
BNS Nuclear Services Limited (formerly Alstec Limited)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

Registered Number: 3975999

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BNS Nuclear Services Limited (formerly Alstec Limited)

Annual Report and Financial Statements

Contents

	Page
Directors and Advisors	1
Directors' report for the year ended 31 March 2008	2 – 6
Independent auditors' report to the members of BNS Nuclear Services Limited (formerly Alstec Limited)	7 - 8
Profit and loss account for the year ended 31 March 2008	9
Balance sheet as at 31 March 2008	10
Notes to the financial statements for the year ended 31 March 2008	11 - 23

BNS Nuclear Services Limited (formerly Alstec Limited)

Directors and Advisors

Directors

A N Dungate
K R Thomas
M D Austick
A A Bethel
I S Urquhart
F Martinelli
S A R Billiald

Joint company secretaries

J D T Greig
S A R Billiald

Registered office

2 Cavendish Square
London
W1G 0PX

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

BNS Nuclear Services Limited (formerly Alstec Limited)

Directors' report for the year ended 31 March 2008

The directors present their annual report on the affairs of the company, together with the audited financial statements, for the year ended 31 March 2008

1. Business Review

The business review below reviews the company's activities and likely future developments

Principal Activities

The Company operates across three areas of support services operations

Airports Provision of baggage and parcel handling systems and services Services range from the formulation of solutions through to detailed design, project management, commissioning, operation and maintenance.

Defence Provide specialist defence engineering, supplying navies across the world with aircraft and cargo lifts as well as stores and materials handling systems

Nuclear Provision of a broad spectrum of engineering and support services to the nuclear industry These encompass initial studies, the management of outages, plant operations, and a variety of decommissioning projects

On 24 May 2008 the company transferred the trade, assets and liabilities of its airports business to Babcock Airports Limited, another company in the Alstec group It is the company's intention to acquire the trade, assets and liabilities of INS Innovation Limited, another company in the Alstec group at the end of June 2008 Also on 24 May 2008 the company changed its name to BNS Nuclear Services Limited

Operational Review

On 30 March 2007, the company purchased the trade, assets and liabilities of Babcock Airports Limited (formerly Alstec Airports Limited), another company in the Alstec group involved primarily in providing operations and maintenance services for airports baggage systems

The business had another successful year Activity on operations and maintenance at Heathrow increased during the year following expansion of work scope for inter-terminal operations, and an increase in resources in readiness for commencement of operations at Terminal 5 The airports sector is contributing an increasing share of company turnover In recognition of this, and consistent with the strong relationship being built by Babcock with BAA, the company transferred the whole of its airports business to a subsidiary within the Alstec group, Babcock Airports Limited It will enable us to consolidate and build on our existing status as a key supplier to BAA, with our ability to offer a complete package from concept to service operation of their Baggage Handling Systems

In January 2008, the company was awarded a contract by British Energy Generation Limited to provide long term support services for the UK fleet of seven AGR power stations, building on the existing successful relationship between British Energy and Alstec It will enable Alstec to provide British Energy with specialist fuel route and reactor protection system engineering services to support the extension of the operating lives of the AGR power stations

BNS Nuclear Services Limited (formerly Alstec Limited)

Directors' report for the year ended 31 March 2008 (continued)

1. Business Review (continued)

Operational Review (continued)

In March 2008, the Babcock subsidiary, INS Innovation Limited (INS), was transferred into the Alstec group. In April 2008 a separate civil nuclear division was created combining the nuclear capabilities within Alstec and INS. The combined unit will hold a strong position in the civil nuclear engineering market.

Work on the Highly Mechanised Weapons Handling System for the aircraft carrier programme continues to progress, and it is anticipated that the Aircraft Carrier Alliance manufacturing contract will be signed shortly. The supply base will then be engaged to support the programme delivery. Manufacturing on the third and final set of New Module Transport and Storage Containers was completed during the year, some 12 weeks ahead of schedule. This is a significant achievement that has been well received by the customer. Production of the Tranche 1 Decoy Dispensers for the Typhoon Aircraft is substantially complete and well ahead of the decoy integration programme.

During the year, the company was awarded a RoSPA Gold Award (for the fourth consecutive year) and a British Safety Council Award (for the twelfth consecutive year). We have gone through a whole year at Whetstone and around our nuclear sites without a reportable incident. This is a remarkable achievement in hazardous construction and manufacturing environments.

Results and Dividends

Turnover for the year was £106,280,000 (2007 – £61,311,000) on which an operating profit before exceptional items of £8,601,000 (2007 - £3,463,000) was made. A profit for the financial year of £9,975,000 (2007 - £31,810,000) was made. The 2007 result included a profit on sale of the fixed asset investment of £35,000,000.

No dividends were declared or paid in the current year (2007 £Nil).

The net assets of the company have increased to £51.8m from £41.8m in the previous year, and the net cash position of the company improved to £9,192,000 (2007 - £3,546,000).

Safety Policy

The company recognises the promotion of health and safety at work as an important objective. It is company policy to take steps to ensure, as far as reasonably practical, the health, safety and welfare of the employees of the company.

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

Employment of disabled persons

The policy of the company is to give full consideration to disabled applicants for employment, having regards to their particular aptitudes and abilities, and they share in the opportunities for training, career development and promotion. If an employee becomes disabled, our objective is the continued provision of suitable employment either in the same or an alternative position, appropriate training being given if necessary.

BNS Nuclear Services Limited (formerly Alstec Limited)

Directors' report for the year ended 31 March 2008 (continued)

1. Business Review (continued)

Employee involvement

It is the policy of the company to communicate regularly with its employees in briefings and discussions, by written communications on specific topics and on more general issues through the bulletin 'The Big Picture'. The company routinely discusses issues affecting its employees directly.

Environment

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

Qualifying third party indemnity provisions

Under their respective Articles of Association, the directors of the company are, and were during the year to 31 March 2008, entitled to be indemnified by the company against liabilities and costs incurred in connection with the execution of their duties or the exercise of their powers, to the extent permitted by the Companies Act 1985.

Key performance indicators

Given the straightforward nature of the business, the company's 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.

2. Supplier payment policy

The company's policy is to settle terms of payment with suppliers by mutual agreement and to abide by the terms of payment. Trade creditors of the company at 31 March 2008 were equivalent to 40 days (2007: 31 days).

3. Charitable and political donations

In the year ended 31 March 2008 the company made charitable donations of £15,000 (2007: £9,000). There were no political contributions during the year (2007: £Nil).

4. Financial Risk Management

All treasury transactions are carried out only with prime rated counter-parties, as are investments of cash and cash equivalents.

5. Directors

The directors who served during the year were as follows:

A N Dungate
K R Thomas
M D Austick
A A Bethel
I S Urquhart
F Martinelli
S A R Billiald

Resigned 23 May 2007, appointed 8 January 2008

BNS Nuclear Services Limited (formerly Alstec Limited)

Directors' report for the year ended 31 March 2008 (continued)

6. Statement of directors' responsibilities in respect of the Annual Report and 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements. The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985.

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.

7. Statement of disclosure of information to auditors

In the case of the persons who are directors at the time when the report is approved under section 234ZA the following applies:

- so far as the directors 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 directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

8. Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

BNS Nuclear Services Limited (formerly Alstec Limited)

Directors' report for the year ended 31 March 2008 (continued)

On behalf of the Board



M D Austick
Director

6 June 2008

2 Cavendish Square
London W1G 0PX

Independent auditors' report to the members of BNS Nuclear Services Limited (formerly Alstec Limited)

We have audited the financial statements of BNS Nuclear Services Limited (formerly Alstec Limited) for the year ended 31 March 2008, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of BNS Nuclear Services Limited (formerly Alstec Limited) (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
East Midlands

7 June 2008

BNS Nuclear Services Limited (formerly Alstec Limited)

Profit and Loss Account

For the year ended 31 March 2008

	Notes	2008 £'000	2007 £'000
Turnover	2	106,280	61,311
Cost of sales		<u>(90,394)</u>	<u>(52,877)</u>
Gross profit		15,886	8,434
Selling and marketing costs		(2,242)	(1,804)
Administrative expenses		(5,043)	(3,167)
Operating profit		8,601	3,463
Exceptional items	4	-	<u>28,228</u>
Profit on ordinary activities before interest and taxation		8,601	31,691
Interest receivable and similar income	5	1,403	458
Interest payable and similar charges	5	-	(35)
Profit on ordinary activities before taxation	6	10,004	32,114
Tax on profit on ordinary activities	7	(29)	(304)
Retained profit for the financial year	15	9,975	<u>31,810</u>

All activities derive from continuing operations

There are no recognised gains and losses other than the profit for the year. Accordingly, no statement of total recognised gains and losses is given.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

BNS Nuclear Services Limited (formerly Alstec Limited)

Balance Sheet

As at 31 March 2008

	Notes	2008 £'000	2007 £'000
Fixed assets			
Intangible assets	8	30,388	32,068
Tangible assets	9	1,033	1,113
		<u>31,421</u>	<u>33,181</u>
Current assets			
Stocks	10	9,239	9,855
Debtors	11	43,352	28,078
Cash at bank and in hand		9,192	3,546
		<u>61,783</u>	<u>41,479</u>
Creditors – amounts due within one year	12	<u>(37,560)</u>	<u>(28,670)</u>
Net current assets		<u>24,223</u>	<u>12,809</u>
Total assets less current liabilities		55,644	45,990
Creditors – amounts due after more than one year		-	-
Provisions for liabilities and charges	13	<u>(3,859)</u>	<u>(4,180)</u>
Net assets		<u><u>51,785</u></u>	<u><u>41,810</u></u>
Capital and reserves			
Called-up share capital	14	-	-
Share premium	15	10,000	10,000
Profit and loss account	15	41,785	31,810
		<u>51,785</u>	<u>41,810</u>
Total equity shareholders' funds	16	<u><u>51,785</u></u>	<u><u>41,810</u></u>

The financial statements on pages 9 to 23 were approved by the Board of Directors on 6 June 2008 and signed on its behalf by



M D Austick
Director

6 June 2008

BNS Nuclear Services Limited (formerly Alstec Limited)

Notes to the financial statements for the year ended 31 March 2008

1 Accounting policies

The financial statements are prepared in accordance with applicable UK accounting standards. The following accounting policies have been consistently applied to matters that are considered material to the financial statements.

a) Basis of accounting

The Financial Statements have been prepared on the going concern basis, under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 1985.

b) Cash flow statement

The company has taken advantage of the provision of FRS 1 (revised 1996) not to prepare a cash flow statement on the basis that consolidated accounts, in which the results of BNS Nuclear Services Limited (formerly Alstec Limited) are included, are publicly available. Copies of these accounts are available from the Company Secretary at Babcock International Group PLC, 2 Cavendish Square, London W1G 0PX.

c) Related party transactions

In respect of the year ended 31 March 2008, the company was ultimately a wholly owned subsidiary and, accordingly, has taken advantage of the exemptions of FRS 8 which exempts the company from disclosure of all intra group transactions, as the consolidated accounts of its ultimate parent company are publicly available.

d) Intangible assets- Goodwill

When the fair value of the consideration for an acquired undertaking exceeds the fair value of its separable net assets the difference is treated as purchased goodwill and is capitalised and amortised through the profit and loss account over its estimated economic life. Provision is made for any impairment.

e) Tangible fixed assets

Tangible fixed assets are shown at cost, net of depreciation and provision for permanent diminution in value.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its estimated useful economic life as follows:

Plant and machinery	10% per annum
Fixtures and fittings	20% per annum
Motor vehicles	25% per annum

f) Stocks

Stocks are stated at the lower of cost and net realisable value. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

BNS Nuclear Services Limited (formerly Alstec Limited)

Notes to the financial statements for the year ended 31 March 2008 (continued)

1 Accounting policies (continued)

g) Long-term contracts

The amount of profit attributable to the stage of completion of a long-term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at cost incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

h) Turnover

Turnover, other than that relating to long-term contracts, comprises the value of amounts invoiced (excluding trade discounts, VAT and similar taxes) for goods and services provided in the normal course of business.

i) Taxation

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 substantially enacted by the balance sheet date. The taxation liabilities of certain group companies may be reduced, wholly or in part, by the surrender of losses by fellow group companies. The decision to charge group relief is made on a case by case basis.

Deferred taxation, which arises from differences in the timing of the recognition of items in the accounts and by the tax authorities, has been calculated using the liability method.

j) Pensions costs and other post retirement benefits

Defined contribution pension schemes

The Alstec group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

Defined benefit pension scheme

The group also operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group, being invested with insurance companies. Contributions payable to the scheme are charged to the profit and loss account (see Note 20).

BNS Nuclear Services Limited (formerly Alstec Limited)

Notes to the financial statements for the year ended 31 March 2008 (continued)

1 Accounting policies (continued)

k) Foreign currency

Transactions denominated in foreign currencies are recorded in local currency at actual exchange rates as of the date of the transaction (or, where appropriate, at the rate of exchange in a related forward exchange contract) Monetary assets and liabilities denominated in foreign currencies at the year-end are reported at the rates of exchange prevailing at the period end (or, where appropriate, at the rate of exchange in a related forward exchange contract)

Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account

l) Leases

Rentals under operating leases are charged on a straight-line basis over the lease term

m) Research and Development

Expenditure on research and development is written off in the period in which it is incurred

2 Turnover

Geographical analysis of turnover by destination is as follows

	2008 £'000	2007 £'000
United Kingdom	104,661	60,038
Europe	1,304	814
North America	203	27
Rest of World	112	432
	<u>106,280</u>	<u>61,311</u>

3 Information regarding directors and employees

There were no directors' emoluments for the year ended 31 March 2008 or 31 March 2007

	2008 Number	2007 Number
The number of directors who were members of the defined benefit pension scheme was	<u>1</u>	<u>1</u>

BNS Nuclear Services Limited (formerly Alstec Limited)

Notes to the financial statements for the year ended 31 March 2008 (continued)

3 Information regarding directors and employees (continued)

The average monthly number of employees (including directors) was

	2008 Number	2007 Number
Production and engineering	574	556
Sales and commercial	22	17
Administration	32	33
	<hr/>	<hr/>
	628	606
	<hr/> <hr/>	<hr/> <hr/>

Staff costs during the year

	2008 £'000	2007 £'000
Wages and salaries	20,856	17,412
Social security costs	2,101	1,837
Pension costs	3,400	3,097
	<hr/>	<hr/>
	26,357	22,346
	<hr/> <hr/>	<hr/> <hr/>

4 Exceptional items

Profit on ordinary activities before interest and taxation is stated after the following exceptional items

	2008 £'000	2007 £'000
Profit on sale of fixed asset investment	-	(35,000)
Distribution to Employee Benefit Trust	-	6,772
	<hr/>	<hr/>
	-	(28,228)
	<hr/> <hr/>	<hr/> <hr/>

BNS Nuclear Services Limited (formerly Alstec Limited)

Notes to the financial statements for the year ended 31 March 2008 (continued)

5 Net interest payable and similar charges

	2008 £'000	2007 £'000
Interest payable and similar charges:		
Other	-	(35)
	<u>-</u>	<u>(35)</u>
Interest receivable and similar income:		
Loan interest receivable from group undertakings	714	82
Bank interest	689	376
	<u>1,403</u>	<u>458</u>

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/ (crediting)

	2008 £'000	2007 £'000
Depreciation	483	526
Amortisation of goodwill	1,680	1,540
Profit on sale of tangible fixed assets	(77)	(17)
Auditors' remuneration	67	79
Taxation fees	9	3
Actuarial services	3	1
Operating lease rentals		
- Land and buildings	828	927
- Plant and machinery	519	302
Research and development	159	22
Exceptional items (Note 4)	-	(28,228)

7 Tax charge on profit on ordinary activities

	2008 £'000	2007 £'000
Current tax		
United Kingdom corporation tax	-	675
Adjustments in respect of prior years	197	-
Deferred tax credit	(206)	(371)
Impact of change in UK tax rate	38	-
	<u>29</u>	<u>304</u>

BNS Nuclear Services Limited (formerly Alstec Limited)

Notes to the financial statements for the year ended 31 March 2008 (continued)

7 Tax charge on profit on ordinary activities (continued)

The difference between the total current year tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2008 £'000	2007 £'000
Profit on ordinary activities before taxation	10,004	32,114
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2007 30%)	3,001	9,634
Effects of		
Expenses not tax deductible	35	487
Capital allowances for the year less than/(in excess of) depreciation	69	(104)
Differences in timing of tax relief on expenditure	(122)	147
Adjustments in respect of prior years	197	-
Profit on sale of fixed asset investment	-	(10,500)
Group relief for nil consideration	(2,983)	1,011
	197	675

The movement on the deferred tax asset is as follows

	2008 £'000	2007 £'000
At beginning of the year	371	-
Acquired during the year	-	328
Adjustments in respect of prior years	260	-
(Charge)/ credit for the year in the profit and loss account	(54)	43
Impact of change in UK tax rate	(38)	-
At end of the year	539	371

Deferred taxation provided in the financial statements in the current and previous years is as follows

	2008 Provided £'000	2007 Provided £'000	2008 Not Provided £'000	2007 Not Provided £'000
Depreciation in excess of capital allowances	330	224	-	-
Other timing differences	209	147	-	-
	539	371	-	-

BNS Nuclear Services Limited (formerly Alstec Limited)

Notes to the financial statements for the year ended 31 March 2008 (continued)

7 Tax charge on profit on ordinary activities (continued)

On 21 March 2007, the Chancellor announced that the full rate of corporation tax will be reduced from 30% to 28% from April 2008. A number of other changes to the UK corporation tax system were announced by the Chancellor in the March 2007 Budget Statement that are expected to be enacted in the 2008 Finance Act, including the phasing out of industrial building allowances from 2008 and the reduction in the rate of capital allowances. These changes had not been substantially enacted at the balance sheet date and therefore are not included in these financial statements. The effect of the changes to be enacted in the Finance Act 2008 are not expected to have any significant effect on the company's future tax charge.

8 Intangible fixed assets

	Purchased Goodwill £'000
Cost	
At 31 March 2007 and 31 March 2008	33,608
Amortisation	
At 1 April 2007	1,540
Charge for the year	1,680
At 31 March 2008	3,220
Net book value	
At 31 March 2008	30,388
At 31 March 2007	32,068

BNS Nuclear Services Limited (formerly Alstec Limited)

Notes to the financial statements for the year ended 31 March 2008 (continued)

9 Tangible fixed assets

	Plant & Machinery £'000	Motor Vehicles £'000	Fixtures & Fittings £'000	Total £'000
Cost				
At 1 April 2007	445	88	1,104	1,637
Additions	12	14	381	407
Disposals	(137)	(5)	-	(142)
At 31 March 2008	320	97	1,485	1,902
Accumulated depreciation				
At 1 April 2007	105	40	379	524
Charge for the year	97	32	354	483
Disposals	(134)	(4)	-	(138)
At 31 March 2008	68	68	733	869
Net book value				
At 31 March 2008	252	29	752	1,033
At 31 March 2007	340	48	725	1,113

10 Stocks

	2008 £'000	2007 £'000
Long term contract balances	6,294	7,166
Finished goods and goods for resale	2,945	2,689
	9,239	9,855

BNS Nuclear Services Limited (formerly Alstec Limited)

Notes to the financial statements for the year ended 31 March 2008 (continued)

11 Debtors

	2008 £'000	2007 £'000
Due within one year		
Trade debtors	14,827	6,008
Amounts recoverable on contracts	191	1,692
Amounts owed by group undertakings	27,297	18,582
Prepayments and accrued income	227	220
UK corporation tax recoverable	271	1,205
Deferred tax (note 7)	539	371
	<u>43,352</u>	<u>28,078</u>

Amounts owed by group undertakings include two non-interest bearing loans of £8m and £8.5m and one loan of £10.8m on which interest is charged at 7.4% p a

12 Creditors - amounts due within one year

	2008 £'000	2007 £'000
Payments received on account	2,050	2,138
Trade creditors	6,004	5,665
Amounts owed to group undertakings	11,688	11,711
Other taxes and social security	4,445	803
Other creditors	3,636	2,269
Accruals and deferred income	9,737	6,084
	<u>37,560</u>	<u>28,670</u>

Amounts owed to group undertakings are non-interest bearing

BNS Nuclear Services Limited (formerly Alstec Limited)

Notes to the financial statements for the year ended 31 March 2008 (continued)

13 Provisions for liabilities and charges

	Other provisions £'000	Warranties £'000	Total £'000
At 1 April 2007	2,751	1,429	4,180
Created in the year	9	204	213
Released in the year	(39)	(401)	(440)
Utilised during the year	(68)	(26)	(94)
At 31 March 2008	2,653	1,206	3,859

The warranty provision covers future expected expenses committed at the time of the sale of the contract for the warranty periods of the long-term contracts

Other provisions are largely in respect of dilapidation and onerous lease provisions on leasehold property

14 Called-up share capital

	2008 £'000	2007 £'000
Authorised		
1,000,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	Number	Number
Called up, allotted and fully paid		
11,000 ordinary shares of £1 each	<u>11</u>	<u>11</u>

15 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 April 2007	10,000	31,810
Retained profit for the year	-	9,975
At 31 March 2008	10,000	41,785

BNS Nuclear Services Limited (formerly Alstec Limited)

Notes to the financial statements for the year ended 31 March 2008 (continued)

16 Reconciliation of movements in total shareholders' funds

	2008 £'000	2007 £'000
Profit for the financial year	9,975	31,810
Proceeds from issue of shares	-	10,000
Opening shareholders' funds	<u>41,810</u>	<u>-</u>
Closing shareholders funds	<u><u>51,785</u></u>	<u><u>41,810</u></u>

17 Guarantees and financial commitments

(a) Capital commitments

Amounts contracted for but not provided in the accounts amounted to £12,404 (31 March 2007 - £29,045)

(b) Contingent liabilities

The company at the year-end had guaranteed or had joint and several liability for drawn Babcock International Group PLC bank facilities of £375m provided to certain group companies

(c) Operating lease commitments

	2008 Land and buildings £'000	2008 Other £000	2007 Land and buildings £'000	2007 Other £'000
Leases which expire				
- within one year	52	51	44	48
- between two and five years	126	354	94	285
- after five years	697	-	697	-
	<u>875</u>	<u>405</u>	<u>835</u>	<u>333</u>

BNS Nuclear Services Limited (formerly Alstec Limited)

Notes to the financial statements for the year ended 31 March 2008 (continued)

18 Post balance sheet events

On 24 May 2008 the company transferred the trade, assets and liabilities of its airports business to Babcock Airports Limited, another company in the Alstec group. It is the company's intention to acquire the trade, assets and liabilities of INS Innovation Limited, another company in the Alstec group at the end of June 2008.

19 Related party disclosures

The company, as a wholly owned subsidiary, has taken advantage of the exemption, granted under Financial Reporting Standard 8, Related Party Disclosures, from disclosing details of sales and purchases with other members of the group headed up by Babcock International Group PLC.

20 Pension arrangements

The company participates in the ALSTEC Pension Scheme, a defined benefit pension scheme for all eligible employees of the Alstec Group which commenced on 1 April 2001 and, from October 2001, introduced a money purchase section for new joiners, the assets of which are held in separate, trustee administered funds.

An independent actuary prepares valuations of the Scheme at least every three years and, in accordance with his recommendations, the Group makes contributions to the Scheme. The cost of the defined benefit section, including the amortisation of any experience surplus or deficit, is charged to the profit and loss account on a systematic basis over the expected remaining working lives of the employees. The amounts charged to the profit and loss account in respect of the money purchase section represent contributions payable in respect of the accounting period.

The Group paid contributions of 12.0% of Pensionable Salaries to the final salary section and 6.0% of Pensionable salaries to the money purchase section.

The pension cost for the Scheme was £3,400,000 (2007: £3,097,000). Contributions amounting to £364,156 (2007: £342,156) were payable to the Scheme.

The company is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", will account for the Scheme under this accounting standard as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account under FRS 17 will represent the contributions payable to the scheme in respect of the accounting period.

21 Immediate and ultimate parent undertakings and controlling parties

The company's immediate parent company is Alstec Group Limited, a company registered in England and Wales. The company's ultimate parent company is Babcock International

BNS Nuclear Services Limited (formerly Alstec Limited)

Notes to the financial statements for the year ended 31 March 2008 (continued)

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

21 Immediate and ultimate parent undertakings and controlling parties (continued)

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

The Company Secretary
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London W1G 0PX