

Registration number: 04154556

# QinetiQ Holdings Limited

Annual report and financial statements

for the year ended 31 March 2017

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## **QinetiQ Holdings Limited**

### **Contents**

Strategic report	1
Directors' report	2
Statement of Directors' responsibilities in respect of the strategic report, Directors' report and the financial statements	3
Independent auditor's report to the members of QinetiQ Holdings Limited	4 to 5
Profit and loss account	6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10 to 16

## **QinetiQ Holdings Limited**

### **Strategic report for the year ended 31 March 2017**

The Directors present their strategic report for the year ended 31 March 2017.

#### **Principal activity**

The principal activity of the Company is to act as a holding company.

#### **Business review**

The loss on ordinary activities before taxation was £7.5m (2016: loss of £6.1m).

On 21 December 2016, QinetiQ Group acquired 100 per cent of the issued share capital of Meggitt Target Systems Limited ('MTSL') for £45.0m. MTSL is a provider of unmanned aerial, naval and land-based target systems and services for test and evaluation and operational training and rehearsal. On the date of acquisition, MTSL changed its name to QinetiQ Target Systems Limited.

#### **Principal risks and uncertainties**

The key risks and uncertainties impacting on the Company relate to the following:

- Weak performance from a subsidiary company resulting in the write down of the Company's investments;
- The Company is a participating employer of the QinetiQ pension scheme, a Defined Benefit Scheme. In the event of default by the participating employers of the Defined Benefit Scheme, QinetiQ Holdings Limited could be held liable for the pension liabilities of the other participating employers; and
- Significant breach of relevant laws and regulations.

#### **Key performance indicators ('KPI')**

Given the straightforward nature of the business, the Directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

Approved by the Board on <sup>28/7/17</sup> and signed on its behalf by:



Jon Messent  
Company Secretary and Director  
Cody Technology Park  
Ively Road  
Farnborough  
Hampshire  
GU14 0LX

**QinetiQ Holdings Limited**  
**Directors' report for the year ended 31 March 2017**

The Directors present their report and the financial statements for the year ended 31 March 2017.

**Directors of the company**

The Directors who held office during the year were as follows:

David Mellors (resigned 31 December 2016)

Jon Messent - Company Secretary and Director

Malcolm Coffin (appointed 3 January 2017)

Stephen Webster

**Dividends**

The Company paid dividends of £nil (2016: £nil) to its parent undertaking, QinetiQ Group Holdings Limited. In the current year, the Company received dividends of £nil (2016: £nil) from its subsidiary undertakings.

**Research and development**

The Company had no research and development activity in the year (2016: £nil).

**Political and charitable contributions**

The Company made no political or charitable contributions during the year (2016: £nil).

**Employees**

The average number of people employed by the Company during the year was 6 (2016: 6).

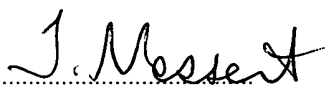
**Disclosure of information to the auditor**

The Directors who held office at the date of approval of this Directors' report confirm, that as far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and they have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

Following the completion of the external audit tender process, KPMG LLP will not seek reappointment following the issue of its audit report on the financial statements for the year ended 31 March 2017. PricewaterhouseCoopers LLP have expressed their willingness to be appointed as auditor of the Company by the Directors.

Approved by the Board on 28/7/17 and signed on its behalf by:



Jon Messent  
Company Secretary and Director  
Cody Technology Park  
Ively Road  
Farnborough  
Hampshire  
GU14 0LX

## **QinetiQ Holdings Limited**

### **Statement of Directors' responsibilities in respect of the strategic report, Directors' report and the financial statements**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable laws and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS101 '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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of QinetiQ Holdings Limited**

We have audited the financial statements of QinetiQ Holdings Limited for the year ended 31 March 2017, set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS101 'Reduced Disclosure Framework'.

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' responsibilities in respect of the strategic report, Directors' report and the financial statements (set out on page 3), the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic report and Directors' report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

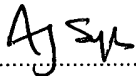
- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

## **Independent auditor's report to the members of QinetiQ Holdings Limited (continued)**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.



.....  
Anthony Sykes (Senior Statutory Auditor)  
For and on behalf of KPMG LLP, Statutory Auditor

KPMG LLP  
15 Canada Square  
London  
E14 5GL

Date: 28/7/17

**QinetiQ Holdings Limited**  
**Profit and loss account for the year ended 31 March**

	Note	2017 £ m	2016 £ m
Operating expense		<u>(1.2)</u>	<u>(0.1)</u>
<b>Operating loss</b>	3	<b>(1.2)</b>	<b>(0.1)</b>
Net finance expense	4	<u>(6.3)</u>	<u>(6.0)</u>
<b>Loss before taxation</b>		<b>(7.5)</b>	<b>(6.1)</b>
Taxation	5	<u>-</u>	<u>-</u>
<b>Loss for the year</b>		<b><u>(7.5)</u></b>	<b><u>(6.1)</u></b>

All amounts derive from continuing operations.



**QinetiQ Holdings Limited****Statement of comprehensive income for the year ended 31 March**

	Note	2017 £ m	2016 £ m
Loss for the year		(7.5)	(6.1)
<b>Other comprehensive expense</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Fair value loss on current asset investment	7	<u>(0.1)</u>	<u>(0.2)</u>
<b>Total comprehensive expense for the year</b>		<u><b>(7.6)</b></u>	<u><b>(6.3)</b></u>

The notes on pages 10 to 16 form an integral part of these financial statements.

**QinetiQ Holdings Limited**  
**Balance sheet as at 31 March**

	Note	2017 £ m	2016 £ m
<b>Fixed assets</b>			
Investments	6	260.5	215.5
<b>Current assets</b>			
Debtors	8	0.3	30.4
Investments	7	0.4	0.5
Cash at bank and in hand		<u>0.1</u>	<u>0.1</u>
		0.8	31.0
Creditors: amounts falling due within one year	9	<u>(113.5)</u>	<u>(95.8)</u>
<b>Net current liabilities</b>		<u>(112.7)</u>	<u>(64.8)</u>
Total assets less current liabilities		147.8	150.7
Creditors: amounts falling due after more than one year	10	<u>(164.0)</u>	<u>(159.3)</u>
<b>Net liabilities</b>		<u>(16.2)</u>	<u>(8.6)</u>
<b>Capital and reserves</b>			
Called up share capital	11	0.1	0.1
Profit and loss account		<u>(16.3)</u>	<u>(8.7)</u>
<b>Shareholders' deficit</b>		<u>(16.2)</u>	<u>(8.6)</u>

The financial statements of QinetiQ Holdings Limited (Company number 04154556) were approved by the Board on 28/07/17 and signed on its behalf by:



Malcolm Coffin

Director

**QinetiQ Holdings Limited**  
**Statement of changes in equity for the year ended 31 March**

	Share capital £ m	Retained earnings £ m	Total £ m
<b>At 1 April 2016</b>	0.1	(8.7)	(8.6)
Loss for the year	-	(7.5)	(7.5)
Other comprehensive expense	-	(0.1)	(0.1)
	<hr/>	<hr/>	<hr/>
Total comprehensive expense	-	(7.6)	(7.6)
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2017</b>	<b>0.1</b>	<b>(16.3)</b>	<b>(16.2)</b>

	Share capital £ m	Retained earnings £ m	Total £ m
<b>At 1 April 2015</b>	0.1	(2.4)	(2.3)
Loss for the year	-	(6.1)	(6.1)
Other comprehensive expense	-	(0.2)	(0.2)
	<hr/>	<hr/>	<hr/>
Total comprehensive expense	-	(6.3)	(6.3)
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2016</b>	<b>0.1</b>	<b>(8.7)</b>	<b>(8.6)</b>

The notes on pages 10 to 16 form an integral part of these financial statements.

# **QinetiQ Holdings Limited**

## **Notes to the financial statements**

### **1 Basis of preparation and accounting policies**

The following accounting policies have been applied consistently to all periods presented in dealing with items that are considered material in relation to the financial statements.

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS101'), with the exception of current asset investments.

In these financial statements, the Company has applied the exemptions available under FRS101 in respect of the following disclosures:

- a cash flow statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs; and
- disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of QinetiQ Group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS101 available in respect of the following:

- certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods; and
- the disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives.

The Company has taken the exemption under s.400 of the Companies Act 2006 from the requirement to prepare Group financial statements on the grounds that the ultimate parent undertaking includes the Company in its own published consolidated financial statements. Accordingly these financial statements present information about the Company as an individual undertaking and not as a group.

#### **Going concern**

The financial statements have been prepared on the going concern basis which the Directors believe to be appropriate for the following reasons; whilst the Company has net current liabilities, the Company's immediate parent QinetiQ Group Holdings Limited has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company. The Directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any Company placing reliance on other Group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

#### **Investments**

Fixed asset investments are stated at cost less any impairment in value. Current asset investments are held at fair value.

#### **Taxation**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

**QinetiQ Holdings Limited**  
**Notes to the financial statements (continued)**

**1 Basis of preparation and accounting policies (continued)**

**Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction and gains and losses on transactions are included in the profit and loss account.

**Dividends**

Dividends received are shown on the face of the profit and loss account as income from shares in Group undertakings. Dividends paid are shown as a movement in reserves.

**2 Directors and employees**

None of the Directors received any emoluments from the Company for their services during the year (2016: £nil). All Directors' fees or emoluments were paid by QinetiQ Limited and the amount attributable to the qualifying services by the Directors to the Company cannot be reliably estimated. The average number of persons employed by the Company during the year was 6 (2016: 6). The following costs were borne by another Group company, QinetiQ Limited, which was receiving the benefit of the services provided by these employees.

	2017 £ m	2016 £ m
Wages and salaries	0.9	0.8
Pension and other post-employment benefit costs	0.1	0.1
	<u>1.0</u>	<u>0.9</u>

**3 Operating loss**

The transaction costs in respect of the acquisition of Meggitt Target Systems of £0.8m (2016: £nil) have been included in 'Operating expenses'.

The auditor's remuneration is borne by another Group subsidiary, QinetiQ Limited, and recharged to the Company as part of a management fee. The amount included in the management fee for audit fees amounted to £15,000 (2016: £15,000). The amount paid to the Company's auditor for non-audit fees during the year was £nil (2016: £nil).

**4 Net finance expense**

	2017 £ m	2016 £ m
Receivable on bank deposits	-	0.1
Interest receivable from Group undertakings	0.7	0.9
<b>Interest receivable and similar income</b>	<u>0.7</u>	<u>1.0</u>
Interest payable to Group undertakings	(7.0)	(7.0)
<b>Interest payable and similar expenses</b>	<u>(7.0)</u>	<u>(7.0)</u>
<b>Net finance expense</b>	<u>(6.3)</u>	<u>(6.0)</u>

**QinetiQ Holdings Limited**  
**Notes to the financial statements (continued)**

**5 Income tax**

**(a) Analysis of tax charge in the year**

	<b>2017</b>	<b>2016</b>
	<b>£ m</b>	<b>£ m</b>
Current tax charge for the year	<u>-</u>	<u>-</u>

**(b) Tax charge reconciliation**

The total tax expense for the year is lower than the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are reconciled below:

	<b>2017</b>	<b>2016</b>
	<b>£ m</b>	<b>£ m</b>
Loss before tax	<u>(7.5)</u>	<u>(6.1)</u>
Current tax at 20% (2016: 20%)	(1.5)	(1.2)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	1.6	0.5
Group relief for nil consideration	-	0.7
Utilisation of previously unrecognised non trade losses	<u>(0.1)</u>	<u>-</u>
<b>Tax for the year</b>	<u><u>-</u></u>	<u><u>-</u></u>

**(c) Factors that may affect future tax charges**

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) had previously been substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

At 31 March 2017 the Company has unused tax losses of £0.1m (2016: £0.4m) potentially available for offset against future non-trading profits. As a result of the tax losses, the Company has a potential deferred tax asset of approximately £nil (2016: £0.1m). This asset has not been recognised in the accounts. The unprovided asset will potentially be recovered if the Company starts to make significant taxable profits against which the losses may be offset.

**6 Investments in subsidiary undertakings**

	<b>2017</b>	<b>2016</b>
	<b>£ m</b>	<b>£ m</b>
At 1 April	215.5	215.5
Additions	<u>45.0</u>	<u>-</u>
<b>At 31 March</b>	<u><u>260.5</u></u>	<u><u>215.5</u></u>

**QinetiQ Holdings Limited**  
**Notes to the financial statements (continued)**

**6 Investments in subsidiary undertakings (continued)**

On 21 December 2016, QinetiQ Group acquired 100 per cent of the issued share capital of Meggitt Target Systems Limited ('MTSL') for £45.0m. MTSL is a provider of unmanned aerial, naval and land-based target systems and services for test and evaluation and operational training and rehearsal. On the date of acquisition, MTSL changed its name to QinetiQ Target Systems Limited.

QinetiQ Holdings Limited has investments in the following subsidiary undertakings and other investments.

<b>Undertaking,<sup>1,3</sup></b>	<b>Country of incorporation</b>	<b>Registered office<sup>4</sup></b>
<b>Subsidiaries</b>		
Boldon James Holdings Limited	England & Wales	Farnborough
cueSim Limited	England & Wales	Farnborough
Commerce Decisions Limited	England & Wales	Farnborough
Precis (2188) Limited	England & Wales	Farnborough
QinetiQ Defence Training Limited	England & Wales	Farnborough
QinetiQ Investments Limited	England & Wales	Farnborough
QinetiQ Limited	England & Wales	Farnborough
QinetiQ Overseas Holdings Limited	England & Wales	Farnborough
QinetiQ Overseas Trading Limited	England & Wales	Farnborough
Trusted Experts Limited	England & Wales	Farnborough
QinetiQ GP Limited	Scotland	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, Scotland
QinetiQ Pension Scheme Trustee Limited	England & Wales	Farnborough
QinetiQ Target Systems Limited	England & Wales	Farnborough
<b>Other investments<sup>2</sup></b>		
Precis (2187) Limited	England & Wales	Farnborough
Trillium International - I, L.P.	Cayman Islands	179 Sully's Trail, Suite 305, Pittsford, NY, 14534, USA

<sup>1</sup> The Company owned 100% of the ordinary shares of the subsidiary undertakings except for Precis (2188) Limited (75%). An additional 25% is held by QinetiQ Investments Limited

<sup>2</sup> The Company owned 25% of Precis (2187) Limited and 25% of Trillium LP Fund 1. An additional 75% of Precis (2187) Limited is held by Precis (2188) Limited

<sup>3</sup> Accounting reference date is 31 March. All subsidiary undertakings listed above have financial year ends of 31 March except for QinetiQ Target Systems Limited (31 December)

<sup>4</sup> The Farnborough registered office address is Cody Technology Park, Ively Road, Farnborough, Hampshire, GU14 0LX.

**QinetiQ Holdings Limited**  
**Notes to the financial statements (continued)**

**7 Current asset investments**

	<b>2017</b>	<b>2016</b>
	<b>£ m</b>	<b>£ m</b>
At 1 April	0.5	0.7
Fair value loss on current asset investment	<u>(0.1)</u>	<u>(0.2)</u>
At 31 March	<u>0.4</u>	<u>0.5</u>

At 31 March 2016 the Company held a 0.7% (2016: 0.7%) holding in pSivida Limited, a company incorporated in Australia and engaged in research and development activity. An additional 1.9% of this company is held by QinetiQ Limited. The Company's carrying value of this investment decreased by £0.1m during the year (2016: decreased by £0.2m) to reflect its current market value at 31 March 2017. The fair value loss was recognised in the statement of other comprehensive income.

**8 Debtors**

	<b>2017</b>	<b>2016</b>
	<b>£ m</b>	<b>£ m</b>
Amounts owed by fellow subsidiary undertakings	<u>0.3</u>	<u>30.4</u>

Amounts owed by fellow subsidiary undertakings include an amount of £nil (2016: £nil) that will mature after more than one year.

**9 Creditors: amounts falling due within one year**

	<b>2017</b>	<b>2016</b>
	<b>£ m</b>	<b>£ m</b>
Amounts owed to Group undertakings	27.8	12.2
Amount owed to ultimate parent undertaking	<u>85.7</u>	<u>83.6</u>
	<u>113.5</u>	<u>95.8</u>

**10 Creditors: amounts falling due after more than one year**

	<b>2017</b>	<b>2016</b>
	<b>£ m</b>	<b>£ m</b>
Amount owed to immediate parent undertaking	<u>164.0</u>	<u>159.3</u>



**QinetiQ Holdings Limited**  
**Notes to the financial statements (continued)**

**11 Share capital**

	Ordinary shares Number <sup>1</sup>	Special share Number <sup>1</sup>
<b>Allotted, called-up and fully paid</b>		
At 1 April 2016	50,100	1
<b>At 31 March 2017</b>	<u>50,100</u>	<u>1</u>

<sup>1</sup> Issued and fully paid of £1 each

	Ordinary shares £	Special share £
<b>Allotted, called-up and fully paid</b>		
At 1 April 2016	50,100	1
<b>At 31 March 2017</b>	<u>50,100</u>	<u>1</u>

Special share - QinetiQ Group plc and its subsidiaries ('QinetiQ') carry out activities which are important to UK defence and security interests. To protect these interests in the context of the ongoing commercial relationship between the MOD and QinetiQ, and to promote and reinforce the Compliance Principles, the MOD holds a Special Share in the Company. The Special Share confers certain rights on the holder:

- (a) to require the Group to implement and maintain the Compliance System (as defined in the Articles of Association) so as to make at all times effective its and each member of QinetiQ Controlled Group's application of the Compliance Principles, in a manner acceptable to the Special Shareholder;
- (b) to refer matters to the Board for its consideration in relation to the application of the Compliance Principles;
- (c) to require the Board to obtain Special Shareholder's consent:
  - (i) if at any time when the chairman is not a British Citizen, it is proposed to appoint any person to the office of chief executive, who is not a British Citizen; and
  - (ii) if at any time when the chief executive is not a British Citizen, it is proposed to appoint any person to the office of chairman, who is not a British Citizen;
- (d) to require the Board to take action to rectify any omission in the application of the Compliance Principles, if the Special Shareholder is of the opinion that such steps are necessary to protect the defence or security interests of the United Kingdom; and
- (e) to demand a poll at any of QinetiQ's meetings (even though it may have no voting rights except those specifically set out in the Articles).

The Special Shareholder has an option to purchase defined Strategic Assets of the Group in certain circumstances. The Special Shareholder has, inter alia, the right to purchase any Strategic Assets which the Group wishes to sell. Strategic Assets are normally testing and research facilities.

## **QinetiQ Holdings Limited**

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

#### **11 Share capital (continued)**

The Special Share may only be issued to, held by and transferred to HM Government (or as it directs). At any time the Special Shareholder may require QinetiQ to redeem the Special Share at par. If QinetiQ is wound up the Special Shareholder will be entitled to be repaid the capital paid up on the Special Share before other shareholders receive any payment. The Special Shareholder has no other right to share in the capital or profits of QinetiQ.

The Special Shareholder must give consent to a general meeting held on short notice.

The Special Share entitles the Special Shareholder to require certain persons who hold (together with any person acting in concert with them) a material interest in QinetiQ to dispose of some or all of their Ordinary Shares in certain prescribed circumstances on the grounds of national security or conflict of interest.

The Directors must register any transfer of the Special Share within seven days.

#### **12 Contingent liabilities**

QinetiQ Holdings Limited is a participating employer of the QinetiQ pension scheme, a Defined Benefit Scheme. The majority of scheme members are employed by subsidiaries of QinetiQ Holdings Limited, and all costs and related pension net assets or liabilities are charged to and reported in these entities. In the event of default by the participating employers of the Defined Benefit Scheme, QinetiQ Holdings Limited could be held liable for the pension liabilities of the other participating employers. The net asset at 31 March 2017, reported in the consolidated financial statements of QinetiQ Group plc, is £156.0m (2016: net liability of £37.7m). No asset or liability is recognised by QinetiQ Holdings Limited.

#### **13 Parent undertaking and controlling party**

The ultimate parent undertaking and controlling party is QinetiQ Group plc, a company registered in England and Wales. The immediate parent undertaking is QinetiQ Group Holdings Limited, a company registered in England and Wales. The financial statement of QinetiQ Holdings Limited are consolidated in the financial statements of QinetiQ Group plc. Copies of the consolidated financial statements of QinetiQ Group plc are available from the Company Secretary, QinetiQ Group plc, Cody Technology Park, Ively Road, Farnborough, Hampshire, GU14 0LX.