

**Babcock Information Analytics and Security Limited**

**Annual report**

**For the year ended 31 March 2020**

**Company registration number:**

**02275471**



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# **Babcock Information Analytics and Security Limited**

## **Directors and advisors**

### **Current directors**

I Urquhart  
J Hall  
R Burge  
N McDougall

### **Company secretary**

Babcock Corporate Secretaries Limited

### **Registered office**

33 Wigmore Street  
London  
United Kingdom  
W1U 1QX

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Savannah House  
3 Ocean Way  
Southampton  
SO14 3TJ

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## **Babcock Information Analytics & Security Limited**

### **Directors' report for the year ended 31 March 2020**

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2020.

This report has been prepared in accordance with the special provisions of section 415A of the Companies Act 2006 relating to small companies. The directors have taken the small companies exemption not to prepare a Strategic report.

#### **Review of the Business**

The core business activities have reduced to one profitable contract for the financial year 19/20, hence the reduction of revenue from previous year.

The contract consists of a chargeable fee for licence IP to Devonport Royal Dockyard Ltd and is under contract for FY20/21 and the expectation is that it will continue for the next 5 years in line with Devonport Royal Dockyard Ltd's contract with MoD. It will also have the potential for a further two option years. Contract negotiations are currently on going and contract award is expected early 2021, with a contract start date of April 2021.

Bad debt was written off in year that consisted of legacy contracts where the expectation was that funds wouldn't be recoverable.

#### **Directors**

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

I Urquhart  
J Hall  
R Burge  
N McDougall  
M Jones (resigned on 06/09/2019)

#### **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 Babcock staff on site.

#### **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 applicable.

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.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

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## **Babcock Information Analytics and Security Limited**

### **Directors' report for the year ended 31 March 2020 (continued)**

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, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 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.

### **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.

### **Going Concern**

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors consider it appropriate to continue to adopt the going concern basis in preparing these financial statements. There is a letter of support from Devonport Royal Dockyard Limited confirming they will provide the necessary support to the Company to meet their obligations as they fall due, for a period of at least 12 months from the date of signing these financial statements.

### **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.

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**Babcock Information Analytics and Security Limited**

***Directors' report for the year ended 31 March 2020 (continued)***

**Reappointment of auditors**

PricewaterhouseCoopers LLP were reappointed as auditors at the Annual General Meeting of Babcock International Group PLC.

On behalf of the board



R Burge

**Director**

21<sup>st</sup> December 2020

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## **Babcock Information Analytics and Security Limited**

### **Independent auditors' report to the members of Babcock Information Analytics and Security Limited**

#### **Report on the audit of the financial statements**

##### **OPINION**

In our opinion, Babcock Information Analytics and Security Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report (the "Annual Report"), which comprise: the Statement of financial position as at 31 March 2020; the Income statement, the Statement of comprehensive income, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

##### **BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Independence**

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

##### **CONCLUSIONS RELATING TO GOING CONCERN**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

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## **Babcock Information Analytics and Security Limited**

### ***Independent auditors' report to the members of Babcock Information Analytics and Security Limited (continued)***

#### **REPORTING ON OTHER INFORMATION**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### **Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

#### **RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT**

##### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

##### **Auditors' 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 auditors' 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

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## **Babcock Information Analytics and Security Limited**

### ***Independent auditors' report to the members of Babcock Information Analytics and Security Limited (continued)***

if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

#### **Use of this report**

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **Other required reporting**

#### **COMPANIES ACT 2006 EXCEPTION REPORTING**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Christopher Solomides (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Southampton

21<sup>st</sup> December 2020



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**Babcock Information Analytics and Security Limited****Income statement***for the year ended 31 March 2020*

	Note	2020 £000	2019 £000
<b>Revenue</b>	4	<b>1,242</b>	<b>6,566</b>
Cost of sales		<u>(142)</u>	<u>(4,855)</u>
<b>Gross profit</b>		<b>1,100</b>	<b>1,711</b>
Administrative expenses		(1,030)	(1,879)
Impairment of financial assets		<u>(113)</u>	<u>-</u>
<b>Operating Loss</b>		<b>(43)</b>	<b>(168)</b>
<b>Loss on ordinary activities before interest and taxation</b>	6	<b>(43)</b>	<b>(168)</b>
Finance income / (expense)	5	9	(2)
<b>Loss on ordinary activities before income tax</b>		<b>(34)</b>	<b>(170)</b>
Income tax credit / (charge)	9	<u>27</u>	<u>(28)</u>
<b>Loss for the financial year</b>		<b><u>(7)</u></b>	<b><u>(198)</u></b>

All of the above results derive from continuing operations.

**Statement of comprehensive income***for the year ended 31 March 2020*

	2020 £000	2019 £000
<b>Loss for the financial year</b>	<b>(7)</b>	<b>(198)</b>
<b>Total comprehensive loss for the year</b>	<b><u>(7)</u></b>	<b><u>(198)</u></b>

# Babcock Information Analytics and Security Limited

## Statement of financial position

as at 31 March 2020

	Note	2020 £000	2019 £000 Restated
<b>Fixed assets</b>			
Investments	20	-	-
Intangible assets	10	505	596
Property, plant and equipment	11	11	84
Right-of-use assets	11	33	-
		<u>549</u>	<u>680</u>
<b>Current assets</b>			
Trade and other receivables – amounts falling due within one year	12	1,030	1,999
Trade and other receivables – amounts falling due after more than one year	12	5,778	5,778
Cash and cash equivalents		<u>870</u>	<u>1,017</u>
		<u>7,678</u>	<u>8,794</u>
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables – amounts falling due within one year	13	(7,543)	(8,816)
Lease Liabilities	18	<u>(33)</u>	<u>-</u>
		<u>(7,576)</u>	<u>(8,816)</u>
<b>Net current assets / (liabilities)</b>		<b>102</b>	<b>(22)</b>
<b>Total assets less current liabilities</b>		<u><b>651</b></u>	<u><b>658</b></u>
<b>Net assets</b>		<u><b>651</b></u>	<u><b>658</b></u>
<b>Capital and reserves</b>			
Called up share capital	15	399	399
Retained earnings		<u>252</u>	<u>259</u>
<b>Total shareholders' funds</b>		<u><b>651</b></u>	<u><b>658</b></u>

The notes on pages 11 to 25 are an integral part of these financial statements. Receivables have been restated. See note 12 for more details.

The financial statements on pages 8 to 25 were approved by the board of directors and signed on its behalf by:



R Burge

Director

21<sup>st</sup> December 2020

## Babcock Information Analytics and Security Limited

### Statement of changes in equity For the year ended 31 March 2020

	Note	Called up share capital £000	Retained earnings £000	Total share- holders' funds £000
<b>Balance at 1 April 2018</b>	15	399	457	856
Loss for the financial year and total comprehensive loss for the year		-	(198)	(198)
<b>Balance at 31 March 2019</b>	15	399	259	658
Loss for the financial year and total comprehensive loss for the year		-	(7)	(7)
<b>Balance at 31 March 2020</b>	15	399	252	651

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# **Babcock Information Analytics and Security Limited**

## **Notes to the financial statements**

### **1 General information**

Babcock Information Analytics and Security Limited is a private company limited by shares which is incorporated and domiciled in the UK. The address of the registered Office is 33 Wigmore Street, London, England, United Kingdom, W1U 1QX.

### **2 Summary of significant accounting policies**

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

#### **Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through profit and loss in accordance with the Companies Act 2006 as applicable to companies using FRS 101. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £'000.

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

The Company is a wholly owned subsidiary of Babcock Information Analytics & Security Holdings Limited and of its ultimate parent, Babcock International Group PLC. It is included in the consolidated financial statements of Babcock International Group PLC which are publicly available. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- 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) 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
- f) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases

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## **Babcock Information Analytics and Security Limited**

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

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

- g) The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), 10(f), 16, 38, 40, 111, and 134-136
- h) IAS 7, 'Statement of cash flows'

#### **Adoption of new and revised standards**

The Company applied for the first time certain standards and amendments which are effective for annual periods beginning on or after January 2019. The Company has not early adopted any other standard, interpretation or amendment that has been issued if it is not yet effective.

IFRS 16, 'Leases' has been adopted in the year (effective 1 January 2019) and replaces IAS 17 as the definitive accounting standard for the recognition, measurement and disclosure of leases. The Company has adopted the standard from 1 April 2019.

Under the new standard, the Company has now recognised almost all leases, where the Company is a lessee, on the balance sheet as the distinction between finance leases and operating leases has been removed. Both short-term leases and low-value leases are exempt from IFRS 16, and instead their lease payments continue to be recognised as expenses on a straight-line basis. The approach for lessors has remained largely unchanged.

The Company has adopted the modified retrospective transition approach, with the right-of-use assets measured at the amount of the lease liability on the date of transition for all leases. The lease liability was calculated as the present value of the minimum lease payments on the date of transition.

The following practical expedients have been adopted on transition:

- Single discount rates have been applied to portfolios of leases with similar characteristics
- IFRS 16 has only been applied to contracts that were previously classified as leases
- Initial direct costs have been excluded from the measurement of right-of-use assets on the date of transition
- The lease term has been determined with the use of hindsight where the contract contains options to extend the lease

Right-of-use asset are held at cost less accumulated depreciation and impairment. Any impairments are determined in line with IAS 36, "Impairment of Assets". Depreciation is charged on a straight-line basis over the full length of the lease

#### **Going Concern**

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors consider it appropriate to continue to adopt the going concern basis in preparing these financial statements. There is a letter of support from Devonport Royal Dockyard Limited confirming they will provide the necessary support to the Company to meet their obligations as they fall due, for a period of at least 12 months from the date of signing these financial statements.

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## **Babcock Information Analytics and Security Limited**

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

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

##### **Revenue**

Revenue recognised represents income derived from contracts with customers for the provision of goods and services in the ordinary course of business. Revenue is recognised 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. The integrated output nature of many of the goods and services provided by the Company can result in contracts with one performance obligation.

##### **(b) Allocation of contract price to performance obligations**

The contract price represents the amount of consideration which the Company expects to receive in exchange for delivering the promised goods or services to the customer. Variable consideration is included in the contract price on the most likely outcome basis but only to the extent that it is highly probable that it will not reverse in the future. Given the bespoke nature of many of the goods and services the Company provides, stand-alone selling prices are generally not available and, in these circumstances, the Company allocates the contract price to performance obligations based on cost plus margin, in accordance with the Group's pricing principles. The Company's contracts typically do not include significant financing components.

##### **(c) 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.

The Company determines, for each performance obligation, whether it is satisfied over time or at a point in 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.

Most of the Company's contracts meet the requirements to satisfy performance obligations and recognise revenue over time either because 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.

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## **Babcock Information Analytics and Security Limited**

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

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

Where the Company satisfies performance obligations over time, revenue is recognised using a straight line method over the year.

Profit is recognised to the extent that the final outcome on contracts can be reliably assessed. Contract outcome assessments are carried out on a contract-by-contract basis by suitably qualified and experienced Group personnel and the assessments of all significant contracts are subject to review and challenge by local management, sector management and Group management. Assessment of outcomes are in relation to separate performance obligations and include variable consideration, measured using the most likely outcome approach, to the extent that it is highly probable that there will not be a reversal in the amount of cumulative revenue recognised. Any expected loss on a contract is recognised immediately in the income statement.

#### **Contract accounting balances**

The Company presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. The Company presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

Pre-contract costs are recognised as expenses are incurred, except that directly attributable costs are recognised as an asset and amortised over the life of the contract when it can be reliably expected that a contract will be obtained and the contract is expected to result in future net cash inflows. Post-contract award but pre-contract operational start-up mobilisation costs are recognised as an asset and amortised over the life of the contract.

#### **Intangible assets**

##### *a) Goodwill*

Goodwill relating to acquisitions prior to transition date is maintained at its net book value on the date of transition to FRS 101.

Annual impairment reviews are performed using the NPV of cash flow method. Goodwill impairment reviews are undertaken annually or more frequently if event or changes in circumstances indicate potential impairment. The carrying value is compared to the recoverable amount. Any impairment is recognised immediately as an expense and is not subsequently reversed. The Goodwill arose from acquisition of software / development / consultant businesses and is relevant to existing contracts using licences where the IP is owed by BIAS. The annual impairment review involved the preparation of a value in use model, which assumed that the existing licence IP contract with Devonport Royal Dockyard Limited would be renewed until 2027/28. A post-tax discount rate of 10% was used.

##### *b) Computer software*

Computer software includes software licences acquired plus the costs incurred in bringing the software into use and is shown at cost less accumulated amortisation and is amortised over its expected useful lives of the lower of three to five years or the remaining life of the contract it supports.

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## **Babcock Information Analytics and Security Limited**

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

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

##### **Property, plant and equipment**

Property, plant and equipment ('PPE') 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 PPE over the estimated useful lives to their estimated residual value (reassessed at each year end on Statement of financial position date) at the following annual rates:

Computer Equipment	25-33%
Fixtures and Fittings	20-25%

PPE 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.

##### **Trade receivables**

Trade receivables are stated at their cost less provision for bad debts. A provision for bad debt is established when there is objective evidence that the collection of the debt is no longer probable. During the financial year once it's established that debts are likely to be irrecoverable or uneconomic to pursue further the debt will be written off.

##### **Taxation**

###### **(a) Current income tax**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the year end on Statement of financial position date.

###### **(b) Deferred income tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the 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 substantially enacted by the year end on Statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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



## Babcock Information Analytics and Security Limited

### Notes to the financial statements (continued)

#### 3 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of financial position or yearend date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Going Concern

The one remaining contract is ongoing and expected to be extended beyond 20/21. Negotiations are currently taking place and the new contract is expected to be placed via DRDL on a single source basis to assist the contract for FMSP (MoD) and will commence on 1st April 2021. This contract will be for a minimum 5 year term. There is a letter of support from Devonport Royal Dockyard Limited confirming they will provide the necessary support to the Company to meet their obligations as they fall due, for a period of at least 12 months from the date of signing these financial statements.

#### Goodwill / Intangible impairment

A Goodwill impairment assessment took place in year and no impairment was deemed necessary due to the future positive cash flows generated from the contract mentioned within the going concern note above.

#### 4 Revenue

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

	2020 £000	2019 £000
By area of activity:		
Rendering of services	1,242	6,566
	<b>1,242</b>	<b>6,566</b>
By geographical area:		
United Kingdom	1,242	6,288
Europe	-	-
Rest of World	-	278
	<b>1,242</b>	<b>6,566</b>

# Babcock Information Analytics and Security Limited

## Notes to the financial statements (continued)

### 5 Finance Income / (expense)

	2020 £000	2019 £000
<b>Finance income:</b>		
Finance Income / (expense)	9	(2)
	<u>9</u>	<u>(2)</u>

### 6 Loss on ordinary activities before interest and taxation

Loss on ordinary activities before interest and taxation is stated after charging:

	2020 £000	2019 £000
Depreciation of property plant and equipment	73	185
Amortisation of intangible assets	91	104
Royalty fee	22	25
Parent company management charges	-	18
Audit fees payable to the Company's auditors	18	20
Operating lease charges		
- Land & buildings	-	107
- Other assets	-	30
Depreciation of ROU Assets	89	-

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

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## Babcock Information Analytics and Security Limited

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

#### 7 Staff costs

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

	2020 Number	2019 Number
<b>By activity:</b>		
Operations	-	39
Management and administration	-	10
	-	49

Their aggregate remuneration comprised:

	2020 £000	2019 £000
Wages and salaries	-	3,198
Social security costs	-	312
Other pension costs	-	345
	-	3,855

The pension costs were £nil (2019: £345,000) due to all staff now transferred under TUPE to other Babcock Entities.

#### 8 Directors' remuneration

The remuneration of the Company's directors, including pension contributions, was paid by other Group companies of the Babcock International Group PLC. No recharge was made to the Company and the directors received no remuneration for their services as directors of the Company as it was not able to reasonably apportion the costs.

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**Babcock Information Analytics and Security Limited****Notes to the financial statements (continued)****9 Income tax****Tax (credit) / charge included in income statement**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Current tax:</b>		
UK Corporation tax on profits for the year	-	-
<b>Current tax charge for the year</b>	<b>-</b>	<b>-</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(25)	(25)
Adjustments in respect of deferred tax for prior years	11	49
Impact of change in UK tax rate	(13)	4
<b>Total deferred tax (credit) / charge (note 14)</b>	<b>(27)</b>	<b>28</b>
<b>Tax on profit on ordinary activities</b>	<b>(27)</b>	<b>28</b>

Tax charge for the year is lower (2019: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 March 2020 of 19% (2019: 19%). The differences are explained below:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Loss on ordinary activities before taxation</b>	<b>(34)</b>	<b>(170)</b>
Loss on ordinary activities multiplied by standard UK corporation tax rate of 19% (2019: 19%)	(6)	(32)
Effects of:		
Expenses not deductible for tax purposes	-	-
Group relief surrendered for nil consideration	(19)	7
Impact of change in UK tax rate	(13)	4
Adjustments in respect of deferred tax for prior years	11	49
<b>Total tax (credit) / charge for the year</b>	<b>(27)</b>	<b>28</b>

In the UK 2019 Budget it was announced that the UK corporation tax rate would not reduce to 17% but would remain at 19% from April 2020. As a result of this change, UK deferred tax balances have been re-measured at 19% as this is the tax rate that will apply on reversal.

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**Babcock Information Analytics and Security Limited****Notes to the financial statements (continued)****10 Intangible assets**

	<b>Software £000</b>	<b>Goodwill £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 April 2019 and at 31 March 2020	<b>1,832</b>	<b>2,116</b>	<b>3,948</b>
<b>Accumulated amortisation and impairment</b>			
At 1 April 2019	(1,653)	(1,699)	(3,352)
Amortisation of software	(91)	-	(91)
At 31 March 2020	<b>(1,744)</b>	<b>(1,699)</b>	<b>(3,443)</b>
<b>Book value 31 March 2020</b>	<b>88</b>	<b>417</b>	<b>505</b>
At 31 March 2019	179	417	596

The financial statements depart from the requirements of the Companies Act 2006 to amortise goodwill over a finite period in order to give a true and fair view as required by FRS 101.

**11 Property, plant and equipment**

	<b>Computer Equipment £000</b>	<b>Fixtures and Fittings £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 April 2019	941	225	1,166
Additions	-	-	-
Disposals	-	-	-
<b>At 31 March 2020</b>	<b>941</b>	<b>225</b>	<b>1,166</b>
<b>Accumulated depreciation</b>			
At 1 April 2019	(912)	(170)	(1,082)
Charge for the year	(29)	(44)	(73)
Disposals	-	-	-
At 31 March 2020	<b>(941)</b>	<b>(214)</b>	<b>(1,155)</b>
<b>Net book value</b>			
<b>At 31 March 2020</b>	<b>-</b>	<b>11</b>	<b>11</b>
At 31 March 2019	29	55	84

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**Babcock Information Analytics and Security Limited****Notes to the financial statements (continued)****11 Property, plant and equipment (continued)****Right of use assets**

	<b>Property</b>
	<b>£000</b>
<b>Cost</b>	
At 1 April 2019	-
Transition to IFRS 16	122
Additions	-
Modifications	-
Terminations	-
<b>At 31 March 2020</b>	<b>122</b>
<b>Accumulated depreciation</b>	
At 1 April 2019	-
Transition to IFRS 16	-
Charge for the year	(89)
Terminations	-
<b>At 31 March 2020</b>	<b>(89)</b>
<b>Net book value</b>	
<b>At 31 March 2020</b>	<b>33</b>

**12 Trade and other receivables**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
		Restated
<b>Amounts falling due within one year:</b>		
Trade receivables	406	817
Amounts due from customers for contract work	-	267
Amounts owed by group undertakings	306	615
Deferred tax asset (note 14)	150	123
Prepayments and accrued income	168	177
	<b>1,030</b>	<b>1,999</b>
	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due after one year:</b>		
Amounts owed by group undertakings	5,778	5,778
	<b>5,778</b>	<b>5,778</b>

## Babcock Information Analytics and Security Limited

### Notes to the financial statements (continued)

#### 12 Trade and other receivables (continued)

Following a re-assessment of receivables, the prior period statement of financial position has been restated to show £5,778,000 of amounts owed by Group undertakings as falling due after more than one year. There has been no change to the total trade and other receivables, total assets less current liabilities or total net assets. Amounts owed by parent and group undertakings are unsecured, interest free and repayable on demand.

Trade receivables are stated after provisions for impairment of £nil (2019: £nil).

	Amounts due for contract work £000	Total £000
At 31 March 2019	267	267
31 March 2019 - restated	267	267
Transfers from contract assets recognised at the beginning of the year to receivables	(267)	(267)
Increase due to work done not recognised in the income statement	-	-
At 31 March 2020	-	-

#### 13 Trade and other payables

	2020 £000	2019 £000
<b>Amounts falling due within one year:</b>		
Trade creditors	322	98
Amounts owed to parent and group undertakings	5,177	6,770
Taxation and social security	180	18
UK corporation tax payable	1,751	1,751
Payments received on account	-	77
Accruals and deferred income	113	102
	<b>7,543</b>	<b>8,816</b>

Amounts owed to parent and group undertaking are unsecured, interest free and repayable on demand.

Group tax relief represents the full balance of the UK Corporation tax payable above and it 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 17).

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## Babcock Information Analytics and Security Limited

### Notes to the financial statements (continued)

#### 14 Deferred taxation

The major components of the deferred tax assets are recorded as follows:

Deferred tax asset	Deferred capital allowances £000	Other £000	Total £000
At 1 April 2019:	123	-	123
- Credited to the income statement	5	22	27
At 31 March 2020	128	22	150

#### 15 Called up share capital

	2020 £000	2019 £000
<b>Allotted and fully paid</b>		
349,097 ordinary shares of £1 each (2019: 349,097)	349	349
50,000 preference shares of £1 each (2019: 50,000)	50	50
	<b>399</b>	<b>399</b>

#### 16 Dividends

No Dividends were received in year (2019: nil).

#### 17 Guarantees and financial commitments

##### Contingent liabilities

At the year end the Company had guaranteed or had joint and several liability for drawn Babcock International Group PLC bank facilities of £nil (2019: £nil) provided to certain group companies. In addition, the Company at the year-end had joint and several liabilities for the drawn bank overdraft facilities of other group companies of £nil (2019: £nil).

No securities have been provided by the Company in relation to these contingent liabilities. There is no current expectation that these contingent liabilities will crystallize.



# Babcock Information Analytics and Security Limited

## Notes to the financial statements (continued)

### 18 Lease liabilities

	2020 £000	2019 £000 On transition
Within one year	33	89
In more than one year, but not more than five years	-	33
After five years	-	-
Carrying value of liability	<u>33</u>	<u>122</u>

At 31 March 2020, the Company had future minimum rentals payable under non-cancellable operating leases as follows:

The entity leased two offices within the financial year, however only one remained as at 01 April 2020.

The Gloucester site lease ended on the 16 April 2020 (rent paid in advance) and has not been renewed.

The Lincoln House lease break clause was executed during the year and the lease finished on the 2<sup>nd</sup> July 2020, at which point it became a tenancy at will on a one month rolling agreement. This is in place until the new lease terms are agreed. The new lease however, will be contracted through another part of Babcock (Devonport Royal Dockyard Limited). In the absence of a formal sublease agreement with DRDL we haven't recognised a ROU asset or lease liability in the BIAS accounts for the period after the 2<sup>nd</sup> July 2020.

The table below explains the difference between the total operating lease commitments recognised under IAS 17 as at 31 March 2019 and the total lease liability recognised on transition to IFRS 16 as at 1 April 2019.

	Total £000
Operating lease commitments at 31 March 2019	128
Effect of discounting	<u>(6)</u>
<b>IFRS 16 lease liability at 1 April 2019</b>	<b><u>122</u></b>

The weighted average incremental borrowing rate applied to the lease liabilities at the date of transition was 4.7%.

## **Babcock Information Analytics and Security Limited**

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

#### **19 Related party disclosures**

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

#### **20 Subsidiary, and associate and Joint Venture undertakings**

All related undertakings for the Company are as listed below:

There were no related undertakings as at March 20 (LOCAM Limited, an investment with a carrying value of £1, was dissolved on the 21<sup>st</sup> January 2020).

#### **21 Ultimate parent undertaking**

The Company's immediate parent company is Babcock Information Analytics and Security Holdings Limited. 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

#### **22 Events after reporting date**

As 2019/20 drew to a close, the impact of COVID-19 measures came into force. Working closely with the MOD, the Company continues to implement government guidelines and review operational support priorities. This had no impact on the one remaining contract or to FY20 financial statements.

Renegotiation continues of the renewal of the MCWE licence contract and is unaffected by the COVID-19 measures mentioned above. Therefore is still expected to be on contract early 2021, with a contract start date of 1<sup>st</sup> April 2021.