

Registration number: 04154556

QinetiQ Holdings Limited

Annual report and financial statements

for the year ended 31 March 2022



QinetiQ Holdings Limited

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Year references (2022, 2021) refer to the Company's financial year ended 31 March.

QinetiQ Holdings Limited
Strategic report for the year ended 31 March 2022

The Directors present their Strategic report for the year ended 31 March 2022.

Principal activity

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

Business review

The profit before taxation was £49.2m (2021: £98.5m) and net assets were £236.8m (2021: £227.8m).

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 ('KPIs')

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

Approved by the Board on 19 July 2022 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 2022

The Directors present their report and the audited financial statements for the year ended 31 March 2022.

The Company is a private company limited by shares and is incorporated, registered and domiciled in the 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 (resigned 30 April 2021)

Peter Montague-Fuller

Caroline Borg (appointed 25 November 2021)

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 interim dividends of £40.2m (2021: £46.1m) to its parent undertaking, QinetiQ Group Holdings Limited. In the current year the Company also received interim dividends of £51.2m (2021: £46.1m) from its subsidiary undertakings.

The Directors have not recommended payment of a final dividend for the year ended 31 March 2022 (2021: nil).

Research and development

The Company had no research and development activity in the year (2021: £nil).

Political and charitable contributions

The Company made no political or charitable contributions during the year (2021: £nil).

Financial risk management

The Company is exposed to limited financial risk, which includes 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 interest rate risk, and these are used to limit the financial exposures to the Company.

Interest rate risk

The Company has interest bearing inter-company balances which earn or accrue interest at Relevant Reference Rate plus a margin. The Company does not use derivative financial instruments to manage interest rate costs.

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.

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 4 (2021: 4).

QinetiQ Holdings Limited

Directors' report for the year ended 31 March 2022 (continued)

Indemnities

QinetiQ Group plc maintains directors' and officers' liability insurance in respect of its Directors and those Directors of its subsidiary companies. During the year under review, and at the date of this report, one Director had the benefit of an indemnity deed granted by QinetiQ Group plc containing qualifying indemnity provisions, as defined in Section 234 of the Companies Act 2006, relating to certain liabilities, which may be attached to them as Directors or as former Directors of the Company.

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 in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, 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 responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

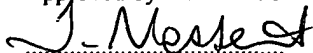
The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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 19 July 2022 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 2022 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 2022; the Statement of comprehensive income and 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

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

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

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

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

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2022 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.

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 in respect of the financial statements, 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.

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

Responsibilities for the financial statements and the audit (continued)

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.

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

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, relevant tax legislation and the Health and Safety Executive, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management at multiple levels across the Company and wider group, including the Group's Internal Audit function and legal counsel throughout the year, as well as at year end. These discussions have included consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Incorporating elements of unpredictability into the audit procedures performed; and
- Assessment of matters reported on the Group's whistleblowing helpline and the results of management's investigation of such matters.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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)

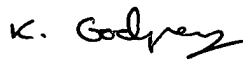
Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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.



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Kevin Godfrey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
Southampton

Date: 19 JULY 2022

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

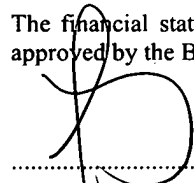
	Note	2022 £ m	2021 £ m
Administrative expenses		-	(0.9)
Operating loss	3	-	(0.9)
(Loss)/gain on sale of investments	4	(0.9)	55.2
(Loss)/profit before income from shares in Group undertakings and finance expense		(0.9)	54.3
Income from shares in Group undertakings		51.2	46.1
Finance expense	5	(1.1)	(1.9)
Profit before taxation		49.2	98.5
Tax on profit	6	-	-
Profit and total comprehensive income for the financial year		49.2	98.5

All amounts derive from continuing operations.

QinetiQ Holdings Limited
Balance sheet as at 31 March

	Note	2022 £ m	2021 £ m
Fixed assets			
Investments	7	317.6	317.6
Financial assets at fair value through profit and loss	4	<u>-</u>	<u>0.9</u>
		<u>317.6</u>	<u>318.5</u>
Current assets			
Debtors	8	0.1	0.1
Cash at bank and in hand		<u>0.1</u>	<u>0.9</u>
		0.2	1.0
Current liabilities			
Creditors: amounts falling due within one year	9	<u>(81.0)</u>	<u>(91.7)</u>
Net current liabilities		<u>(80.8)</u>	<u>(90.7)</u>
Net assets		<u>236.8</u>	<u>227.8</u>
Capital and reserves			
Called up share capital	10	0.1	0.1
Retained earnings		<u>236.7</u>	<u>227.7</u>
Total shareholders' funds		<u>236.8</u>	<u>227.8</u>

The financial statements of QinetiQ Holdings Limited (Company number 04154556) on pages 8 to 19 were approved by the Board on 19 July 2022 and signed on its behalf by:



 Caroline Borg
 Director

QinetiQ Holdings Limited

Statement of changes in equity for the year ended 31 March

	Called up share capital £ m	Retained earnings £ m	Total shareholders' fund £ m
At 1 April 2020	0.1	175.3	175.4
Profit for the financial year and total comprehensive income	-	98.5	98.5
Dividends	-	(46.1)	(46.1)
At 31 March 2021	0.1	227.7	227.8

	Called up share capital £ m	Retained earnings £ m	Total shareholders' funds £ m
At 1 April 2021	0.1	227.7	227.8
Profit for the financial year and total comprehensive income	-	49.2	49.2
Dividends	-	(40.2)	(40.2)
At 31 March 2022	0.1	236.7	236.8

The notes on pages 11 to 19 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 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;
- disclosures in respect of the compensation of key management personnel; and
- IAS 24 in respect of related party transactions entered into between two or more members of a group.

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.

QinetiQ Holdings Limited

Notes to the financial statements (continued)

1 Basis of preparation and accounting policies (continued)

Investments

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

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.

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it 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. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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.

QinetiQ Holdings Limited
Notes to the financial statements (continued)

1 Basis of preparation and accounting policies (continued)

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 Directors and are shown as a movement in reserves.

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 (2021: £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 are incidental to their wider role in the Group and cannot be reliably estimated. The monthly average number of persons employed by the Company during the year was 4 (2021: 4). The following costs were borne by another Group company, QinetiQ Limited, which was receiving the benefit of the services provided by these employees.

	2022	2021
	£ m	£ m
Wages and salaries	<u>0.5</u>	<u>0.5</u>

3 Operating loss

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 £6,100 (2021: £5,700). The amount paid to the Company's auditors for non-audit fees during the year was £nil (2021: £nil).

QinetiQ Holdings Limited
Notes to the financial statements (continued)

4 (Loss)/gain on sale of investments

Deferred consideration of £1.5m was potentially receivable in respect of the Commerce Decisions business, contingent on performance of the disposed business in the year to 31 March 2022, the fair value of which had been estimated at £0.9m as at 31 March 2021. The required performance was not achieved, and as such nil deferred consideration became due and the receivable has been written off to the statement of comprehensive income in the current year.

5 Finance expense

	2022	2021
	£ m	£ m
Interest payable to Group undertakings	<u>(1.1)</u>	<u>(1.9)</u>

6 Tax on profit

(a) Analysis of tax charge in the year

	2022	2021
	£ m	£ m
Total tax expense for the year	<u>-</u>	<u>-</u>

(b) Tax charge reconciliation

	2022	2021
	£ m	£ m
Profit before taxation	<u>49.2</u>	<u>98.5</u>
Tax calculated at UK standard rate of corporation tax at 19% (2021: 19%)	9.3	18.7
Effects of:		
Expenses not deductible for tax purposes	0.2	0.2
Group relief surrendered for nil consideration	0.2	0.4
Non-taxable dividend income	(9.7)	(8.8)
Non-taxable income on businesses disposed	<u>-</u>	<u>(10.5)</u>
Total tax expense for the year	<u>-</u>	<u>-</u>

The effective tax rate continues to be below the UK statutory rate of 19% (2021: 19%), as a result of the benefit of non-taxable dividends received from Group companies. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

As at 31 March 2022 the Company has tax losses which arose in the UK of £0.1m (2021: £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.

QinetiQ Holdings Limited
Notes to the financial statements (continued)

6 Tax on profit (continued)

(c) Factors affecting future tax charges

The effective tax rate is expected to remain below the UK statutory rate in the medium term, subject to the impact of any tax legislation changes. Future recognition of deferred tax assets will also affect future tax charges.

In the Spring Budget 2021 the UK Government announced that from 1 April 2023 the corporation tax rate will increase from 19% to 25%. The 25% rate has been substantively enacted at the balance sheet date. The Company has no deferred tax assets or liabilities so there is no impact on the tax charge for the current period.

7 Investments

	2022	2021
	£ m	£ m
At beginning of the financial year (1 April)	317.6	300.5
Additions	-	32.5
Disposals	-	(15.4)
At end of the financial year (31 March)	317.6	317.6

QinetiQ Holdings Limited has investments, both directly and indirectly through immediate subsidiaries in the following subsidiary undertakings at 31 March 2022.

Undertaking	Country of incorporation	Registered office
Subsidiaries^{1,2}		
BJ Trustee Limited	England & Wales	Farnborough
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 11 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
MTEQ Precision Machining LLC	US	10440 Furnace Road, Suite 204, Lorton, VA 22079, USA
Naimuri 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)

7 Investments (continued)

QinetiQ Limited	England & Wales	Farnborough
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	Level 3, 12 Brindabella Circuit, Brindabella Business Park, Majura ACT 2609
QinetiQ Estates Limited	England & Wales	Farnborough
QinetiQ GmbH	Germany	Flughafenstraße 65, 41066, Mönchengladbach, Germany
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 Inc.^	US	10440 Furnace Road, Suite 204, Lorton, VA 22079 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 Special Projects Inc.	US	5885 Trinity Parkway, Suite 130, Centreville, Virginia 20120-1969, USA

QinetiQ Holdings Limited
Notes to the financial statements (continued)

7 Investments (continued)

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 Training and Simulation Limited"*	England & Wales	Farnborough
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
TSG International LLC^	US	350 Second Avenue, Waltham, Massachusetts, 02451, USA

* indicates direct investment of the Company

¹ As at 31 March 2022 the Group owned 100% of the ordinary shares of these subsidiary undertakings except for Redu Operational Services S.A. (52%).

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

[^] The class of shares is common shares.

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

* Newman & Spurr Consultancy Limited has changed its company name to QinetiQ Training and Simulation Limited on 22 March 2022.

During the year the Company received dividends of £5.0m (2021: £nil) from Naimuri Limited, £40.2m (2021: £46.1m) from QinetiQ Limited, and £6.0m (2021: £nil) from QinetiQ Training and Simulation Limited (formerly known as Newman & Spurr Consultancy Limited).

8 Debtors

	2022	2021
	£ m	£ m
Amounts owed by fellow subsidiary undertakings	<u>0.1</u>	<u>0.1</u>

QinetiQ Holdings Limited
Notes to the financial statements (continued)

9 Creditors: amounts falling due within one year

	2022	2021
	£ m	£ m
Amounts owed to Group undertakings	80.3	90.8
Deferred consideration	0.1	0.9
Accruals and deferred income	0.6	-
	<u>81.0</u>	<u>91.7</u>

Amounts owed to Group undertakings are unsecured, repayable on 31 March 2023 and bear interest at Relevant Reference Rate plus 1.3%. Deferred consideration of £0.8m has been paid in respect of the prior year acquisition of QinetiQ Target & Simulation (formerly known as Newman & Spurr Consultancy Limited).

10 Called up share capital

	Ordinary shares Number ¹	Special share Number ¹
Allotted, called-up and fully paid		
At 1 April 2021	50,100	1
At 31 March 2022	<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).

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)

10 Called up 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.

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 2022, reported in the consolidated financial statements of QinetiQ Group plc, was £362.2m (2021: net asset of £214.3m). 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.