcock Mission Critical Services Onshore Limited

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.

Independent auditor's report to the members of Babcock Mission Critical Services
Onshore Limited

Independent auditor's report to the members of Babcock Mission Critical Services
Onshore Limited

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES,
INCLUDING FRAUD (CONTINUED)

Independent auditor's report to the members of Babcock Mission Critical Services Onshore Limited

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 FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
15 December 2023

Income statement for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000 *Restated
Revenue	4	35,852	34,078
Cost of revenue		<u>(29,276)</u>	<u>(35,086)</u>
Gross profit/(loss)		6,576	(1,008)
Loss on sale of tangible fixed assets		(47)	(1,258)
Administration and distribution expenses		(4,986)	(3,133)
Exceptional administrative expenses	5	(303)	(15,417)
Income from shares in group undertakings		-	<u>56,831</u>
Operating profit	6	1,240	36,015
Finance income	7	-	3
Finance costs	7	<u>(712)</u>	<u>(816)</u>
Profit before taxation		528	35,202
Income tax expense	10	<u>(1,225)</u>	<u>(860)</u>
Loss/profit for the financial year		<u><u>(697)</u></u>	<u><u>34,342</u></u>

*In the year ended 31 March 2022, the Company restated the prior year financial information. Details of the restatement are contained in note 20.

All of the above results derive from continuing operations.

The notes on pages 22 to 54 form an integral part of these financial statements.

Statement of comprehensive income for the year ended 31 March 2022

	2022 £'000	2021 £'000 *Restated
Loss/profit for the financial year	<u>(697)</u>	<u>34,342</u>
Other comprehensive income/ (expense): <i>Items that may be subsequently reclassified to income statement:</i>		
Fair value adjustment of foreign exchange hedges	930	(285)
Tax impact of movement in derivatives	<u>(177)</u>	<u>177</u>
Total comprehensive income for the year	<u><u>56</u></u>	<u><u>34,234</u></u>

*In the year ended 31 March 2022, the Company restated the prior year financial information. Details of the restatement are contained in note 20.

Statement of financial position as at 31 March 2022

	<i>Note</i>	2022 £'000	*Restated 2021 £'000
Non-current assets			
Intangible assets	11	5	25
Investments	12	-	-
Property, plant and equipment	13	35,481	39,228
Right-of-use assets	14	17,771	14,981
Trade and other receivables	16	10,311	10,311
		<u>63,568</u>	<u>64,545</u>
Current assets			
Inventories	15	2,123	2,133
Trade and other receivables	16	5,621	4,836
Cash and cash equivalents		4,604	2,794
		<u>12,348</u>	<u>9,763</u>
Current liabilities			
Trade and other payables	17	(7,283)	(8,652)
Other financial liabilities	18	(370)	(343)
Lease liabilities	14	(7,565)	(5,766)
Provisions for liabilities	19	(1,951)	(438)
Net current liabilities		<u>(4,821)</u>	<u>(5,436)</u>
Total assets less current liabilities		<u>58,747</u>	<u>59,109</u>
Non-current liabilities			
Trade and other payables	17	(223)	(179)
Other financial liabilities	18	(198)	(588)
Lease liabilities	14	(15,307)	(16,864)
Provisions for liabilities	19	(1,766)	(1,683)
Deferred tax liabilities	10	(5,635)	(4,233)
Net assets		<u>35,618</u>	<u>35,562</u>
Equity			

Statement of changes in equity as at 31 March 2022

	Called up share capital £'000	Revaluation reserve £'000	Hedging reserve £'000 *Restated	Retained earnings £'000 *Restated	Total shareholders' funds £'000 *Restated
At 1 April 2020	1,667	51	(645)	4,111	5,184
Prior year restatement	-	-	-	(3,856)	(3,856)
At 1 April 2020 restated	1,667	51	(645)	255	

Notes to the financial statements

1 General information

Babcock Mission Critical Services Onshore Limited is a private company limited by shares which is incorporated and domiciled in England and Wales, UK. The address of the registered Office is 33 Wigmore Street, London W1U 1QX.

Its ultimate controlling party is disclosed in note 28. 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 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:

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

Basis of preparation (continued)

The financial statements have been prepared under the historical cost convention, as modified by certain financial assets and liabilities (including derivative instruments) measured at fair value through profit and loss in accordance with the Companies Act 2006. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £000.

Adoption of new and revised standards

The following standards and amendments to IFRSs became effective for the annual reporting period beginning on 1 April 2021 and did not have a material impact on the financial statements:

The IFRS Interpretations Committee (IFRIC) published an agenda decision in April 2021 which clarified how a customer should account for the costs of configuring or customising the supplier's application software in a software-as-a-service arrangement. As a result of this decision the Company has revised its accounting policy and will not capitalise costs associated with software-as-a-service arrangements where it does not control the underlying software and will no longer capitalise configuration or customisation costs associated with software-as-a-Service arrangements unless those costs result in the creation of an asset controlled by the Company. Where amounts are paid to a software-as-a-service supplier for implementation services and those services are determined not to be distinct from the underlying software-as-a-service arrangement, a prepayment asset is initially recognised then amortised to expense as the services are received. This policy has been retrospectively applied and all costs capitalised in relation to software-as-a-service arrangements have been reviewed. This has not had a material impact on the financial statements. The Company will continue to apply this accounting policy to new software-as-a-service arrangements as we continue to upgrade and standardise our IT environment. As this policy requires costs to be expensed as incurred, this may lead to a higher up-front charge to the income statement in future years but will not impact on the Company's cash flows.

Interest Rate Benchmark Reform, Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates to alternative benchmark interest rates without giving rise to accounting impacts that would not provide useful information to users of 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 Directors' and 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 its parent and fellow subsidiaries. The Company is in a net

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

Revenue

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

(a) Performance obligations

Contracts are assessed to identify each promise to transfer either a distinct good or service or a series of

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

Revenue (continued)

(c) Allocation of contract price to performance obligations

Given the bespoke nature of many of the goods and services the Company provides, standalone selling prices are generally not observable and, in these circumstances, the Company allocates the contract price

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

Revenue (continued)

Accounting for contract modifications

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

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

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

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

Claims and variations which are not deemed to be contract modifications

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

(f) Costs of obtaining a contract

Costs to obtain a contract that would have been incurred regardless of whether the contract was won or lost are recognised as an expense when incurred.

Directly attributable costs to obtain a contract with a customer that the Company would not have incurred if the contract had not been won are recognised as an asset. These costs are capitalised as an asset after the point that it can be reliably expected that a contract will be obtained. The costs are capitalised as an asset in capitalised contract costs and amortised to cost of revenue on a typically straight-line basis consistent with the transfer to the customer of the goods and services to which the asset relates, provided that the contract is expected to result in future net cash inflows.

(g) Costs to fulfil a contract

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

Provisions (continued)

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

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

Tax is recognised in the income statement except to the extent that it relates to items recognised directly in either other comprehensive income or in equity.

Trade and other receivables

Trade and other receivables are stated at their cost less provision for bad debts. A provision for bad debts

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

Financial instruments

(a) Financial assets and liabilities at amortised cost

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

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

(b) Derivative financial instruments

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

For derivatives that qualify as cash flow hedges, fair value gains or losses are deferred in equity until the underlying transaction is recognised.

Fair value measurement

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

The fair values of derivative financial instruments are determined by the use of valuation techniques based on assumptions that are supported by observable market prices or rates. The fair values of non-financial assets and liabilities are based on observable market prices or rates.

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

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

Identification of prior year restatements

The results of the Company have been restated where practicable by retrospectively restating the

Notes to the financial statements (continued)

Key sources of estimation uncertainty

The key sources of estimation uncertainty at the reporting period end that may result in significant risk of

Notes to the financial statements (continued)

4 Revenue

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

	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
	Helicopter Services	Helicopter Services	Training Services	Training Services	Total	Total
By area of activity:						
Provision of services – transferred over time	35,267	33,555	585	523	35,852	34,078
	<u>35,267</u>	<u>33,555</u>	<u>585</u>	<u>523</u>	<u>35,852</u>	<u>34,078</u>
By geographical area:					2022 £'000	2021 £'000
United Kingdom					<u>35,852</u>	<u>34,078</u>
					<u>35,852</u>	<u>34,078</u>

5 Exceptional administrative expenses

	2022 £'000	2021 £'000 *Restated
Foundation costs	-	(107)
Impairment of aircraft	-	(3,857)
Right of use asset impairments	(303)	(3,963)
Dilapidation costs	-	(1,411)
Impact of policy change - Power by the Hour agreements	-	(6,844)
Impact of policy change – Depreciation of parts under Power by the Hour agreements	-	765
	<u>(303)</u>	<u>(15,417)</u>

*In the year ended 31 March 2022, the Company restated the prior year financial information relating to Dilapidation costs. Details of the restatement are contained in note 20.

Notes to the financial statements (continued)

Notes to the financial statements (continued)

7 Finance income and costs

	2022 £'000	2021 £'000 *Restated
Finance income:		
Bank interest	-	3
	<hr/>	<hr/>
	-	3

Notes to the financial statements (continued)

9 Directors' emoluments

The emoluments of the Directors, including pension contributions, paid in respect of services provided to the Company were as follows:

	2022 £'000	2021 £'000
Remuneration (including benefits in-kind)	131	135
Defined contribution pension scheme	10	9
	<u>141</u>	<u>144</u>

During the year no (2021: none) Director remunerated by Babcock Mission Critical Services Onshore Limited exercised share options under long term incentive plans and no (2021: none) Director was entitled to receive share options under long term incentive plans.

There are no retirement benefits under SIPS money purchase schemes accruing for any active Directors (2021: none).

Except for one (2021: one) Director, 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.

10 Tax

Income tax expense

	2022 £'000	2021 £'000
Analysis of tax expense in the year		*Restated
144		

Notes to the financial statements (continued)

10 Income tax expense (continued)

The tax for the year is higher (2021: lower) than the standard rate of corporation tax in the UK.

Notes to the financial statements (continued)

10 Deferred tax (continued)

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

Deferred tax liabilities/(assets)	Accelerated capital allowances £'000	Derivative financial instruments £'000	Other £'000	Total £'000
At 1 April 2021 restated*	4,546	(177)	(136)	4,233
Income statement debit/(credit)	1,267	-	(42)	1,225
Comprehensive income debit	-	177	-	177
At 31 March 2022	5,813	-	(178)	5,635
At 1 April 2020 as previously stated	(452)	-	(65)	(517)
Income statement debit/(credit)	931	-	(71)	860
Liability on acquisition of subsidiary	4,067	-	-	4,067
Comprehensive income credit	-	(177)	-	(177)
At 31 March 2021 restated*	4,546	(177)	(136)	4,233

*In the year ended 31 March 2022, the Company restated the prior year financial information. Details of the restatement are contained in note 20.

11 Intangible assets

	Software £'000
Cost	
At 1 April 2021	261
Additions	-
At 31 March 2022	261
Accumulated amortisation	
At 1 April 2021	236
Charge for the year	20
At 31 March 2022	256
Net book value	
At 31 March 2022	5
At 31 March 2021	25

Intangible assets amortisation is recorded in administration and distribution expenses in the income statement.

Notes to the financial statements (continued)

14 Leases: Right-of-use assets

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

	Freehold property	Plant and equipment	Aircraft Fleet (Operating)	Aircraft Fleet (Finance)	Total
	£'000 *Restated	£'000	£'000 *Restated	£'000 *Restated	£'000 *Restated
Cost					
At 1 April 2021 restated	2,654	73	22,440	3,366	28,533
Additions	-	-	6,646	-	6,646
Terminations	-	(47)	(12,844)	-	(12,891)
At 31 March 2022	2,654	26	16,		

Notes to the financial statements (continued)

14 Leases (continued)

Lease liabilities

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

	Freehold property £'000 *Restated	Plant and equipment £'000	Aircraft Fleet (Operating) £'000 *Restated	Aircraft Fleet (Finance) £'000	Total £'000 *Restated
At 31 March 2021 restated	2,500	28	16,736	3,366	22,630
Additions	-	-	6,646	-	6,646
Interest charged (Note 7)	116	1	467	128	712
Payments	(250)	(19)	(6,492)	(381)	(7,142)
Foreign exchange movement	-	-	26	-	26
At 31 March 2022	2,366	10	17,383	3,113	22,872

Discounted future minimum lease payments are as follows:

	2022 £'000	2021 £'000 *Restated
Within one year	7,565	5,766
In more than one year, but not more than five years	10,170	13,981
After five years	5,137	2,883
Carrying value of liability	22,872	22,630

Notes to the financial statements (continued)

15 Inventories

	2022 £'000	2021 £'000
Aircraft Spares	2,090	2,116
Fuel	33	17
	2,123	2,133

There are no significant differences between the replacement cost of the inventory and its carrying amount. Inventories are stated after the provision for impairment of £985,000 (2021: £1,510,000).

16 Trade and other receivables

	2022 £'000	2021 £'000 *Restated
Amounts falling due within one year:		
Trade receivables	1,432	1,745
Amounts owed by group undertakings	154	468
Other receivables	375	453

Notes to the financial statements (continued)

17 Trade and other payables

	2022 £'000	2021 £'000 *Restated
Amounts falling due within one year :		
Trade payables	298	2,077
Amounts owed to parent and group undertakings	1,865	2,036
Taxation and social security	355	394
UK corporation tax payable**	-	-
Other payables	135	-
Accruals	2,472	1,529
Deferred income	2,158	2,616
	<hr/> 7,283	<hr/> 8,652

Amounts falling due after more than one year: 2022

Classification: UNCLASSIFIED

Notes to the financial statements (continued)

20 Prior year restatements (continued)

v. Group intercompany receivables reclassification:

Notes to the financial statements (continued)

21 Pension commitments

Pension costs for defined contribution schemes are as follows:

	31 March 2022 £'000	31 March 2021 £'000
Defined contribution schemes	<u>1,019</u>	<u>876</u>

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

22 Called up share capital

	2022 £'000	2021 £'000
Allotted, called up and fully paid 1,666,666 ordinary shares of £1 each (2021: 1,666,666)	<u>1,667</u>	<u>1,667</u>

23 Guarantees and financial commitments

a) Capital Commitments

At 31 March 2022 the Company has no capital commitments.

