Babcock Mission Critical Services Onshore Limited

Annual report and financial statements

for the year ended 31 March 2024

Company registration number: 03776034

COMPANY INFORMATION

Directors	C Barker CH Cole M Abbott
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 3HQ

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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 activity is 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

	2024	2023
	£'000	£'000
		*Restated
Revenue	**33,347**	34,664
Profit for the financial year	**2,152**	905
Net assets	**38,819**	36,602
Net current assets/(liabilities)	**2,851**	(3,645)

*In the year ended 31 March 2024, the Company restated the prior year financial information. Details of the restatement are contained in note 20.

Over the course of the current and prior year, the Company's core business activities continued to perform in line with expectations. The Company continues to support a number of air ambulance charities and Police Scotland with the operation and maintenance of aircraft for its customers.

Total revenue for the current year decreased by 4% (£1.317m) compared to the prior year due to a £1.168m reduction in helicopter services and a £149k reduction in training services. The helicopter revenue decrease primarily relates to customer contracts held with the Welsh Air Ambulance ending during the year.

The financial position of the Company has strengthened during the year ended 31 March 2024 with net assets increasing £2.217m or 6% on the 2023 closing position. This is partly due to an increase in amounts due from group companies from £11.9m to £17.8m resulting from the implementation of zero balancing cash sweep bank accounts, offset by a decrease in the amounts due to group companies from £3.1m to £2.1m. The Company is in a net current asset position at 31 March 2024 of £2,851k (2023: £3,645k net current liability) which reflects the impact of the increase in short term receivables due to the zero balancing bank accounts.

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 key 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 gain assurance from the executive team that risks are being addressed in accordance with the strategic plan. 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 growth and performance of Aviation, a sector of Babcock International Group PLC, which includes the Company, is discussed on pages 56 of the annual report of Babcock International Group PLC, which does not form part of this report.

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

	2024	2023 *Restated	
Revenue Growth	**(3.9)%**	(3.4)%	Decrease in turnover when compared to that in the previous year. **Decrease due to contracts held with Thames Valley Air Ambulance and Welsh Air Ambulance ceased.**
Operating Return on Revenue (ORR)	**7.1%**	3.0%	Operating profit expressed as a percentage of revenue. **Increase due to lower overhead costs resulting from reduced management and admin headcount.**
Availability	**97.09%**	98.31%	Availability is calculated by using downtime vs. duty period for customers. **Downtime has increased from 1566:41 to 2426:21 impacting the 2024 result.**

*In the year ended 31 March 2024, the Company restated the prior year financial information. Details of the restatement are contained in note 20.

S172(1) Statement and Stakeholder engagement

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

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

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:

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

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

What matters to them:

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

How the Company engages:

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

Suppliers
Why they matter to us:
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 to 17 and 86 to 87 of the annual report of Babcock International Group PLC.

What matters to them:

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

How the Company engages:

- Regular open and honest two-way communications
- Supplier Code of Conduct
- Supplier conferences, workshops and 'lunch and learn' sessions
- Supplier due diligence

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

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

Employees
Why they matter to us:
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 Company's implementation of the Group-wide People Strategy as described on pages 12 to 17 and 80 to 84 of the annual report of Babcock International Group PLC, which does not form part of this report.

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

Communities
Why they matter to us:
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.

What matters to them:

- Employment and economic contribution
- Health, safety and wellbeing
- Engagement in local education and STEM activities
- Sustainability and the local environment
- Support for armed forces community
- Community engagement

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

Communities *(continued)*

How the Company engages:

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

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 to 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 13 December 2024 and signed on its behalf by:

C H Cole

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 interim dividend payment has been made for the financial year (2023: £nil). No final dividend for the year ended 31 March 2024 is proposed by the Directors (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:

M Abbott	(appointed 14th November 2024)
C H Cole	(appointed 10th June 2024)
C Barker	(appointed 28th September 2023)
H Belmore	(resigned 28th September 2023)
S Ward	(resigned 7th June 2024)

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

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

Going concern
The Company's business activities, together with the factors likely to affect its future development and financial position are set out within the Strategic Report. 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 centralised treasury arrangements and so shares banking arrangements with its parents and fellow subsidiaries. The Company is in a net current assets position of £2,851k and once eliminating intercompany balances is in a net current liabilities position of £4,229k but is not expected to settle the intercompany amounts due to parent and group undertakings until the Company has sufficient liquidity to do so and the Company has received confirmation from the respective group companies confirming this position. Additionally, the Company is expected to be in a position to obtain finance via intercompany loans to continue to operate for at least twelve months from when the financial statements are authorised for issue and the Company has received a letter of support from ultimate parent company 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 of Babcock International Group PLC, which does not form part of this report.

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

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.

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

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

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 5.

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

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

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 and a resolution appointing Forvis Mazars LLP as their replacement has been proposed and approved at the Annual General Meeting.

This report was approved by the board on 13 December 2024 and signed on its behalf by:

C H Cole
Director

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 the financial statements may differ from legislation in other jurisdictions.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion the financial statements of Babcock Mission Critical Services Onshore 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 comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 26.

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.

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the 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. 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.

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

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

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

We obtained an understanding of the legal and regulatory frameworks that the 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 and relevant tax and pension 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, including IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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.
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.

Independent auditor’s report to the members of Babcock Mission Critical Services Onshore Limited *(continued)*

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

Income statement for the year ended 31 March 2024

	Note	2024 £'000	2023 £'000 *Restated
Revenue	4	**33,347**	34,664
Cost of revenue		**(28,786)**	(30,582)
Gross profit		**4,561**	4,082
Administration and distribution expenses		**(2,175)**	(3,513)
Exceptional administrative expenses	5	**-**	(152)
(Loss)/profit on disposal of property, plant and equipment	6	**(32)**	633
Operating profit	6	**2,354**	1,050
Finance income	7	**352**	-
Finance costs	7	**(479)**	(648)
Profit before taxation		**2,227**	402
Income tax (expense)/benefit	10	**(75)**	503
Profit for the financial year		**2,152**	905

*In the year ended 31 March 2024, the Company restated the prior year financial information. Details of the restatement are contained in note 20.

The notes on pages 19 to 44 form an integral part of these financial statements.

All of the above results derive from continuing operations.

Statement of comprehensive income for the year ended 31 March 2024

	Note	2024 £'000	2023 £'000 *Restated
Profit for the financial year		**2,152**	905
Other comprehensive income:			
Items that may be subsequently reclassified to income statement:			
Fair value adjustment of foreign exchange hedges		**87**	106
Tax impact of movement in derivatives	10	**(22)**	(27)
Total other comprehensive income		**65**	79
Total comprehensive income for the year		**2,217**	984

*In the year ended 31 March 2024, 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 2024

	Note	2024 £'000	2023 £'000 *Restated
Non-current assets			
Property, plant and equipment	11	**30,685**	34,569
Right of use assets	12	**9,744**	13,122
Trade and other receivables	14	**10,311**	10,311
Other financial assets	16	**-**	26
		50,740	58,028
Current assets			
Inventories	13	**2,233**	2,128
Trade and other receivables	14	**11,175**	6,654
Other financial assets	16	**-**	11
Cash and cash equivalents		**402**	2,989
		13,810	11,782
Current liabilities			
Trade and other payables	15	**(7,255)**	(10,779)
Other financial liabilities	16	**(48)**	(163)
Lease liabilities	12	**(2,321)**	(4,173)
Provisions for liabilities	17	**(1,335)**	(312)
Net current assets/(liabilities)		**2,851**	(3,645)
Total assets less current liabilities		**53,591**	54,383
Non-current liabilities			
Trade and other payables	15	**(216)**	(95)
Lease liabilities	12	**(8,438)**	(11,620)
Provisions for liabilities	17	**(862)**	(907)
Deferred tax liabilities	10	**(5,256)**	(5,159)
Net assets		**38,819**	36,602
Equity			
Called up share capital	19	**1,667**	1,667
Revaluation reserve		**51**	51
Hedging reserve		**144**	79
Retained earnings		**36,957**	34,805
Total shareholders' funds		**38,819**	36,602

*In the year ended 31 March 2024, the Company restated the prior year financial information. Details of the restatement are contained in note 20.

The notes on pages 19 to 44 are an integral part of these financial statements.

The financial statements on pages 16 to 44 were approved by the board of Directors on 13 December 2024 and signed on its behalf by:

CH Cole
Director

Statement of changes in equity as at 31 March 2024

	Called up share capital £'000	Revaluation reserve £'000	Hedging reserve £'000	Retained earnings £'000 *Restated	Total shareholders' funds £'000 *Restated
Balance at 1 April 2022	**1,667**	**51**	**-**	**33,900**	**35,618**
Profit for the year restated	-	-	-	905	905
Other comprehensive income	-	-	79	-	79
Balance at 31 March 2023 restated	**1,667**	**51**	**79**	**34,805**	**36,602**
Profit for the year	-	-	-	2,152	2,152
Other comprehensive income	-	-	65	-	65
Balance at 31 March 2024	**1,667**	**51**	**144**	**36,957**	**38,819**

*In the year ended 31 March 2024, the Company restated the prior year financial information. Details of the restatement are contained in note 20.

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 26. 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 Babcock Defence & Security Holdings LLP and is included in the consolidated financial statements of Babcock International Group PLC which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

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

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) Paragraphs 45(b) and 46 to 52 of IFRS 2, ‘Share based payments’.
b) IFRS 7, ‘Financial instruments: Disclosures’.
c) Paragraphs 91 to 99 of IFRS 13 ‘Fair value measurement’ (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
d) 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).
e) IAS 7, ‘Statement of cash flows’
f) Paragraph 30 and 31 of IAS 8 ‘Accounting policies, changes in accounting estimates and errors’.
g) Paragraph 17 of IAS 24, ‘Related party transactions’ in respect of key management compensation.
h) The requirements of IAS 24, ‘Related party disclosures’ to disclose related party transactions entered into between two or more members of a group.
i) Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.
j) 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.

2 Summary of material accounting policies *(continued)*

Basis of preparation *(continued)*
The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company intends to continue to prepare its financial statements in accordance with FRS 101. The financial statements have been prepared under the historical cost convention, as modification by the revaluation of relevant financial assets and financial liabilities (including derivative instruments).

Adoption of new and revised standards
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.

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

As the Company is part of a larger group, it participates in centralised treasury arrangements and so shares banking arrangements with its parents and fellow subsidiaries. The Company is in a net current assets position of £2,851k and once eliminating intercompany balances is in a net current liabilities position of £4,229k but is not expected to settle the intercompany amounts due to parent and group undertakings until the Company has sufficient liquidity to do so and the Company has received confirmation from the respective group companies confirming this position. Additionally, the Company is expected to be in a position to obtain finance via intercompany loans to continue to operate for at least twelve months from when the financial statements are authorised for issue and the Company has received a letter of support from Babcock International Group PLC confirming this position. In completing this analysis, the Directors have considered the ability of Babcock International Group PLC to provide such finance.

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.

2 Summary of material accounting policies *(continued)*

Revenue

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

(a) Performance obligations

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

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

(b) Determination of contract price

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

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

Variable consideration is estimated using either the expected value or the most likely amount only to the extent that it is highly probable that there will not be a reversal in the amount of cumulative revenue recognised. This judgement is made by suitably qualified and experienced personnel based on the contract terms, status of negotiations with customers and historical experience with customers and with similar contracts. Variable consideration may be included in the total transaction price or, in certain circumstances, may be allocated to a specific time period. Where variable consideration is allocated to a specific time period this will typically be in relation to performance related deductions.

As part of this judgement, variable consideration may be constrained. The Company recognises variable consideration only to the extent that it is highly probable that there will not be a significant reversal in the amount of cumulative revenue recognised when the uncertainty associated with the variable consideration is subsequently resolved.

(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 to performance obligations based on cost plus margin. This amount would be the standalone selling price of each performance obligation if contracted with a customer separately.

d) Revenue and profit recognition

Performance obligations are satisfied, and revenue recognised, as control of goods and services is transferred to the customer. Control can be transferred at a point in time or over time and the Company determines, for each performance obligation, whether it is satisfied over time or at a point in time.

2 Summary of material accounting policies *(continued)*

Revenue *(continued)*
d) Revenue and profit recognition *(continued)*
Revenue recognised over time
Performance obligations are satisfied over time if any of the following criteria are satisfied:

- the customer simultaneously receives and consumes the benefits of the Company's performance as it performs; or
- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for work done; or
- the Company's performance creates or enhances an asset controlled by the customer.

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

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

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

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

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

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

Estimating contract revenues can involve judgements around whether the Company will meet performance targets and earn incentives, as well as consideration as to whether it is necessary to constrain variable revenues to meet the highly probable not to significantly reverse test set out in paragraph 56 of IFRS 15. When considering variations, claims and contingencies, the Company analyses various factors including the contractual terms, status of negotiations with the customer and historical experience with that customer and with similar contracts. Estimates of costs include assessment of contract contingencies arising out of technical, commercial, operational and other risks.

2 Summary of material accounting policies *(continued)*

Revenue *(continued)*
Assessment of contract profitability *(continued)*
The assessments of all significant contract outturns are subject to review and challenge and estimation uncertainty is resolved on a contract-by-contract basis as contracts near the end of the project lifecycle. If a contract is deemed to be loss making the present obligation is recognised and measured as provisions. Further detail is included in the Provisions accounting policy.

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

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

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

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

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

2 Summary of material accounting policies *(continued)*

Revenue *(continued)*
(g) Costs to fulfil a contract
Post contract award but pre contract operational start-up costs which satisfy the criteria for capitalisation under another standard, such as property, plant, and equipment (IAS 16) or intangible assets (IAS 38), are accounted for in accordance with those standards.

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

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

Costs of recruiting or training staff are expensed as incurred.

Capitalised contract costs are amortised to cost of revenue on a straight-line basis consistent with the transfer to the customer of the goods and services to which the asset relates.

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

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

(i) Principal versus agent considerations
The Company's contracts include performance obligations in relation to procurement activity undertaken on behalf of customers at low or nil margin, together with other performance obligations. For such procurement activity, management exercises judgement in the consideration of principal versus agent based on an assessment as to whether the Company controls goods or services prior to transfer to customers. Factors that influence this judgement include the level of responsibility the Company has under the contract for the provision of the goods or services, the extent to which the Company is incentivised to fulfil orders on time and within budget, either through gainshare arrangements or KPI deductions in relation to the other performance obligations within the contract, and the extent to which the Company exercises responsibility in determining the selling price of the goods and services. Taking all factors into consideration, the Company then comes to a judgement as to whether it acts as principal or agent on a contract-by-contract basis.

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.

Employee benefits
(a) Pension obligations
Defined contribution schemes
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.

2 Summary of material accounting policies *(continued)*

Employee benefits *(continued)*

(b) Share-based compensation

The Company operates equity-settled, share-based compensation plans. The economic cost of awarding shares and share options to employees is recognised as an expense in the income statement equivalent to the fair value of the benefit awarded. The fair value is determined by reference to option pricing models. The charge is recognised in the income statement over the vesting period of the award.

(c) Holiday pay

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

Taxation

(a) Current income tax

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

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

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

(b) Deferred income tax

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

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are recognised where deferred tax liabilities exist and are expected to reverse in the same period as the deferred tax asset or in periods into which a loss arising from a deferred tax asset can be carried forward or back.

In the absence of sufficient deferred tax liabilities, deferred tax assets are recognised where it is probable that there will be future taxable profits from other sources against which a loss arising from the deferred tax asset can be offset. In assessing the availability of future profits, the Company uses profit forecasts consistent with those used for goodwill impairment testing. Profits forecast beyond the Company's five-year budget cycle are risk-weighted to reflect commercial uncertainties.

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

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

2 Summary of material accounting policies *(continued)*

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

(a) 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.

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 financial year end) at the following annual rates:

Freehold property	2% to 8%
Leasehold property	Lease term
Plant and equipment	3 to 15 years
Aircraft fleet	1% to 10%

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

Leases
(a) 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.

2 Summary of material accounting policies *(continued)*

Leases *(continued)*
(a) The Company as lessee *(continued)*
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.

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

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

Inventory
Inventory is valued at the lower of cost and net realisable value, being the estimated selling price of the assets in the ordinary course of business less estimated costs of completion and costs of sale. In the case of finished goods and work in progress, cost comprises direct material and labour and an appropriate proportion of overheads.

Spare parts that are consumed in the sale of goods or in the rendering of services are classified as inventory.

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

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.

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

Dilapidation provisions for general wear and tear costs are charged to the income statement on a straight-line basis, over the contracted lease term.

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

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. A provision for warranties is recognised on completed contracts and disposals when there is a realistic expectation of the Group incurring further costs.

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

2 Summary of material accounting policies *(continued)*

Provisions *(continued)*
Losses are determined on the basis of estimated results on completion of contracts and are updated regularly.

A provision for employee benefits is recognised when there is a realistic expectation of the liability.

A provision for the contractual maintenance, overhaul and repair requirements of right of use aircraft and specific associated aircraft components arising from return condition obligations in aircraft lease contracts is recognised as the obligation to perform contractual maintenance arises with each hour flown. Where lease contracts contain contractual penalties in the event that the Company returns leased aircraft in a condition that does not meet the contractual return condition obligation, the associated provision is measured at the lower of the restoration cost and the detriment penalty in the lease. When maintenance of a leased aircraft component is performed, if the component's remaining flying hours are greater than the return condition outlined in the lease contract then a leasehold improvement asset is recognised in proportion to the excess flying hours above the contractual return condition. Maintenance provisions are not recognised in respect of aircraft components which are maintained under Power-by-the-hour maintenance arrangements, instead the associated payments to the maintenance provider are expensed as incurred. Any additional payments made to or received from maintenance providers at the conclusion of Power-by-the-hour maintenance arrangements are recognised as an expense or as income at the time at which they are incurred or received.

Contingent liabilities
A contingent liability is a possible obligation arising from past events whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the Company's control, or a present obligation that is not recognised because it is not probable that an outflow of economic benefits will occur or the value of such outflow cannot be measured reliably. A provision is recognised for any amounts that the Directors consider may become payable. See note 24 for details of contingent liabilities.

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.

2 Summary of material accounting policies *(continued)*

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

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

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

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

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

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

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

Identification of prior year restatements
The results of the Company have been restated where practicable by retrospectively restating the Company's prior period results for the affected periods. Any restatements identified relating to reporting periods before 1 April 2022 have been corrected by cumulatively restating the impacted balance sheet line item, including retained earnings, at 1 April 2022. The impact of the prior year adjustment is disclosed in note 20.

3 Critical accounting estimates and judgements

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

Critical accounting judgements
Critical accounting judgements, apart from those involving estimations, that are applied in the preparation of the financial statements are discussed below. Detail of the Company's key judgements involving estimates are included in the Key sources of estimation uncertainty section.

3 Critical accounting estimates and judgements *(continued)*

Acting as principal or agent
A number of the Company's contracts include promises in relation to procurement activity undertaken on behalf of customers at low or nil margin, sub-contractor arrangements, and other pass-through costs. Management is required to exercise judgement on these revenue streams in considering whether the Company is acting as principal or agent. This is based on an assessment as to whether the Company controls the relevant goods or services under the performance obligations prior to transfer to customers. Factors that influence this judgement include the level of responsibility the Company has under the contract for the provision of the goods or services, the extent to which the Company is incentivised to fulfil orders on time and within budget, either through gain share arrangements or KPI deductions in relation to the other performance obligations within the contract, and the extent to which the Company exercises responsibility in determining the selling price of the goods and services. Taking all factors into consideration, the Company then comes to a judgement as to whether it acts as principal or agent on a performance obligation-by-performance obligation basis. Note that any changes in this judgement would not have a material impact on profit, although there may be a material impact to revenue and cost of revenue.

Key sources of estimation uncertainty
There are 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:

	2024 £'000	2023 £'000 *Restated	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'000 *Restated
	Helicopter Service	Helicopter Service	**Training Service**	Training Service	**Total**	Total
By area of activity:						
Provision of services - transferred over time	**32,833**	34,001	**514**	663	**33,347**	34,664
	32,833	34,001	**514**	663	**33,347**	34,664

	2024 £'000	2023 £'000 *Restated
By geographical area:		
United Kingdom	**32,615**	34,664
Europe	**732**	-
	33,347	34,664

*In the year ended 31 March 2024, the Company restated the prior year financial information. Details of the restatement are contained in note 20.

5 Exceptional administrative expenses

	2024 **£'000**	2023 £'000
Right of use asset impairments	**-**	(152)

Exceptional administrative expenses are those items which are exceptional in nature or size.

During the year ended 31 March 2024 there were exceptional administrative charges of £nil (2023: £152k for impairment to a Right of use leased aircraft).

6 Operating profit

Operating profit is stated after charging/(crediting):

	Note	**2024** **£'000**	2023 £'000
Loss on disposal of property, plant & equipment	11	**196**	297
Profit on disposal of right of use assets	12	**(164)**	(930)
Depreciation of property, plant and equipment	11	**508**	2,865
Amortisation of intangible assets		**-**	5
Right of use asset depreciation	12	**2,315**	2,328
Exceptional items	5	**-**	152
Inventory recognised as an expense		**1,192**	2,815
Impairment of inventory		**217**	123
Foreign exchange losses		**185**	8

Loss on the disposal of property, plant and equipment relates to £72k of aircraft equipment stocks classed as scrap disposed during the year, £185k of aircraft parts disposed, offset by a £61k profit gained on the sale of aircraft in the year.

Fees paid to the company's auditors, Deloitte LLP and its associates are disclosed on a consolidated basis in the financial statements of the ultimate parent undertaking, Babcock International Group PLC. Audit fees of £60k (2023: £60k) were borne by a fellow group company.

7 Finance costs

	2024 **£'000**	2023 £'000
Finance income:		
Loan interest receivable from group undertakings	**352**	-
	352	-
Finance costs:		
Lease interest (Note 12)	**476**	648
Loan interest payable to group undertakings	**3**	-
	479	648

8 Staff costs

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

	2024 Number	2023 Number
By activity:		
Operations	**151**	175
Management and administration	**10**	16
	161	191

Their aggregate remuneration comprised:

	2024 £'000	2023 £'000
Wages and salaries	**11,492**	12,865
Social security costs	**1,210**	1,365
Pension costs – defined contribution plans (Note 18)	**858**	808
	13,560	15,038

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

During the year the average number of employees recharged to other Babcock entities was 1 (2023: 2). The total cost recharged included in the above was £63k (2023: £105k).

9 Directors' emoluments

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

	2024 £'000	2023 £'000
Remuneration (including benefits in-kind)	**137**	163
Defined contribution pension scheme	**7**	10
	144	173

During the year no (2023: none) Director remunerated by Babcock Mission Critical Services Onshore Limited exercised share options under long term incentive plans and no (2023: 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 (2023: none).

Except for one (2023: 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 Taxation

Income tax expense/(credit)

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Analysis of tax expense/(credit) in the year		
Deferred tax		
• UK current year benefit	**75**	(214)
• UK prior year (credit)/expense	**-**	(221)
• Impact of changes in tax rates	**-**	(68)
Total income tax expense/(credit)	**75**	(503)

Tax expense to the statement of comprehensive income	**31 March 2024 £'000**	31 March 2023 £'000
Deferred tax charged on revaluation of cash flow hedges	**22**	20
Impact of changes in tax rate	**-**	7
Total income tax expense to other comprehensive income	**22**	27

The tax for the year is lower (2023: lower) than the standard rate of corporation tax in the UK.

The differences are explained below:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000 *Restated
Profit before tax	**2,227**	402
Profit multiplied by rate of corporation tax in the UK of 25% (2023: 19%)	**556**	76
Effects of:		
Expenses not deductible for tax purposes	**29**	19
Group relief claimed for nil consideration	**(510)**	(309)
Adjustment in respect of deferred tax for prior years	**-**	(221)
Impact of change in UK tax rate	**-**	(68)
Total income tax expense/(credit)	**75**	(503)

*In the year ended 31 March 2024, the Company restated the prior year financial information. Details of the restatement are contained in note 20.

On 24 May 2021, the Finance Act 2021 was substantively enacted, increasing the main rate of UK corporation tax from 19% to 25% with effect from 1 April 2023. Deferred tax balances as at 31 March 2023 that are expected to reverse after 1 April 2023 have been calculated at 25%.

The effect has been to increase the company’s net deferred tax liability by £97k (2023: £476k decrease), comprising a debit charge to Income Statement of £75k (2023: credit £503k) and Other Comprehensive Income debit charge of £22k (2023: £27k).

10 Taxation *(continued)*

Deferred tax

Deferred tax assets and deferred tax liabilities have been offset if, and only if, there is a legally enforceable right in that jurisdiction to set off corporation tax assets and corporation tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same Taxation Authorities:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Deferred tax liability	**(5,256)**	(5,159)

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

Deferred tax liabilities/(assets)	**Tangible assets £'000**	**Derivative financial instruments £'000**	**Other £'000**	**Total £'000**
At 1 April 2023	5,244	27	(112)	**5,159**
Income statement debit	73	-	2	**75**
Comprehensive income debit	-	22	-	**22**
At 31 March 2024	**5,317**	**49**	**(110)**	**5,256**
At 1 April 2022	5,813	-	(178)	5,635
Income statement debit/(credit)	(569)	-	66	(503)
Comprehensive income debit	-	27	-	27
At 31 March 2023	5,244	27	(112)	5,159

Deferred tax liabilities have been recognised in respect of accelerated capital allowances and other short term timing differences.

11 Property, plant and equipment

	Assets under construction	Freehold property	Leasehold property	Plant & equipment	Aircraft & components	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2023	483	2,274	2,339	5,459	30,085	40,640
Reclassification	-	(300)	(731)	(1,450)	1,318	(1,163)
Additions	1,410	-	-	14	-	1,424
Disposals	-	(35)	(21)	(794)	(6,208)	(7,058)
At 31 March 2024	**1,893**	**1,939**	**1,587**	**3,229**	**25,195**	**33,843**
Accumulated depreciation						
At 1 April 2023	-	(852)	(843)	(3,941)	(435)	(6,071)
Reclassification	-	300	731	1,470	(1,338)	1,163
Charge for the year	-	(46)	(56)	(368)	(38)	(508)
Disposals	-	35	9	699	1,515	2,258
At 31 March 2024	**-**	**(563)**	**(159)**	**(2,140)**	**(296)**	**(3,158)**
Net book value						
At 31 March 2024	**1,893**	**1,376**	**1,428**	**1,089**	**24,899**	**30,685**
At 31 March 2023	483	1,422	1,496	1,518	29,650	34,569

12 Leases

Right-of-use assets

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

	Freehold property £'000	Plant and equipment £'000	Aircraft Fleet £'000	Total £'000
Cost				
At 1 April 2023	2,654	26	11,497	14,177
Additions	-	78	-	78
Reclassification	-	-	8,626	8,626
Terminations	(1,041)	(13)	(10,565)	(11,619)
At 31 March 2024	**1,613**	**91**	**9,558**	**11,262**
Accumulated depreciation				
At 1 April 2023	(544)	(22)	(489)	(1,055)
Charge for the year	(113)	(22)	(2,180)	(2,315)
Reclassification	-	-	(8,626)	(8,626)
Terminations	233	13	10,232	10,478
At 31 March 2024	**(424)**	**(31)**	**(1,063)**	**(1,518)**
Net book value				
At 31 March 2024	**1,189**	**60**	**8,495**	**9,744**
At 31 March 2023	2,110	4	11,008	13,122

12 Leases *(continued)*

Lease liabilities

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

	2024	2023
	£'000	£'000
At 1 April 2023	**15,793**	22,872
Additions	**78**	1,132
Terminations	**(1,305)**	(974)
Interest charged (Note 7)	**476**	648
Rental payments	**(4,096)**	(5,339)
Payments made in exercise of purchase option	**-**	(3,004)
Foreign exchange movement	**(187)**	458
At 31 March 2024	**10,759**	15,793

Discounted future minimum lease payments are as follows:

	2024	2023
	£'000	£'000
Within one year	**2,321**	4,173
In more than one year, but not more than five years	**6,476**	8,010
After five years	**1,962**	3,610
Carrying value of liability	**10,759**	15,793

The Company had total cash outflows for leases of £4,096k for the year ended 31 March 2024 (2023: £8,343k).

The following are the amounts recognised in profit or loss:

	2024	2023
	£'000	£'000
Depreciation expense of right-of-use assets	**2,315**	2,328
Interest expense on lease liabilities	**476**	648
	2,791	2,976

13 Inventories

	2024	2023
	£'000	£'000
Aircraft spares	**2,212**	2,075
Fuel	**21**	53
	2,233	2,128

Inventories are stated after provisions for impairment of £1,325k (2023: £1,108k).

14 Trade and other receivables

	2024 **£'000**	2023 £'000 *Restated
Amounts falling due after more than one year:		
Amounts due from group undertakings	**10,311**	10,311
Amounts falling due within one year:		
Trade receivables	**1,501**	2,123
Contract assets	**249**	122
Amounts due from group undertakings	**7,517**	1,624
Other receivables	**1,204**	2,172
Prepayments and accrued income	**704**	613
	11,175	6,654

*In the year ended 31 March 2024, the Company restated the prior year financial information. Details of the restatement are contained in note 20.

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

- One loan of £10,311k (2023: £nil) is repayable in November 2028 and the interest rate is LIBOR plus 1.5%.
- One prior year loan of £4,311k has been repaid during the year, with no interest charge.
- One prior year loan of £6,000k has been repaid during the year, with no interest charge.
- Debtors totalling £276k (2023: £1,624k).
- Debtors related to the implementation of zero balancing bank accounts £7,241k (2023: £nil).

Trade receivables are stated after provisions for impairment of £nil (2023: £nil).

Current intercompany receivables are expected to be settled in the Company's usual operating cycle of 12 months or less.

Other receivables comprise £300k (2023: £205k) VAT receivable, £305k miscellaneous receivables (2023: £1,642k) and £599k (2023: £325k) insurance lay-up claims.

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

Significant changes in contract assets during the year are as follows:

	£'000 ***Restated**
At 1 April 2023	122
Transfers from contract assets recognised at the beginning of the year to trade receivables	(122)
Increase due to work done not transferred from contract assets	249
At 31 March 2024	**249**
At 1 April 2022	865
Transfers from contract assets recognised at the beginning of the year to trade receivables	(865)
Increase due to work done not transferred from contract assets	122
At 31 March 2023	122

15 Trade and other payables

	2024 £'000	2023 £'000
Amounts falling due after more than one year:		
Amounts due to parent and group undertakings	**216**	95
Amounts falling due within one year:		
Trade payables	**876**	283
Bank overdraft	**-**	120
Contract Liabilities	**3,970**	5,030
Amounts due to parent and group undertakings	**1,847**	2,964
Other taxation and social security	**239**	356
Accruals	**301**	1,910
Other payables	**22**	116
	7,255	10,779

All of the amounts due to Group undertakings are all due to fellow subsidiary companies of the ultimate parent, Babcock International Group PLC and are unsecured, interest free, and repayable on demand.

The Company has access to the Babcock International Group PLC overdraft facility. The Company along with fellow group undertakings has provided cross-guarantees in relation to this facility (note 24).

Significant changes in contract liabilities during the year are as follows:

	£'000
At 1 April 2023	5,030
Amount utilised	(5,030)
Amount accrued	3,970
At 31 March 2024	**3,970**
At 1 April 2022	3,563
Amount utilised	(3,563)
Amount accrued	5,030
At 31 March 2023	5,030

Notes to the financial statements *(continued)*

16 Other financial assets and liabilities

Included in derivative financial instruments at fair value:

	31 March 2024		31 March 2023	
	Assets	**Liabilities**	Assets	Liabilities
	£'000	**£'000**	£'000	£'000
Non-current:				
Forward FX contracts - fair value hedges	**-**	**-**	26	-
Current:				
Forward FX contracts - fair value hedges	**-**	**(48)**	11	(163)

The Company has taken advantage of the exemptions within FRS 101 not to disclose all IFRS 7 and IFRS 13 requirements, 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 with compliance to IFRS.

17 Provisions for liabilities

	Property dilapidation	**Aircraft maintenance**	**Employee benefit**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
At 1 April 2023	776	-	443	**1,219**
Charged to the income statement	279	707	204	**1,190**
Reversal to the income statement	-	-	(95)	**(95)**
Utilised in the year	-	-	(117)	**(117)**
At 31 March 2024	**1,055**	**707**	**435**	**2,197**

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

	2024	2023
	£'000	£'000
Current	**1,335**	312
Non-current	**862**	907
At 31 March 2024	**2,197**	1,219

Property provision primarily relates to dilapidation costs excluding any rebuild, aircraft maintenance relates to aircraft returns provision and employee benefit provision relates to a long-term staff incentive bonus scheme.

18 Pension commitments

Pension costs for defined contribution schemes are as follows:

	2024	2023
	£'000	£'000
Defined contribution schemes	**858**	808

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.

19 Share capital

	2024 £'000	2023 £'000
Allotted, called up and fully paid		
1,666,666 ordinary shares of £1 each (2023: 1,666,666)	**1,667**	1,667

20 Prior year restatements

In the year ended 31 March 2024, the Company restated the prior year financial information.

The restatements are summarised below:

Impact on the income statement for the year ended 31 March 2023

	Year ended 31 March Published 2023 £000	(i) Contract revenue £000	**Year ended 31 March Restated 2023 £000**
Revenue	35,092	(428)	**34,664**
Cost of revenue	(30,582)	-	**(30,582)**
Administration and distribution expenses	(3,513)	-	**(3,513)**
Exceptional administrative expenses	(152)	-	**(152)**
Profit on disposal of property, plant and equipment	633	-	**633**
Finance costs	(648)	-	**(648)**
Profit before tax	830	(428)	**402**
Income tax benefit	503	-	**503**
Profit for the period	1,333	(428)	**905**

Impact on the statement of comprehensive income for the year ended 31 March 2023

	Year ended 31 March Published 2023 £000	(i) Contract revenue £000	**Year ended 31 March Restated 2023 £000**
Profit for the financial year	1,333	(428)	**905**
Other comprehensive income/(expense):			
Fair value adjustment of foreign exchange hedges	106	-	**106**
Tax impact of movement in derivatives	(27)	-	**(27)**
Total comprehensive income/(expense) for the year	1,412	(428)	**984**

20 Prior year restatements *(continued)*

31 March 2023 - Statement of financial position (extract)

	Year ended 31 March Published 2023 £000	(i) Contract revenue £000	**Year ended 31 March Restated 2023 £000**
Current assets			
Trade and other receivables	7,082	(428)	**6,654**
Total current assets*	12,210	(428)	**11,782**
Total Assets less current liabilities	54,811	(428)	**54,383**
Net Assets*	37,030	(428)	**36,602**
Equity			
Accumulated profit/(loss) at 31 March 2023	1,333	(428)	**905**
Total Equity*	37,030	(428)	**36,602**

*The table above includes only those financial statement line items which have been restated. The total current assets, net assets and total equity do not therefore represent the sum of the lines presented above.

I. **Contract revenue:**

During the year ended 31 March 2024, an error was identified in the contract accounting where inflation increments had not been applied correctly in determining prior year contract revenue and billing. The impact led to an overstated revenue and profit of £428k. The effect of the prior year restatement is a decrease in profit and corresponding decrease in the amount receivable on contract asset of £428k.

21 Dividends

Dividends declared and paid were £nil (2023: £nil), equivalent to £nil per share (2023: £nil). There are no plans for a final dividend.

22 Guarantees and financial commitments

a) Capital Commitments

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

b) Lease Commitments

At 31 March 2024 the Company had lease commitments of £nil for leases not yet commenced (2023: £nil).

23 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.

Notes to the financial statements *(continued)*

24 Contingent liabilities

The Company has guaranteed or has joint and several liability for bank overdraft facilities that are shared across multiple Group companies with overdrawn balances of £8.3m at 31 March 2024 (31 March 2023: £21.0m).

25 Post balance sheet events

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

26 Immediate and ultimate parent undertakings

The Company's immediate parent company is Babcock Mission Critical Services Design and Completions 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