

**Babcock Corporate Services Limited**  
**Annual report and financial statements**  
**for the year ended 31 March 2024**

Registered number: 04415588

# Babcock Corporate Services Limited

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## COMPANY INFORMATION

**Directors**

R Clark  
M Abbott  
N Borrett

**Company secretary**

Babcock Corporate Secretaries Limited

**Registered Number**

04415588

**Registered office**

33 Wigmore Street  
London  
W1U 1QX

**Independent auditor**

Deloitte LLP  
1 New Street Square  
London  
EC4A 4HQ

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## Strategic report for the year ended 31 March 2024

The Directors present their Strategic report on the Company for the year ended 31 March 2024.

### Principal activities

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

### Business review

	2024	2023
	£'000	£'000
Revenue	148,296	102,431
Profit / (loss) before tax for the financial year	344	(19,486)

During the year, the Company's core business activities continued to perform in line with expectations. In the current year revenue was higher due to the recharging all costs, including centrally led functional staff and property leases to other Babcock Group subsidiaries (to ensure full transparency to all internal and external stakeholders of the full cost of central activities). In the prior year the Company did not recharge all centrally led functional costs and incurred an impairment charge in relation to IT software of £5,845k.

The net assets of the Company are consistent with the prior year at £168,712k (2023: £168,368k).

### 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 2024, which does not form part of this report.

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

The Directors manage risk by meeting on a regular basis to gain assurance from the executive team that risks are being addressed in accordance with the strategic plan and nuclear licensed site obligations. Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on pages 89 to 106 of the annual report of Babcock International Group PLC, which does not form part of this report.

### Key performance indicators

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

## Strategic report for the year ended 31 March 2024 (continued)

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

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

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

Stakeholder engagement is managed in accordance with Group policies and procedures which are discussed on pages 60, 61 and 119 of the annual report of Babcock International group PLC, which does not form part of this report.

Depending on the matter under consideration the relevance of the different factors set out in s172(1) will vary. The Board does seek to balance the interests of its different stakeholders, but, where there are competing interests, not every decision the Board has made will result in a positive outcome for all our stakeholders. However, by considering key stakeholder groups and aligning our activities with our strategic plan, as well as the Company's culture and values, we aim to act fairly, transparently and in the best interests of the Company over the long term. Stakeholder engagement in relation to key stakeholder groups includes the following:

#### **Suppliers**

The Company requires an efficient and highly effective supply chain to support its business operations and strategy. This means the Directors 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 Company's implementation of the Group-wide Procurement Strategy as described on pages 16-17 and 86-87 of the annual report of Babcock International Group PLC.

#### **Employees**

Employee engagement is a primary focus for the Directors of the Company. 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 12 - 17 and 80 – 84 of the annual report of Babcock International Group PLC which does not form part of this report.

#### **Communities**

We are committed to the communities in which we operate and the broader interests of the customers we serve. As good corporate citizens, we want to make a genuine difference by supporting our local communities both economically and socially; community engagement and social value creation is a key aspect of our ESG strategy.

#### **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.

## Strategic report for the year ended 31 March 2024 (continued)

### Sustainability and environment

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

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

Climate action remains a key focus. Building on our Group wide climate-related risk management process from last year, which considered the following time horizons: short (present to 2030), medium (2030 to 2040), and long-term horizons (2040 to 2100), sectors and regions considered the insight and recommendations from the KPMG climate-related risk assessment report and identified the immediate actions required in their five-year strategic plans to support corporate commitments. These included Net Zero, wider environmental targets, and to address key climate-related risks and opportunities.

These activities form part of the Group-wide ESG Strategy as described on pages 62 – 88 of the annual report of Babcock International Group PLC which does not form part of this report.

This report was approved by the board on 23 October 2024 and signed on its behalf



R Clark  
**Director**

## Directors report for the year ended 31 March 2024

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2024.

### Dividends

No dividends were declared or paid in the year (2023: £nil)

### Directors and their interests

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

S Parker (resigned 6 Apr 2023)  
I Connell (resigned 10 October 2024)  
S Doherty (resigned 30 September 2024)  
N Borrett  
R Clark (appointed 10 October 2024)  
M Abbott (appointed 10 October 2024)

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

### Future developments

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

### Going concern

The Company's business activities, together with the factors likely to affect its future development and financial position are set out above. 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 £110k and is not expected to settle the intercompany amounts due to parent and group undertakings until the Company has sufficient liquidity to do so. Additionally, the Company is expected to be in a position to obtain finance via intercompany loans to continue to operate for at least twelve months from when the financial statements are authorised for issue and the Company has received a letter of support from Babcock International Group PLC confirming this position. In completing this analysis, the Directors have considered the ability of Babcock International Group PLC to provide such finance.

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

### Financial risk management

The applicable financial risk management policies and exposure to financial risks including price, credit, liquidity and cash flows are discussed in detail within the annual report for Babcock International Group PLC, which does not form part of this report.

### Employment of disabled persons

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

## Directors report for the year ended 31 March 2024 (continued)

### Employee involvement

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

### Employees

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

We believe that only by encouraging applicants from the widest pool of talent possible, and then selecting the best candidate based on their ability to do the job, can we ensure we continue to deliver our best for our customers and safeguard the future of Babcock. For more information about our inclusion and diversity policy, please see pages 12 to 17 and 81 to 84 of the annual report for Babcock International Group PLC, which does not form part of this report.

### Safety policy

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

### Research and development

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

### Energy and carbon reporting

The Company has taken advantage of the exemption granted under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 as this information is disclosed in the annual report for the year ended 31 March 2024 of its ultimate parent, Babcock International Group PLC.

### Engagement with suppliers and customers

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

### Qualifying third party indemnity provisions

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

### Post balance sheet events

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

### Statement of disclosure of information to auditors

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

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



**Directors report for the year ended 31 March 2024 (continued)**

**Appointment of auditors**

Deloitte LLP are not seeking reappointment as auditors of the Company. A resolution appointing Forvis Mazars LLP as their replacement for Babcock International Group plc and its subsidiaries has been proposed and approved by the Audit Committee, and approved at the 2024 AGM.

This report was approved by the board on 23 October 2024 and signed on its behalf



R Clark  
**Director**

## Statement of Directors' responsibilities

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

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

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

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

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

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

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

### Report on the audit of the financial statements

#### Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 21.

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

#### Basis for opinion

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

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

#### Conclusions relating to going concern

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

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

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

#### Other information

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

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

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

### Other information (continued)

the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities, 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

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

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

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

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

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

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

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

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

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

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

**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

**Matters on which we are required to report by exception**


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

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

We have nothing to report in respect of these matters.

**Use of our report**

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

Signed by:  
  
19750BCA07604EA...

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

## Babcock Corporate Services Limited

### Income statement for the year ended 31 March 2024

	Note	2024 £'000	2023 £'000
<b>Revenue</b>	4	<b>148,296</b>	102,431
Cost of revenue		<b>(148,150)</b>	(121,676)
<b>Operating profit /(loss)</b>	5	<b>146</b>	(19,245)
Finance income	6	<b>4,527</b>	2,641
Finance costs	6	<b>(4,329)</b>	(2,882)
<b>Profit/ (loss) before taxation</b>		<b>344</b>	(19,486)
Income tax charge	9	-	-
<b>Profit/ (loss) for the financial year</b>		<b>344</b>	(19,486)

The notes on pages 16 to 31 form part of these financial statements.

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 income statement and therefore no separate statement of comprehensive income has been presented.

## Babcock Corporate Services Limited

### Statement of financial position as at 31 March 2024

	Note	2024 £'000	2023 £'000
<b>Fixed Assets</b>			
Intangible assets	10	32,017	35,188
Property, plant and equipment	11	13,036	17,474
Right-of-use assets	12	31,866	34,819
Lease receivables	13	1,339	1,915
Trade and other receivables	14	121,569	241,358
		<b>199,827</b>	330,754
<b>Current assets</b>			
Trade and other receivables	14	79,630	49,351
Lease receivables	13	665	665
Cash and cash equivalents		72	253
		<b>80,367</b>	50,269
<b>Creditors: amounts falling due within one year</b>			
Lease liabilities	12	(5,599)	(4,346)
Trade and other payables	15	(74,878)	(170,725)
<b>Net current liabilities</b>		<b>(110)</b>	(124,802)
<b>Total assets less current liabilities</b>		<b>199,717</b>	205,952
<b>Creditors: Amounts falling due after more than one year</b>			
Lease liabilities	12	(29,636)	(35,201)
Provision for liabilities	16	(1,369)	(2,383)
<b>Net assets</b>		<b>168,712</b>	168,368
<b>Capital and reserves</b>			
Called up share capital	17	181,369	181,369
Share premium account	17	14,510	14,510
Retained earnings	17	(27,167)	(27,511)
<b>Total shareholders' funds</b>		<b>168,712</b>	168,368

The notes on pages 16 to 31 are an integral part of these financial statements.

The financial statements on pages 13 to 31 were approved and authorised for issue on 23 October 2024 by the board of directors and signed on its behalf by:



R Clark  
**Director**

## Babcock Corporate Services Limited

### Statement of changes in equity as at 31 March 2024

	Called up share capital £'000	Share premium account £'000	Retained earnings £'000	Total share- holders' funds £'000
<b>Balance at 1 April 2022</b>	<b>181,369</b>	<b>14,510</b>	<b>(8,025)</b>	<b>187,854</b>
Loss for the year and total comprehensive expense	-	-	(19,486)	(19,486)
<b>Balance at 31 March 2023</b>	<b>181,369</b>	<b>14,510</b>	<b>(27,511)</b>	<b>168,368</b>
Profit for the year and total comprehensive income	-	-	344	344
<b>Balance at 31 March 2024</b>	<b>181,369</b>	<b>14,510</b>	<b>(27,167)</b>	<b>168,712</b>



# Babcock Corporate Services Limited

## Notes to the financial statements

### 1 General information

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

Its ultimate controlling party is disclosed in note 21. The principal activity of the Company is set out in the Strategic Report on page 3. These financial statements, which have been prepared in accordance with the Companies Act 2006, are presented in pounds sterling and, unless stated otherwise, rounded to the nearest thousand.

### 2 Summary of material accounting policies

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

#### Basis of preparation

The 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 Company is a wholly owned subsidiary of Vosper Thornycroft (UK) Limited and is included in the consolidated financial statements of Babcock International Group PLC which are publicly available.

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 meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, these financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). Where relevant, equivalent disclosures have been given in the group accounts of Babcock International Group PLC. In preparing these financial statements, the Company applies the recognition and measurement requirements of International Financial Reporting Standards (IFRS) as adopted by the UK, but makes amendments where necessary in order to comply with the Companies Act 2006 and sets out below where advantage of the FRS 101 disclosure exemptions have been taken:

- a) IFRS 7, 'Financial instruments: Disclosures'.
- b) Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- c) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
- d) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 58, 90, 91 and 93 of IFRS 16 Leases.
- e) Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information in respect of:
  - paragraph 79(a) (iv) of IAS 1 Share capital and reserves;
  - paragraph 73(e) of IAS 16 Property, plant and equipment; and
  - paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period).
- f) Paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements.
- g) IAS 7, 'Statement of cash flows'
- h) Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'.
- i) Paragraph 17 of IAS 24, 'Related party transactions' in respect of key management compensation.

## 2 Summary of material accounting policies (continued)

### Basis of preparation (continued)

- j) The requirements of IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- k) Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.

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

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

### Adoption of new and revised standards

The following standards and amendments to IFRS became effective for the annual reporting period beginning on 1 April 2023 and did not have a material impact on the consolidated financial statements:

- IFRS 17, '*Insurance Contracts*': IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4.
- Amendments to IAS 1, '*Presentation of Financial Statements*': The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies.
- Amendments to IAS 8, '*Accounting Policies, Changes in Accounting Estimates and Errors*': The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates.
- Amendments to IAS 12, '*Income Taxes*': The amendments introduce a further exception from the initial recognition exemption.

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

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1: Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

All standards listed above will be adopted with effect from 1 April 2024 with the exception of the Amendments to IFRS 10 and IAS 28 for which the mandatory effective date has not yet been set by the IASB.

# Babcock Corporate Services Limited

## Notes to the financial statements (continued)

### 2 Summary of material accounting policies (continued)

#### 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' 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 £110k and is not expected to settle the intercompany amounts due to parent and group undertakings until the Company has sufficient liquidity to do so. Additionally, the Company is expected to be in a position to obtain finance via intercompany loans to continue to operate for at least twelve months from when the financial statements are authorised for issue and the Company has received a letter of support from Babcock International Group PLC confirming this position. In completing this analysis, the Directors have considered the ability of Babcock International Group PLC to provide such finance.

Given the above assessment, 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.

#### Revenue

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

#### Intangible assets

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

*a) Research and development*

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

*b) Computer software*

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

The Company is implementing an ERP system on behalf of Babcock International Group PLC in phases over several years. The costs are held as Assets Under Construction until the date the asset is available for use. This occurs once the implementation has been completed for each respective phase. It is then transferred to assets in use and amortised over its useful life of 12 years.

# Babcock Corporate Services Limited

## Notes to the financial statements (continued)

### 2 Summary of material accounting policies (continued)

#### Property, plant and equipment

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

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

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

#### Provisions

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

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. Onerous contract provisions are recognised after impairment of any assets directly related to the onerous contract.

#### Impairment of non-current assets

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

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

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

# Babcock Corporate Services Limited

## Notes to the financial statements (continued)

### 2 Summary of material accounting policies (continued)

#### Leases

##### The Company as lessee

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

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

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

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

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

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

##### The Company as lessor

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

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

# Babcock Corporate Services Limited

## Notes to the financial statements (continued)

### 2 Summary of material accounting policies (continued)

#### Contingent liabilities

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

#### Cash and cash equivalents

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

#### Taxation

##### a) Current income tax

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

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

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

##### b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantively enacted, by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

# **Babcock Corporate Services Limited**

## **Notes to the financial statements (continued)**

### **2 Summary of material accounting policies (continued)**

#### **Trade and other receivables**

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

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

Trade and other receivables (including amounts due from group undertakings) are also stated at their cost less expected credit losses. A provision for expected credit losses is established under IFRS 9 when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

The Group measures the provision at an amount equal to lifetime expected credit losses, estimated by reference to past experience and relevant forward-looking factors.

Forward-looking factors are applied to homogenous groups of receivables which share characteristics and are based on an estimate of how corporate failure rates may change relative to historic levels given the current economic environment.

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

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

#### **Trade and other payables**

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

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

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

#### **Finance costs**

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

#### **Finance income**

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

# Babcock Corporate Services Limited

## Notes to the financial statements (continued)

### 2 Summary of material accounting policies (continued)

#### Employee benefits

a) Pension obligations

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

b) Holiday pay

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

#### Financial instruments

##### Financial assets and liabilities at amortised cost

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

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

##### Fair value measurement

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

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

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

##### Foreign currencies

a) Functional and presentation currency

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

b) Transactions and balances

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



# Babcock Corporate Services Limited

## Notes to the financial statements (continued)

### 3 Critical accounting estimates and judgements

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

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

### 4 Revenue

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

	<b>2024</b>	2023
	<b>£'000</b>	£'000
By area of activity:		
Rendering of IT and other services	<b>148,296</b>	102,431
	<b>148,296</b>	102,431
	<b>2024</b>	2023
	<b>£'000</b>	£'000
By geographical area:		
United Kingdom	<b>137,958</b>	93,117
Europe	<b>3,988</b>	3,612
Australasia	<b>3,896</b>	3,403
Canada	<b>2,214</b>	2,016
Africa	<b>240</b>	283
	<b>148,296</b>	102,431

### 5 Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	<b>2024</b>	2023
	<b>£'000</b>	£'000
Depreciation of tangible fixed assets (Note 11)	<b>4,890</b>	5,242
Amortisation of intangible assets (Note 10)	<b>9,317</b>	11,540

Auditors' remuneration of £30,000 (2023: £30,000) has been borne by Babcock Holdings Limited. No non-audit services were provided in relation to this entity.

Fees paid to the Company's auditors, Deloitte LLP, and its associates for services other than statutory audit of the Company, are disclosed on a consolidated basis in the financial statements of the ultimate parent undertaking, Babcock International Group PLC. The group financial statements are required to comply with the statutory disclosure requirements.

# Babcock Corporate Services Limited

## Notes to the financial statements (continued)

### 6 Finance income and costs

	2024 £'000	2023 £'000
<b>Finance income:</b>		
Bank interest income	-	36
Exchange gain	38	60
Loan interest receivable from group undertakings	4,489	2,545
	<u>4,527</u>	<u>2,641</u>
<b>Finance costs:</b>		
Bank interest	19	168
Lease interest	2,058	1,584
Loan interest payable to group undertakings	2,252	1,130
	<u>4,329</u>	<u>2,882</u>

### 7 Staff costs

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

	2024 Number	2023 Number
<b>By activity:</b>		
Management and administration	1,028	732

Their aggregate remuneration comprised:

	2024 £'000	2023 £'000
Wages and salaries	50,295	34,948
Social security costs	6,993	4,846
Pension costs – defined contribution plans (note 20)	6,156	4,162
	<u>63,444</u>	<u>43,956</u>

During the year, the company had pension costs £6,156,000 (2023: £4,162,000) in respect of the defined contribution scheme.

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

# Babcock Corporate Services Limited

## Notes to the financial statements (continued)

### 8 Directors' emoluments

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

### 9 Tax

#### Income tax benefit

There was no current or deferred tax charge in either the current or prior year.

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

#### The differences are explained below:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
<b>Profit / (loss) before tax</b>	<b>344</b>	<b>(19,486)</b>
Loss on ordinary activities multiplied by rate of corporation tax in the UK of 25% (2023: 19%)	<b>86</b>	<b>(3,702)</b>
Effects of:		
Expenses not deductible for tax purposes	-	-
Deferred tax asset not recognised	<b>(171)</b>	<b>(139)</b>
Group relief surrendered for nil consideration	<b>85</b>	<b>3,841</b>
Prior year adjustments	-	-
Impact of change in UK tax rate	-	-
<b>Total income tax benefit</b>	<b>-</b>	<b>-</b>

# Babcock Corporate Services Limited

## Notes to the financial statements (continued)

### 10 Intangible assets

	Assets in the course of construction £'000	Software £'000	Total £'000
<b>Cost</b>			
At 1 April 2023	1,678	120,975	122,653
Additions	1,057	5,168	6,225
Reclassification from Assets in the course of construction	(401)	401	-
Reclassification to Property, Plant & Equipment	(79)	-	(79)
<b>At 31 March 2024</b>	<b>2,255</b>	<b>126,544</b>	<b>128,799</b>
<b>Accumulated amortisation and impairment</b>			
At 1 April 2023	-	87,465	87,465
Charge for the year	-	9,317	9,317
<b>At 31 March 2024</b>	<b>-</b>	<b>96,782</b>	<b>96,782</b>
<b>Net book value</b>			
<b>At 31 March 2024</b>	<b>2,255</b>	<b>29,762</b>	<b>32,017</b>
At 31 March 2023	1,678	33,510	35,188

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

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

### 11 Property, plant and equipment

	Assets in the course of construction £'000	Property, Plant & Equipment £'000	Total £'000 £'000
<b>Cost</b>			
At 1 April 2023	8,844	59,939	68,783
Additions	12,640	3,474	16,114
Disposals	(15,713)	(28)	(15,741)
Reclassification	(367)	367	-
Reclassification from Intangible assets	-	79	79
<b>At 31 March 2024</b>	<b>5,404</b>	<b>63,831</b>	<b>69,235</b>
<b>Accumulated depreciation</b>			
At 1 April 2023	-	51,309	51,309
Charge for the year	-	4,890	4,890
<b>At 31 March 2024</b>	<b>-</b>	<b>56,199</b>	<b>56,199</b>
<b>Net book value</b>			
<b>At 31 March 2024</b>	<b>5,404</b>	<b>7,632</b>	<b>13,036</b>
At 31 March 2023	8,844	8,630	17,474

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

Disposals in the year relate to the transfer of leasehold improvement assets in relation to property fit-out costs transferred to Devonport Royal Dockyard Limited in relation to the Bristol Technology Centre property.

# Babcock Corporate Services Limited

## Notes to the financial statements (continued)

### 12 Leases

#### Right-of-use assets

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

	Property £'000	Plant and equipment £'000	Total £'000
<b>Cost</b>			
At 1 April 2023	38,779	2,414	41,193
Additions	-	3,215	3,215
Terminations	(3,772)	(182)	(3,954)
<b>At 31 March 2024</b>	<b>35,007</b>	<b>5,447</b>	<b>40,454</b>
<b>Accumulated depreciation</b>			
At 1 April 2023	6,072	302	6,374
Charge for the year	2,739	1,151	3,890
Terminations	(1,639)	(37)	(1,676)
At 31 March 2024	<b>7,172</b>	<b>1,416</b>	<b>8,588</b>
<b>Net book value</b>			
<b>At 31 March 2024</b>	<b>27,835</b>	<b>4,031</b>	<b>31,866</b>
At 31 March 2023	32,707	2,112	34,819

No leases in relation to property were transferred from another Group subsidiary during the year ended 31 March 2024 (2023: One).

#### Lease liabilities

	31 March 2024 £'000	31 March 2023 £'000
At 31 March 2022	39,547	32,739
Additions	3,215	11,355
Terminations	(2,776)	(505)
Interest Charged	2,058	1,584
Payments	(6,809)	(5,626)
<b>At 31 March 2023</b>	<b>35,235</b>	39,547

Discounted future minimum lease payments are as follows:

	31 March 2024 £'000	31 March 2023 £'000
Within one year	5,599	4,346
In more than one year, but not more than five years	10,454	16,056
After five years	19,182	19,145
<b>Carrying value of liability</b>	<b>35,235</b>	39,547

# Babcock Corporate Services Limited

## Notes to the financial statements (continued)

### 13 Lease receivables

	<b>31 March 2024 £'000</b>	31 March 2023 £'000
Within one year	<b>696</b>	696
Greater than one year but less than two years	<b>696</b>	696
Greater than two years but less than three years	<b>696</b>	696
Greater than three years but less than four years	<b>117</b>	696
Greater than four years but less than five years	-	117
Greater than five years	-	-
<b>Total undiscounted finance lease payments receivable</b>	<b>2,205</b>	2,901
Impact of discounting	<b>(201)</b>	(321)
<b>Finance lease receivable</b>	<b>2,004</b>	2,580

There was no material impairment of lease receivables in the year ended 31 March 2024 (2023: £nil).

The lease receivable relates to the Bramley Vale property lease, transferred from Morrison Energy Services (Transmission Networks) Limited (formerly Babcock Networks Limited) during the year ended 31 March 2022.

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

### 14 Trade and other receivables

	<b>31 March 2024 £'000</b>	31 March 2023 £'000
<b>Amounts falling due after one year:</b>		
Amounts due from group undertakings	<b>121,569</b>	241,358
<b>Amounts falling due within one year:</b>		
Trade receivables	<b>832</b>	1,154
Amounts due from group undertakings	<b>57,759</b>	34,015
Prepayments and other receivables	<b>21,039</b>	14,182
	<b>79,630</b>	49,351

Amounts due from Group undertakings comprises the following amounts not expected to be repaid within 12 months:

- A loan of £110,233k (2023: £227,467k) is repayable on demand, the interest rate is the base rate plus 1.5%.
- A loan totalling £6,500k (2023: £6,500k) is repayable on demand, with no interest charge.
- A loan totalling £2,485k (2023: £2,485k) is repayable on demand, with no interest charge.

All other amounts due from group undertakings are repayable on demand with no interest charge.

Trade receivables are stated after provisions for impairment of £358k (2023: £367k).

# Babcock Corporate Services Limited

## Notes to the financial statements (continued)

### 15 Trade and other payables

	<b>31 March 2024 £'000</b>	31 March 2023 £'000
<b>Amounts falling due within one year:</b>		
Trade payables	5,187	7,424
Accruals and deferred income	11,187	7,202
Amounts due to parent and group undertakings	52,981	153,595
Other taxation and social security	1,795	1,387
Other payables	3,728	1,117
	<b>74,878</b>	<b>170,725</b>

All other amounts due from group undertakings are unsecured and repayable on demand.

The Company has access to the Babcock International Group PLC overdraft facility. Accruals of £6,516k (2023: £5,360k) are included within Accruals and deferred income.

During the year the Company has taken part in a Group wide loan rationalisation process which involved the netting of intercompany payables and receivables loan balances. The result of which has reduced the intercompany loans receivable to and payable by the Company as disclosed above and in note 14.

### 16 Provisions for liabilities

The company had the following provisions during the year:

	<b>Property £'000</b>	<b>Contract £'000</b>	<b>Total £'000</b>
<b>At 1 April 2023</b>	800	1,583	2,383
Additional provisions	(318)	(341)	(659)
Credited to the income statement	(355)	-	(355)
<b>At 31 March 2024</b>	<b>127</b>	<b>1,242</b>	<b>1,369</b>

Property provisions primarily relate to dilapidation costs expected to be utilised in line with the lease expiry date in November 2026.

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

### 17 Capital and equity

	<b>31 March 2024 £'000</b>	<b>31 March 2023 £'000</b>
<b>Allotted, called up and fully paid</b>		
181,369,347 ordinary shares of £1 each (2023: 181,369,347)	181,369	181,369
Share premium account	14,510	14,510
Retained earnings	(27,167)	(27,511)
<b>Total shareholders' funds</b>	<b>168,712</b>	<b>168,368</b>

# Babcock Corporate Services Limited

## Notes to the financial statements (continued)

### 18 Guarantees and financial commitments

#### a) Contingent liabilities

The Company has guaranteed or has joint and several liability for bank overdraft facilities that are shared across multiple Group companies with utilisation of £8.3m at 31 March 2024 (31 March 2023: £21m).

#### b) Capital commitments

At 31 March 2024 the Company had capital commitments of £nil (2023: £nil)

### 19 Related party disclosures

The Company has taken advantage of the exemptions within FRS 101 not to disclose transactions and balances with Babcock International Group PLC and its wholly owned subsidiaries, on the grounds that the Company itself is a wholly owned subsidiary of Babcock International Group PLC, for which the consolidated financial statements are publicly available.

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

Transactions entered into and trading balances outstanding at 31 March 2024 are as follows:

	<b>Sales to related party £000</b>	<b>Balance owed by £000</b>
<i>Related party</i>		
Ascent Flight Training (Management) Limited	-	-

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

	<b>Sales to related party £000</b>	<b>Balance owed by £000</b>
<i>Related party</i>		
Ascent Flight Training (Management) Limited	14	-

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

### 20 Pension commitments

Pension costs for defined contribution schemes are as follows:

	<b>31 March 2024 £'000</b>	<b>31 March 2023 £'000</b>
Defined contribution schemes	<b>6,157</b>	4,162

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

### 21 Immediate and ultimate parent undertakings

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

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

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