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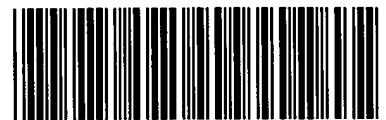
**Flagship Fire Fighting Training Limited**

**Annual report and financial statements**

**For the year ended 31 March 2022**

**Registered number: 03700728**

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**COMPANY INFORMATION**

<b>Directors</b>	N Borrett S Doherty J Parker J Rayson
<b>Company secretary</b>	Babcock Corporate Secretaries Limited
<b>Registered Number</b>	03700728
<b>Registered office</b>	33 Wigmore Street London W1U 1QX
<b>Independent auditor</b>	Deloitte LLP 1 New Street Square London EC4A 4HQ

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## Strategic report for the year ended 31 March 2022

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

### Principal activities

The principal activity of the Company was previously a contract which provided firefighting training services, including the design, operation, construction and maintenance of firefighting units to the Naval Training Command (NTC). This contract ended in January 2021. Subsequently the Company has not traded in year ended 31 March 2022 and is expected to be liquidated in due course.

### Business review

	2022	2021
	£000	£000
Revenue	-	7,769
(Loss)/profit for the financial year	(18)	1,342

The loss for the year represents the payment of professional fees associated with the completion of the contract, which ended in January 2021. The intention of the Directors is to liquidate the Company in due course.

The Directors consider the financial position of the Company to be in line with expectations.

### Principal risks and uncertainties

The Company's ultimate controlling parent is Babcock International Group PLC. Risks are managed at a group level in accordance with the risk management framework of Babcock International Group PLC. The principal risks and uncertainties of Babcock International Group PLC are discussed in its Annual Report for the year ended 31 March 2022.

Since the contract ended in January 2021, there are no key trading risks attributable to the Company directly.

Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on pages 74 to 87 of the annual report of Babcock International Group PLC, which does not form part of this report.

### Key performance indicators

The Company's activities are managed on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company.

The growth and performance of the Land division, a division of Babcock International Group PLC, which includes the Company, is discussed on pages 46 to 47 of the annual report of Babcock International Group PLC, which does not form part of this report.

### S172(1) statement and stakeholder engagement

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

**Strategic report for the year ended 31 March 2022 (continued)**

**S172(1) statement and stakeholder engagement (continued)**

- a) the likely consequences of any decision in the long term,
- b) the impact of the Company's operations on the community and the environment,
- c) the desirability of the Company maintaining a reputation for high standards of business conduct, and
- d) the need to act fairly as between members of the Company.

The Directors have acted in a way that they consider, in good faith, to be most likely to promote the long-term success of the Company for the benefit of the Shareholders as a whole while having regard for all stakeholders. Stakeholder engagement is managed in accordance with Group policies and procedures which are discussed on pages 52, 53, and 101 of the annual report of Babcock International group PLC, which does not form part of this report.

**The community and environment**

Sustainability is an integral part of our corporate strategy and how we do business and it underpins our corporate Purpose: to create a safe and secure world, together. We have done a lot in the past year to drive our sustainability programme across the Group, ensure progress towards our corporate commitments and deliver our five ESG priorities shown below.

- 1. We will reduce emissions and set science-based targets to get to net zero across our estate, assets and operations by 2040.
- 2. We will integrate environmental sustainability into programme design to minimise waste and optimise resources.
- 3. We will ensure the safety and wellbeing of all our people.
- 4. We will make a positive difference to the communities we're proud to be part of and provide high-quality jobs that support local economies.
- 5. We will be a collaborative, trusted partner across the supply chain, helping to tackle common challenges.

These activities form part of the Group-wide ESG Strategy as described on pages 54 – 75 of the annual report of Babcock International group PLC.

Climate action is a key focus: we are continuing to progress our Group-wide decarbonisation programme (Plan Zero 40). Aligned with the Plan Zero 40 pathway announced last year, we commenced baselining our carbon footprint and are on track to submit carbon reduction targets to the Science-Based Targets initiative by April 2023. These are to be achieved by 2030 and will set us on course for decarbonising our estate, assets and operations to reach our overarching goal of net zero emissions by 2040. Further information is included on page 54 of the annual report of Babcock International Group PLC.

This report was approved by the board on 27<sup>th</sup> September 2023 and signed on its behalf



**Mr J Parker - Director**

## **Directors' report for the year ended 31 March 2022**

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

### **Dividends**

No interim dividend payments have been made for this financial year (2021: *£nil*). No final dividend for the year ended 31 March 2022 is proposed by the Directors (2021: *£nil*).

### **Directors and their interests**

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

N Borrett  
S Doherty (appointed 31/05/2022)  
M Graves (resigned 17/12/2021)  
D Jones (resigned 17/12/2021)  
J Parker (appointed 19/07/2022)  
J Rayson (appointed 17/12/2021)  
K Stewart (resigned 17/12/2021)  
I Urquhart (resigned 31/05/2022)

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

### **Future Developments**

Following the end of its contracted term to provide firefighting training in January 2021, the Company no longer trades and will be liquidated in due course. As a result, these financial statements have been prepared on a basis other than going concern (see Note 2).

### **Going concern**

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue to meet its liabilities as they fall for the foreseeable future. However, as the Company has ceased trading in the prior year and is expected to be liquidated in due course, the Directors have not adopted the going concern basis in preparing these financial statements. There has been no change to the carrying value of assets or liabilities as a result of adopting a basis of preparation other than going concern.

### **Financial risk management**

The applicable financial risk management policies and exposure to financial risks including price, credit, liquidity and cash flows are discussed in detail with the annual report for Babcock International Group PLC on page 211.

### **Energy and carbon reporting**

The Company has taken advantage of the exemption granted under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 as this information is disclosed on page 54 of the annual report for the year ended 31 March 2022 of its ultimate parent, Babcock International Group PLC.

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

**Environment**

The Company recognises its responsibility to minimise so far as reasonably possible the potential for adverse impacts from its operations. It aims to achieve the highest standards in environmental management and seek accreditation to appropriate standards.

The Company has developed and implemented an environmental policy to ensure that the impact of its activities on the environment is limited to the minimum level practicable.

**Qualifying third party indemnity provisions**

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

**Post balance sheet events**

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

**Statement of disclosure of information to auditors**

Each Director, as at the date of this report, has confirmed that in so far as they are aware there is no relevant audit information of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of this information.

This confirmation is given and should be interpreted in accordance with the provisions of the s418 of the Companies Act 2006.

**Appointment of auditors**

At the 2022 Annual General meeting of Babcock International Group PLC, the Company's ultimate parent company, Deloitte LLP were reappointed as external auditor to the Group. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed to the Company and Deloitte LLP will, therefore, continue in office.

This report was approved by the board and signed on its behalf



**Mr J Parker**

**Director**

27<sup>th</sup> September 2023

**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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.



**Independent auditors' report to the members of Flagship Fire Fighting Training Limited**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**OPINION**

In our opinion the financial statements of Flagship Fire Fighting Training Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

**BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**EMPHASIS OF MATTER – FINANCIAL STATEMENTS PREPARED OTHER THAN ON A GOING CONCERN BASIS**

We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

**OTHER INFORMATION**

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

**Independent auditors' report to the members of Flagship Fire Fighting Training Limited**

**OTHER INFORMATION (CONTINUED)**

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

We have nothing to report in this regard.

**RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

**EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD**

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

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

**Independent auditors' report to the members of Flagship Fire Fighting Training Limited**

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

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team and relevant internal specialists, including IT specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

**OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

**Independent auditors' report to the members of Flagship Fire Fighting Training Limited**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**


Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

**USE OF OUR REPORT**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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James Isherwood ACA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Birmingham, United Kingdom  
27<sup>th</sup> September 2023

# Flagship Fire Fighting Training Limited

## Income statement for the year ended 31 March 2022

	<i>Note</i>	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
<b>Revenue</b>	<b>4</b>	<b>-</b>	<b>7,769</b>
Cost of revenue		<b>(18)</b>	<b>(6,382)</b>
<b>Gross (loss)/profit</b>		<b>(18)</b>	<b>1,387</b>
<b>(Loss)/profit before taxation</b>	<b>5</b>	<b>(18)</b>	<b>1,387</b>
Income tax expense	<b>7</b>	<b>-</b>	<b>(45)</b>
<b>(Loss)/profit for the financial year</b>		<b>(18)</b>	<b>1,342</b>

All of the above results are derived from discontinued operations. The contract has ended and the Company is to be liquidated in due course.

There have been no other comprehensive gains/losses during either the current or prior year other than as disclosed in the income statement and therefore no separate statement of comprehensive income has been presented.

The notes on pages 15 to 22 form an integral part of these financial statements.

**Statement of financial position as at 31 March 2022**

	<i>Note</i>	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
<b>Current assets</b>			
Trade and other receivables	8	9,003	9,600
Cash and cash equivalents		195	63
		<b>9,198</b>	<b>9,663</b>
<b>Current liabilities</b>			
Trade and other payables	9	(369)	(816)
<b>Net current assets</b>		<b>8,829</b>	<b>8,847</b>
<b>Total assets less current liabilities</b>		<b>8,829</b>	<b>8,847</b>
<b>Net assets</b>		<b>8,829</b>	<b>8,847</b>
<b>Equity</b>			
Called up share capital	10	-	-
Share premium account		50	50
Retained earnings		8,779	8,797
<b>Total shareholders' funds</b>		<b>8,829</b>	<b>8,847</b>

The notes on pages 15 to 22 are an integral part of these financial statements.

The financial statements on pages 12 to 22 were approved and authorised for issue by the board of directors and signed on its behalf by:



**J Parker**  
**Director**

**27<sup>th</sup> September 2023**

**Statement of changes in equity for the year ended 31 March 2022**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Retained earnings</b>	<b>Total Shareholders' funds</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at 1 April 2020	-	50	7,455	7,505
Profit for the financial year	-	-	1,342	1,342
Balance at 31 March 2021	-	50	8,797	8,847
Balance at 1 April 2021	-	50	8,797	8,847
(Loss) for the financial year	-	-	(18)	(18)
Balance at 31 March 2022	-	50	8,779	8,829

## Notes to the financial statements

### 1 General information

Flagship Fire Fighting Training Limited is a private company limited by shares which is incorporated and domiciled in England and Wales, UK. The address of the registered Office is 33 Wigmore Street, London W1U 1QX.

Its ultimate controlling party is disclosed in note 16. The principal activity of the Company is set out in the Strategic Report on page 3. These financial statements, which have been prepared in accordance with the Companies Act 2006, are presented in pounds sterling and, unless stated otherwise, rounded to the nearest thousand.

### 2 Summary of significant accounting policies

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

#### Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework (FRS 101)'. The Company applies the recognition, measurement and disclosure requirements in accordance with the international accounting standards and FRS 101, but makes amendments where necessary in order to comply with the Companies Act 2006.

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, these financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). In preparing these financial statements, the Company applies the recognition and measurement requirements of International Financial Reporting Standards (IFRS) as adopted by the UK, but makes amendments where necessary in order to comply with the Companies Act 2006 and sets out below where advantage of the FRS 101 disclosure exemptions has been taken:

- a) IFRS 7, 'Financial instruments: Disclosures'.
- b) Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information in respect of:
  - paragraph 79(a) (iv) of IAS 1 Share capital and reserves;
- c) Paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements.
- d) IAS 7, 'Statement of cash flows'
- e) Paragraph 17 of IAS 24, 'Related party transactions' in respect of key management compensation.
- f) The requirements of IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company intends to continue to prepare its financial statements in accordance with FRS 101.

The financial statements have been prepared under the historical cost convention.



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## Flagship Fire Fighting Training Limited

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

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

##### Adoption of new and revised standards

There are no amendments to accounting standards that are effective for the year ended 31 March 2022 that have a material impact on the Company's financial statements.

##### Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue to meet its liabilities as they fall for the foreseeable future. However, as the Company has ceased trading in the prior year and will be liquidated in due course, the directors have not adopted the going concern basis in preparing these financial statements. There has been no change to the carrying value of assets or liabilities as a result of adopting a basis of preparation other than going concern.

##### Contingent liabilities

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

##### Taxation

###### a) Current income tax

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

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

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

###### b) Deferred income tax

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

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

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

**Taxation** *(continued)*

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are recognised where deferred tax liabilities exist and are expected to reverse in the same period as the deferred tax asset or in periods into which a loss arising from a deferred tax asset can be carried forward or back. In the absence of sufficient deferred tax liabilities, deferred tax assets are recognised where it is probable that there will be future taxable profits from other sources against which a loss arising from the deferred tax asset can be offset. In assessing the availability of future profits, the Company uses profit forecasts consistent with those used for goodwill impairment testing. Profits forecast beyond the Company's five-year budget cycle are risk-weighted to reflect commercial uncertainties.

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

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

**Financial instruments**

**a) Financial assets and liabilities at amortised cost**

Cash and cash equivalents, trade receivables, amounts due from related parties and other receivables are classified as financial assets held at amortised cost as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. Trade receivables, contract assets and lease receivables include a provision for expected credit losses. The Company measures the provision at an amount equal to lifetime expected credit losses, estimated by reference to past experience and relevant forward-looking factors. For all other financial assets carried at amortised cost, including loans to joint ventures and associates and other receivables, the Company measures the provision at an amount equal to 12-month expected credit losses.

Trade and other payables, amounts due to related parties, other payables, accruals and bank loans and overdrafts are classified as financial liabilities held at amortised cost.

**Cash and cash equivalents**

Company cash and cash equivalents consist of cash at bank and cash in hand, together with short-term deposits with an original maturity of three months or less and money market funds.

**Dividends**

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

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

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

**Foreign currencies**

a) Functional and presentation currency

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

b) Transactions and balances

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

**Trade and other receivables**

Trade and other receivables are stated at their cost less provision for bad debts. A provision for bad debts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

The Company writes off a trade receivable when there is objective evidence that the debtor is in significant financial difficulty and there is no realistic prospect of recovery.

**3 Critical accounting judgements and key sources of estimation uncertainty**

Given the fact the Company has ceased trading and has only incurred a limited number of transactions in 2022, the Directors do not believe there are any critical accounting estimates or judgements incurred in the preparation of the financial statements.

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

**4 Revenue**

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

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>By area of activity:</b>		
Provision of training and support services - transferred over time	-	7,769
	<u>-</u>	<u>7,769</u>

Turnover is wholly attributable to the principal activities of the Company and is of United Kingdom origin and destination.

**5 Operating (loss)/profit**

Operating (loss)/profit is stated after charging:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Depreciation - owned tangible fixed assets	-	37
Operating lease charges	-	3,262
Profit on sale of tangible fixed assets	-	600

The auditors' remuneration for the current (£27,000) and prior year (£11,000) has been borne by a fellow group company. Fees paid to the Company's auditors, Deloitte LLP and its associates (2022), PricewaterhouseCoopers LLP and its associates (2021) are disclosed on a consolidated basis in the financial statements of the ultimate parent undertaking, Babcock International Group Plc.

**6 Directors' remuneration and employee information**

None of the Directors received remuneration for their services to the Company as the services provided to the Company are incidental to their wider role in the Group in the current year (2021: *£nil*). The Company employs no staff (2021: *none*).

During the year no (2021: *none*) Directors remunerated by Flagship Fire Fighting Training Limited exercised share options under long term incentive plans and no (2021: *none*) Directors were entitled to receive share options under long term incentive plans. No retirement benefits were accruing to Directors (2021: *none*) under SIPS money purchase scheme.

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

**7 Tax**

**Income tax expense**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Analysis of tax expense</b>		
<b>Current tax</b>		
UK Corporation tax on profits for the year	-	-
<b>Total current tax charge</b>	<b>-</b>	<b>-</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	46
Impact of change in tax rates	-	(1)
<b>Total deferred tax charge</b>	<b>-</b>	<b>45</b>
<b>Total income tax expense</b>	<b>-</b>	<b>45</b>

Tax expense for the year is lower (2021: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 March 2022 of 19% (2021: 19%). The differences are explained below:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Profit before taxation</b>	<b>(18)</b>	<b>1,387</b>
Profit before taxation multiplied by rate of corporation tax in the UK of 19% (2021: 19%)	(3)	264
Effects of:		
Adjustments in respect of deferred tax for prior years	-	(2)
Group relief surrendered/(claimed) for nil consideration	3	(217)
<b>Total income tax expense</b>	<b>-</b>	<b>45</b>

In 2020 budget, it was announced that the decrease in the UK rate of corporation tax from 19% to 17% was cancelled. On 24 May 2021, the Finance Act 2021 was substantively enacted, increasing the main rate of UK corporation tax from 19% to 25% with effect from 1 April 2023.

**8 Trade and other receivables**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due within one year:</b>		
Taxation & social security	3	-
Amounts due from group undertakings	<b>9,000</b>	<b>9,600</b>
	<b>9,003</b>	<b>9,600</b>

Amounts owed by group undertakings are unsecured. A £9,000,000 loan with Babcock Marine Training Limited (2021: £9,000,000) is repayable on demand, with no interest charge.

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

**9 Trade and other payables**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due within one year:</b>		
Amounts due to group undertakings	<b>369</b>	369
Taxation and social security	-	447
	<b>369</b>	<b>816</b>

The amounts due to group undertakings represents UK corporate tax payable borne by other companies in the group.

The Company has access to the Babcock International Group PLC overdraft facility. The Company along with fellow group undertakings has provided cross-guarantees in relation to this facility (see note 14).

**10 Called up share capital**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
100 ordinary shares of £1 each (2021 : 100)	<b>100</b>	100

**11 Dividends**

No interim dividend payment has been made for this financial year (2021: £ nil). No final dividend for the year ended 31 March 2022 is proposed by the directors (2021: £nil).

**12 Guarantees and financial commitments**

a) Capital Commitments

At 31st March 2022 the Company had capital commitments of £nil (2021: £nil)

b) Lease Commitments

At 31st March 2022 the Company had lease commitments of £nil (2021: £nil) for leases not yet commenced.

c) VAT liabilities

The company is a member of a wider Babcock VAT group, and as a result is jointly and severally liable with the other members for the VAT asset of the group. At 31 March 2022 the accrued VAT asset of the group was £172,000 (2021: £2,119,000 liability).

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

**13 Related party disclosures**

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

**14 Contingent liabilities**

The Company has guaranteed or has joint and several liability for bank overdraft facilities that are shared across multiple Group companies with utilisation of £383.6m at 31 March 2022 (31 March 2021: £371.3m).

**15 Post balance sheet events**

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

**16 Immediate and ultimate parent undertakings**

The Company's immediate parent company is Babcock Marine Training Limited, a limited liability partnership registered in England and Wales. The Company's ultimate parent undertaking and controlling party is Babcock International Group PLC, a company registered in England and Wales. The only Group in which the results of the Company are consolidated is that headed by Babcock International Group PLC.

Copies of Babcock International Group PLC Financial Statements are available from the following address:

The Company Secretary  
Babcock International Group PLC  
33 Wigmore Street  
London  
W1U 1QX