

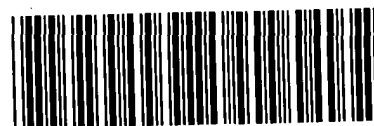
Registration number: 04154556

QinetiQ Holdings Limited

Annual report and financial statements

for the year ended 31 March 2019

THURSDAY



A89XEIKJ

A14

18/07/2019

#393

COMPANIES HOUSE

QinetiQ Holdings Limited

Contents

Strategic report	1
Directors' report	2 to 4
Independent auditors' report to the members of QinetiQ Holdings Limited	5 to 8
Profit and loss account	9
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13 to 21

Year references (2019, 2018) refer to the Company's fiscal year ending 31 March

QinetiQ Holdings Limited

Strategic report for the year ended 31 March 2019

The Directors present their strategic report for the year ended 31 March 2019.

Principal activity

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

Business review

The profit before taxation was £34.5m (2018: profit of £129.6m) and net assets were £19.2m (2018: net assets of £8.5m).

On 19 November 2018 the Company acquired 85% of the shares of Inzpire Group Limited for a total consideration of £22.9m with an arrangement to acquire the remaining 15% after two years.

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; and
- 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 scheme, QinetiQ Holdings Limited could be held liable for the pension liabilities of the other participating employers.

These risks are managed and monitored at group level.

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 12 July 2019 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 2019

The Directors present their report and the financial statements for the year ended 31 March 2019.

The Company is a private company limited by shares and is incorporated, registered and domiciled in United Kingdom, registered number 04154556. The address of the registered office is Cody Technology Park, Ively Road, Farnborough, Hampshire, GU14 0LX.

Directors of the company

The Directors who held office during the year and up to the date of signing the financial statements were:

Jon Messent - Company Secretary and Director

Malcolm Coffin

Stephen Webster

Future developments

The Company expects to continue operating with its principal activity as outlined in the Strategic Report for the foreseeable future.

Dividends

The Company paid dividends of £23.6m (2018: £104.8m) to its parent undertaking, QinetiQ Group Holdings Limited. In the current year, the Company received dividends of £40.2m (2018: £136.3m) from its subsidiary undertakings.

The Directors have not recommended payment of a final dividend.

Research and development

The Company had no research and development activity in the year (2018: £nil).

Political and charitable contributions

The Company made no political or charitable contributions during the year (2018: £nil).

Financial risk management

The Company is exposed to limited financial risks, which include credit risk and interest rate risk, due to the nature of its operations. The Company is a subsidiary of QinetiQ Group plc and another Group company, QinetiQ Limited, has appropriate policies and procedures to allow it to manage credit risk and interest rate risk, and these are used to limit the financial exposures to the Company.

Credit risk

Credit risk arises in respect of amounts owed by fellow subsidiary undertakings. These are reviewed regularly and form part of the financing arrangements for the QinetiQ Group plc group.

Interest rate risk

The Company has interest bearing inter-company balances which earn or accrue interest at fixed rate plus LIBOR. In order to ensure stability of cash outflows and hence manage interest rate risk, the Company has access to fixed interest rate loans from fellow subsidiary undertakings. The Company does not use derivative financial instruments to manage interest rate costs.

The Directors will revisit the appropriateness of this approach to risk management should the Company's operations change in size or nature.

Employees

The average number of people employed by the Company during the year was 5 (2018: 6).

QinetiQ Holdings Limited
Directors' report for the year ended 31 March 2019 (continued)

Disclosure of information to the auditors

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 auditors are 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 auditors are aware of that information.

Independent Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare 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 these financial statements, the Directors are required to:

- select suitable accounting policies and 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 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.

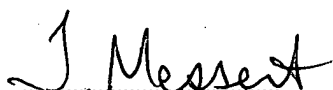
QinetiQ Holdings Limited
Directors' report for the year ended 31 March 2019 (continued)

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is 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 that information.

Approved by the Board on 12 July 2019 and signed on its behalf by:



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

Independent auditors' report to the members of QinetiQ Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, QinetiQ Holdings Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its profit 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 and financial statements (the 'Annual Report'), which comprise: the Balance sheet as at 31 March 2019; the Profit and loss account, 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

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

Independent auditors' report to the members of QinetiQ Holdings 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 Strategic Report and 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.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2019 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 Strategic Report and Directors' Report.

Independent auditors' report to the members of QinetiQ Holdings Limited (continued)

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 set out on page 3, 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 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 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.

Independent auditors' report to the members of QinetiQ Holdings Limited (continued)

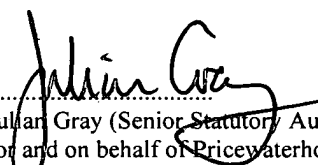
Other required reporting

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.


.....
Julian Gray (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountant and Statutory Auditors
Southampton

Date: 15 July 2019

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

	Note	2019 £ m	2018 £ m
Administrative expenses		<u>(0.7)</u>	<u>-</u>
Operating loss	3	(0.7)	-
Gain on sale of investment		0.4	-
Impairment of investment	6	<u>-</u>	<u>(2.9)</u>
Loss before net finance expense and income from shares in Group undertakings		(0.3)	(2.9)
Finance expense	4	<u>(5.4)</u>	<u>(3.8)</u>
Income from shares in Group undertakings		<u>40.2</u>	<u>136.3</u>
Profit before taxation		34.5	129.6
Tax on profit	5	<u>-</u>	<u>-</u>
Profit for the financial year		<u>34.5</u>	<u>129.6</u>

All amounts derive from continuing operations.

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

	2019	2018
	£ m	£ m
Profit for the financial year	<u>34.5</u>	<u>129.6</u>
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Fair value gain/(loss) on current asset investment	0.2	(0.1)
Recycling of gain on disposal of investment	<u>(0.4)</u>	<u>-</u>
	<u>(0.2)</u>	<u>(0.1)</u>
Total comprehensive income for the financial year	<u>34.3</u>	<u>129.5</u>

The notes on pages 13 to 21 form an integral part of these financial statements.

QinetiQ Holdings Limited
Balance sheet as at 31 March

	Note	2019 £ m	2018 £ m
Fixed assets			
Investments	6	283.4	260.5
Current assets			
Debtors	7	11.9	-
Investments	8	-	0.3
Cash at bank and in hand		0.1	0.1
		<u>12.0</u>	<u>0.4</u>
Creditors: amounts falling due within one year	9	<u>(276.2)</u>	<u>(252.4)</u>
Net current liabilities		<u>(264.2)</u>	<u>(252.0)</u>
Net assets		<u>19.2</u>	<u>8.5</u>
Capital and reserves			
Called up share capital	10	0.1	0.1
Retained earnings		<u>19.1</u>	<u>8.4</u>
Total shareholders' funds		<u>19.2</u>	<u>8.5</u>

The financial statements of QinetiQ Holdings Limited (Company number 04154556) on pages 9 to 21 were approved by the Board on 12 July 2019 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	(Accumulated losses)/Retained earnings £ m	Total £ m
At 1 April 2017	0.1	(16.3)	(16.2)
Profit for the financial year	-	129.6	129.6
Other comprehensive expense	-	(0.1)	(0.1)
Total comprehensive income	-	129.5	129.5
Dividends	-	(104.8)	(104.8)
At 31 March 2018	0.1	8.4	8.5

	Share capital £ m	Retained earnings £ m	Total £ m
At 1 April 2018	0.1	8.4	8.5
Profit for the financial year	-	34.5	34.5
Other comprehensive expense	-	(0.2)	(0.2)
Total comprehensive income	-	34.3	34.3
Dividends	-	(23.6)	(23.6)
At 31 March 2019	0.1	19.1	19.2

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 in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). The financial statements have been prepared on the historical cost basis, modified by financial assets held at fair value through profit and loss, and the financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

In these financial statements, the Company has applied the exemptions available under FRS 101 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.

QinetiQ Holdings Limited

Notes to the financial statements (continued)

1 Basis of preparation and accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. The de-recognition of a financial instrument takes place when the Company no longer controls the contractual right that comprise the financial instrument, when the instrument expires, or when the instrument is sold, terminated or exercised.

Amounts owed by fellow subsidiary undertakings are stated at their amortised cost, reduced where there is evidence that the Company may not be able to collect the amount due.

Financial assets

Financial assets are classified on the Company's balance sheet as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. This classification is made on the basis of both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Impairment of financial assets

The Company assesses, at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets are impaired. The Company applies IFRS 9 to measure expected credit losses.

Financial liabilities

Financial liabilities are classified on the Company's balance sheet as subsequently measured at amortised cost except for financial liabilities at fair value through profit and loss. The Company may at initial recognition irrevocably designate a financial liability as measured at fair value through profit or loss if a contract contains one or more embedded derivatives and the host is not an asset within the scope of IFRS 9, or when doing so results in more relevant information.

Taxation

The taxation charge is based on the taxable profit for the year and takes into account taxation deferred because of temporary differences between the treatment of certain items for taxation and accounting purposes. Current tax and deferred tax are charged or credited to the profit and loss account, except where they relate to items charged or credited to equity, in which case the relevant tax is charged or credited to equity. Deferred taxation is the tax attributable to the temporary differences that appear when taxation authorities recognise and measure assets and liabilities with rules that differ from those of the financial statements. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using rates enacted or substantively enacted at the balance sheet date.

Any changes in the tax rates are recognised in the income statement unless related to items directly recognised in equity. Deferred tax liabilities are recognised on all taxable temporary differences excluding non-deductible goodwill. Deferred tax assets are recognised on all deductible temporary differences provided that it is probable that future taxable income will be available against which the asset can be utilised. Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset and there is an intention to settle balances on a net basis.

Dividend income

Dividends received are shown on the face of the profit and loss account as income from shares in Group undertakings. Dividend income is recognised when the right to receive payment is established.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Dividends paid are shown as a movement in reserves.

QinetiQ Holdings Limited
Notes to the financial statements (continued)

1 Basis of preparation and accounting policies (continued)

Critical accounting estimates and judgements in applying accounting policies

The following commentary is intended to highlight those policies that are critical to the business based on the level of management judgement required in their application, their complexity and their potential impact on the results and financial position reported for the Company. The level of management judgement required includes assumptions and estimates about future events that are uncertain and the actual outcome of which may result in a materially different outcome from that anticipated.

Investment in subsidiaries

The Company reviews annually whether an investment has suffered any impairment. This process relies on the use of estimates of the future profitability and cash flows of its cash generating units which may differ from the actual results delivered.

2 Directors and employees

None of the Directors received any emoluments from the Company for their services during the year (2018: £nil). All Directors' fees or emoluments were paid by another Group Company, QinetiQ Limited and the amount attributable to the qualifying services by the Directors to the Company cannot be reliably estimated. The monthly average number of persons employed by the Company during the year was 5 (2018: 6). The following costs were borne by another Group company, QinetiQ Limited, which was receiving the benefit of the services provided by these employees.

	2019 £ m	2018 £ m
Wages and salaries	0.7	0.7
Other pension costs	-	-
	<u>0.7</u>	<u>0.7</u>

3 Operating loss

In the current year, the transaction costs in respect of the acquisition of Inzpire Group Limited of £0.7m have been included in 'Administrative expenses'.

The auditors' remuneration is borne by another Group Company, 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 £3,000 (2018: £2,000). The amount paid to the Company's auditors for non-audit fees during the year was £nil (2018: £nil).

4 Finance expense

	2019 £ m	2018 £ m
Interest payable to Group undertakings	<u>(5.4)</u>	<u>(3.8)</u>

QinetiQ Holdings Limited
Notes to the financial statements (continued)

5 Tax on profit

(a) Analysis of tax charge in the year

	2019 £ m	2018 £ m
Total tax charge for the year	-	-

(b) Tax charge reconciliation

	2019 £ m	2018 £ m
Profit before taxation	34.5	129.6
Tax calculated at UK standard rate of corporation tax at 19% (2018: 19%)	6.6	24.6
Effects of:		
Expenses not deductible for tax purposes and other non-taxable items	0.1	0.6
Group relief surrender for nil consideration	1.0	0.7
Non-taxable dividend income	(7.7)	(25.9)
Tax for the year	-	-

The effective tax rate continues to be below the UK statutory rate of 19% (2018: 19%), primarily as a result of non-taxable dividend income.

As at 31 March 2019 the Company has tax losses which arose in the UK of £0.1m (2018: £0.1m) that are available indefinitely for offset against future taxable profits of the Company. Deferred tax assets have not been recognised in respect of these losses.

(c) Factors affecting future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020.

6 Investments

	2019 £ m	2018 £ m
At beginning of the financial year (1 April)	260.5	260.5
Additions	22.9	2.9
Impairment charge	-	(2.9)
At end of the financial year (31 March)	283.4	260.5

QinetiQ Holdings Limited
Notes to the financial statements (continued)

6 Investments (continued)

On 19 November 2018 the Company acquired 85% of the shares of Inzpire Group Limited for a total consideration of £22.9m with an arrangement to acquire the remaining 15% after two years.

On 22 November 2018 QinetiQ Overseas Holdings (2) Limited transferred its ownership of Optasense Holdings Limited to QinetiQ Holdings Limited at book value of £1.

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

Undertaking¹	Country of incorporation	Registered office²
BJ Trustee Limited	England & Wales	Farnborough
Boldon James Holdings Limited*	England & Wales	Farnborough
Boldon James Limited*	England & Wales	Farnborough
Commerce Decisions Limited*	England & Wales	Farnborough
Commerce Decisions Pty Limited	Australia	Level 33, 101 Collins Street, Melbourne, VIC 3000, Australia
CueSim Limited*	England & Wales	Farnborough
Foster-Miller Canada Limited^	Canada	318 Roxton Drive, Waterloo, Ontario, N2T 1R6, Canada
Foster-Miller Inc^	US	350 2nd Avenue, Waltham, Massachusetts, MA 02451 1104, USA
Graphics Research Corporation Limited	England & Wales	Farnborough
Gyldan 6 Limited (Formerly QinetiQ Partnership Finance Limited)^^	England & Wales	Farnborough
Gyldan 7 Limited (Formerly QinetiQ Corporate Finance Limited)^^	England & Wales	Farnborough
Gyldan 8 Limited (Formerly QinetiQ Defence Training Limited)* ^^	England & Wales	Farnborough
Inzpire Group Limited*	England & Wales	Farnborough
Inzpire Holdings Limited	England & Wales	Landmark House West Unit 1b, Alpha Court, Kingsley Road, Lincoln, Lincolnshire, LN6 3TA
Inzpire Limited	England & Wales	Landmark House West Unit 1b, Alpha Court, Kingsley Road, Lincoln, Lincolnshire, LN6 3TA
Leading Technology Limited	England & Wales	Farnborough
Optasense Canada Limited^	Canada	4 Robert Speck Parkway, Suite 1600, Mississauga ON LAZ 1S1, Canada
Optasense Inc^	US	5885 Trinity Parkway, Suite 130, Centreville, Virginia, 20120-1969, USA
Optasense Holdings Limited*	England & Wales	Farnborough
Optasense Limited	England & Wales	Farnborough
Precis (2187) Limited*	England & Wales	Farnborough
Precis (2188) Limited*	England & Wales	Farnborough

QinetiQ Holdings Limited
Notes to the financial statements (continued)

6 Investments (continued)

QinetiQ Aerostructures Pty Limited	Australia	Level 3, 210 Kings Way, South Melbourne, VIC 3205, Australia
QinetiQ Australia Pty Limited	Australia	Level 3, 210 Kings Way, South Melbourne, VIC 3205, Australia
QinetiQ Consulting Pty Limited	Australia	Unit 5 (level 1), 8 Brindabella Circuit, Brindabella Business Park, Majura NSW 2609, Australia
QinetiQ Estates Limited	England & Wales	Farnborough
QinetiQ GP Limited*	Scotland	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, Scotland
QinetiQ Group Canada Inc.^	Canada	5300 Commerce Court West, 199 Bay Street, Toronto ON M5L 1A9, Canada
QinetiQ GmbH	Germany	Flughafenstraße 65, 41066, Mönchengladbach, Germany
QinetiQ Inc^	US	5885 Trinity Parkway, Suite 130, Centreville, Virginia 20120-1969, USA
QinetiQ Insurance PCC Limited	Guernsey	Mill Court, La Charroterie, St Peter Port, GY1 4ET, Guernsey
QinetiQ Limited*	England & Wales	Farnborough
QinetiQ Novare Pty Limited	Australia	Petrie House, level 6, 80 Petrie Terrace, Brisbane QLD 400, Australia
QinetiQ Overseas Holdings Limited*	England & Wales	Farnborough
QinetiQ Overseas Trading Limited*	England & Wales	Farnborough
QinetiQ Pension Scheme Trustee Limited*	England & Wales	Farnborough
QinetiQ PFP Limited Partnership #	Scotland	50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, Scotland
QinetiQ Philippines Company, Inc	Philippines	22nd Floor Corporate Centre, 139 Valero Street, Salcedo Village, Makati City, Philippines
QinetiQ Pty Limited	Australia	Level 33, 101 Collins Street, Melbourne, VIC 3000, Australia
QinetiQ Services Holdings Pty Limited	Australia	Level 33, 101 Collins Street, Melbourne, VIC 3000, Australia
QinetiQ Solutions Sdn. Bhd.	Malaysia	Suite 6.01, 6th Floor, Plaza See Hoy Chan, Jalan Raja Chulan 50200, Kuala Lumpur, W.P. Kuala Lumpur, Malaysia
QinetiQ Space N.V	Belgium	Hogenakkerhoekstraat, 9, 9150 Kruibeke, Belgium
QinetiQ Sweden AB	Sweden	Advokatfirman Delphi, Box 1432, Stockholm, Sweden
QinetiQ Target Services Limited	England & Wales	Farnborough
QinetiQ Target Systems Limited*	England & Wales	Farnborough

QinetiQ Holdings Limited
Notes to the financial statements (continued)

6 Investments (continued)

QinetiQ US Holdings, Inc.^	US	5885 Trinity Parkway, Suite 130, Centreville, Virginia 20120-1969, USA
Redu Operations Services S.A.	Belgium	Rue Devant les Hetres, 2B, 6890 Transinne, Belgium
Rubikon Group Pty Limited	Australia	Level 33, 101 Collins Street, Melbourne, VIC 3000, Australia
Sensoptics Limited	England & Wales	Farnborough
Tarsier Limited	England & Wales	Farnborough
TSG International LLC^	US	350 2nd Avenue, Waltham, Massachusetts, MA 02451 1104, USA

* indicates direct investment of the company

¹ As at 31 March 2019 the Group owned 100% of the ordinary shares of these subsidiary undertakings except for Redu Operational Services S.A. (52%), Inzpire Group Limited (85%), Inzpire Holdings Limited (85%) and Inzpire Limited (85%). The financial year end of each undertaking is 31 March other than Inzpire Group Limited (31 August), Inzpire Holdings Limited (31 August) and Inzpire Limited (31 August).

² The Farnborough registered office address is Cody Technology Park, Ively Road, Farnborough, Hampshire, GU14 0LX.

[^] The class of shares is common share.

^{^^} Gyldan 8 Limited was dissolved on 28 May 2019.

^{^^} Gyldan 6 Limited and Gyldan 7 Limited were dissolved on 4 June 2019.

[#] QinetiQ PFP Limited Partnership is a Limited partnership. The partners are all wholly-owned Group companies.

7 Debtors

	2019	2018
	£ m	£ m
Amounts owed by fellow subsidiary undertakings	<u>11.9</u>	<u>-</u>

8 Current asset investments

	2019	2018
	£ m	£ m
At beginning of the financial year (1 April)	0.3	0.4
Fair value gain/(loss) on current asset investment	0.2	(0.1)
Disposals	<u>(0.5)</u>	<u>-</u>
At end of the financial year (31 March)	<u>-</u>	<u>0.3</u>

The Company previously held a 0.7% investment in pSivida, a company listed on NASDAQ. An additional 1.9% of this company was previously held by QinetiQ Limited. The investment was sold in FY19, recognising a gain on sale of £0.4m.

QinetiQ Holdings Limited
Notes to the financial statements (continued)

9 Creditors: amounts falling due within one year

	2019 £ m	2018 £ m
Amounts owed to Group undertakings	<u>276.2</u>	<u>252.4</u>

Amounts owed to Group undertakings are unsecured, repayable on 31 March 2020 and bear interest at three-month LIBOR (London Interbank Offered Rate) rate plus 1.5%.

10 Called up share capital

	Ordinary shares Number ¹	Special share Number ¹
Allotted, called-up and fully paid		
At 1 April 2018	50,100	1
At 31 March 2019	<u>50,100</u>	<u>1</u>

¹ Issued and fully paid of £1 each

Rights attached to the 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).

QinetiQ Holdings Limited
Notes to the financial statements (continued)

10 Called up share capital (continued)

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.

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.

11 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 scheme, QinetiQ Holdings Limited could be held liable for the pension liabilities of the other participating employers. The net asset at 31 March 2019, reported in the consolidated financial statements of QinetiQ Group plc, was £259.1m (2018: net asset of £316.2m). No asset or liability is recognised by QinetiQ Holdings Limited.

12 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, the only company in the Group which prepares consolidated financial statements. 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.