
BNS Nuclear Services Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

Registered Number: 3975999

TUESDAY



ATX00BJI

A08

14/07/2009

246

COMPANIES HOUSE

BNS Nuclear Services Limited

Annual Report and Financial Statements

Contents

	Page
Directors and Advisors	1
Directors' report for the year ended 31 March 2009	2 – 6
Independent auditors' report to the members of BNS Nuclear Services Limited	7 - 8
Profit and loss account for the year ended 31 March 2009	9
Balance sheet as at 31 March 2009	10
Notes to the financial statements for the year ended 31 March 2009	11 - 25

BNS Nuclear Services Limited

Directors and Advisors

Directors

A N Dungate
K R Thomas
M D Austick
P L Rogers
W Tame
F Martinelli
S A R Billiald

Company secretary

S A R Billiald

Registered office

33 Wigmore Street
London
W1U 1QX

Independent auditors

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

BNS Nuclear Services Limited

Directors' report for the year ended 31 March 2009

The directors present their annual report on the affairs of the company, together with the audited financial statements, for the year ended 31 March 2009.

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.

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.

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

On 1 April 2009 the company transferred the trade, assets and liabilities of its defence business to Babcock Integrated Technology Limited, a company within the Babcock group.

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 28 June 2008 the company acquired the trade, assets and liabilities of INS Innovation Limited, another company in the Alstec group.

On 30 January 2009 the company acquired the trade, assets and liabilities of the nuclear business within Strachan and Henshaw Limited, a company within the Babcock group.

Operational Review

During the year the company acquired the trade, assets and liabilities of INS Innovation Limited and the nuclear business of Strachan and Henshaw Limited. A separate civil nuclear division was created combining the nuclear capabilities within the three businesses. The combined businesses give us significant presence in the civil nuclear market, making BNS Nuclear Services Limited well placed to benefit further from the growth in the decommissioning market and the new build programme.

Performance in the year was strong, with the successful completion of the refuelling outage at Sizewell B for British Energy, achieved in the shortest time with the best ever safety record; and in August 2008 the award of the Reactor Support Services contract for DSRL at Dounreay. The contract is for three years with options for extension, and further consolidates our position at Dounreay.

In August 2008 we were awarded the contract for the manufacturing phase of the CVF (future aircraft carrier) highly mechanised weapons handling system with the Aircraft Carrier Alliance. The contract is worth £35m over 7 years. Also in August, a "centre of excellence" was established at the Whetstone site for the repair and testing of first level seawater pumps

BNS Nuclear Services Limited

Directors' report for the year ended 31 March 2009 (continued)

1. Business Review (continued)

Operational Review (continued)

for submarines, and we are now involved in supporting pumps across all classes of submarine in service for the British Navy. Production of the tranche 1 Decoy Dispensers for the Typhoon Aircraft was completed, tranche 2 is now in full production, and we have recently been awarded a £7m contract for the production of decoy dispensers for SALAAM. After the year-end, the trade, assets and liabilities of the defence business within BNS Nuclear Services Limited were transferred to Babcock Integrated Technology Limited, a company within the Marine division of Babcock.

Results and Dividends

Turnover for the year was £94,759,000 (2008 – £106,280,000) on which a profit of £7,046,000 was made (2008 - £9,975,000).

No dividends were declared or paid in the current year (2008: £Nil).

The net assets of the company have increased to £58.8m from £51.8m in the previous year.

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.

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.

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.

BNS Nuclear Services Limited

Directors' report for the year ended 31 March 2009 (continued)

1. Business Review (continued)

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 2009, 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 2009 were equivalent to 33 days (2008: 40 days).

3. Charitable and political donations

In the year ended 31 March 2009 the company made charitable donations of £12,000 (2008: £15,000). There were no political contributions during the year (2008: £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	Resigned 27 August 2008
I S Urquhart	Resigned 27 August 2008
F Martinelli	
S A R Billiald	
P L Rogers	Appointed 27 August 2008
W Tame	Appointed 27 August 2008

BNS Nuclear Services Limited

Directors' report for the year ended 31 March 2009 (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.

BNS Nuclear Services Limited

Directors' report for the year ended 31 March 2009 (continued)

8. Auditors

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

On behalf of the Board



M D Austick
Director

12 June 2009

33 Wigmore Street
London W1U 1QX

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

We have audited the financial statements of BNS Nuclear Services Limited for the year ended 31 March 2009, 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors report and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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,

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

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.

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 2009 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

12 June 2009

BNS Nuclear Services Limited

Profit and Loss Account

For the year ended 31 March 2009

	Notes	Continuing operations	Acquisitions	Dis-continued operations	Total	Continuing operations	Dis-continued operations	Total
		2009	2009	2009	2009	2008	2008	2008
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	2	64,758	20,467	9,534	94,759	57,053	49,227	106,280
Cost of sales		(53,584)	(17,005)	(8,534)	(79,123)	(48,216)	(42,178)	(90,394)
Gross profit		11,174	3,462	1,000	15,636	8,837	7,049	15,886
Selling and marketing costs		(2,506)	(129)	(28)	(2,663)	(1,969)	(273)	(2,242)
Administrative expenses		95	(1,888)	(581)	(2,374)	(364)	(2,999)	(3,363)
Profit on ordinary activities before goodwill amortisation		8,763	1,445	391	10,599	6,504	3,777	10,281
Goodwill amortisation		(1,680)	(1,562)	-	(3,242)	(1,680)	-	(1,680)
Operating profit/ (loss)		7,083	(117)	391	7,357	4,824	3,777	8,601
Interest receivable and similar income	4	1,300	74	-	1,374	1,403	-	1,403
Interest payable and similar charges	4	-	(78)	-	(78)	-	-	-
Profit / (loss) on ordinary activities before taxation	5	8,383	(121)	391	8,653	6,227	3,777	10,004
Tax on profit/ (loss) on ordinary activities	6	(1,532)	34	(109)	(1,607)	(29)	-	(29)
Retained profit/ (loss) for the financial year	15	6,851	(87)	282	7,046	6,198	3,777	9,975

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

Balance Sheet

As at 31 March 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Intangible assets	7	87,031	30,388
Tangible assets	8	1,909	1,033
		<u>88,940</u>	<u>31,421</u>
Current assets			
Stocks	10	2,847	9,239
Debtors	11	71,239	43,352
Cash at bank and in hand		4,064	9,192
		<u>78,150</u>	<u>61,783</u>
Creditors – amounts due within one year	12	<u>(104,035)</u>	<u>(37,560)</u>
Net current (liabilities)/ assets		<u>(25,885)</u>	<u>24,223</u>
Total assets less current liabilities		<u>63,055</u>	<u>55,644</u>
Creditors – amounts due after more than one year		-	-
Provisions for liabilities and charges	13	(4,224)	(3,859)
Net assets		<u>58,831</u>	<u>51,785</u>
Capital and reserves			
Called-up share capital	14	-	-
Share premium	15	10,000	10,000
Profit and loss account	15	48,831	41,785
		<u>58,831</u>	<u>51,785</u>
Total equity shareholders' funds	16	<u>58,831</u>	<u>51,785</u>

The financial statements on pages 9 to 25 were approved by the Board of Directors on 12 June 2009 and signed on its behalf by



M D Austick
Director

12 June 2009

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2009

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 are included, are publicly available. Copies of these accounts are available from the Company Secretary at Babcock International Group PLC, 33 Wigmore Street, London W1U 1QX.

c) *Related party transactions*

In respect of the year ended 31 March 2009, 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 of 20 years. 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:

Leasehold buildings	Over length of the lease
Plant and machinery	10%- 20% 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

Notes to the financial statements for the year ended 31 March 2009 (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

Notes to the financial statements for the year ended 31 March 2009 (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:

Year ended 31 March 2009:

	Continuing 2009 £'000	Acquisitions 2009 £'000	Discontinued 2009 £'000	Total 2009 £'000
United Kingdom	63,440	20,467	9,483	93,390
Europe	472	-	32	504
North America	2	-	19	21
Rest of World	844	-	-	844
	64,758	20,467	9,534	94,759

Year ended 31 March 2008:

	Continuing 2008 £'000	Discontinued 2008 £'000	Total 2008 £'000
United Kingdom	55,916	48,745	104,661
Europe	1,021	283	1,304
North America	4	199	203
Rest of World	112	-	112
	57,053	49,227	106,280

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

3 Information regarding directors and employees

There were no directors' emoluments for the year ended 31 March 2009 or 31 March 2008.

	2009 Number	2008 Number
The number of directors who were members of the defined benefit pension scheme was	<u>1</u>	<u>1</u>

The average monthly number of employees (including directors) was:

	2009 Number	2008 Number
Production and engineering	755	574
Sales and commercial	37	22
Administration	75	32
	<u>867</u>	<u>628</u>

Staff costs during the year:

	2009 £'000	2008 £'000
Wages and salaries	28,887	20,856
Social security costs	3,055	2,101
Pension costs	3,546	3,400
	<u>35,488</u>	<u>26,357</u>

4 Net interest payable and similar charges

	2008 £'000	2008 £'000
Interest payable and similar charges:		
Bank interest	<u>(78)</u>	-
Interest receivable and similar income:		
Loan interest receivable from group undertakings	740	714
Bank interest	634	689
	<u>1,374</u>	<u>1,403</u>

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

5 Profit on ordinary activities before taxation

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

	2009 £'000	2008 £'000
Depreciation	565	483
Amortisation of goodwill	3,242	1,680
Profit on sale of tangible fixed assets	(55)	(77)
Auditors' remuneration	83	67
Taxation fees	5	9
Actuarial services	-	3
Operating lease rentals		
- Land and buildings	1,275	828
- Plant and machinery	166	519
Research and development	357	159

6 Tax charge on profit on ordinary activities

	2009 £'000	2008 £'000
Current tax:		
Group relief for consideration	1,598	-
Adjustments in respect of prior years	-	197
Impact of change in UK tax rate	-	38
Deferred tax:		
Current year credit	(12)	(206)
Prior year charge	21	-

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:

	2009 £'000	2008 £'000
Profit on ordinary activities before taxation	8,653	10,004
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2008: 30%)	2,423	3,001
Effects of:		
Expenses not tax deductible	63	35
Capital allowances for the year less than depreciation	158	69
Differences in timing of tax relief on expenditure	(145)	(122)
Adjustments in respect of prior years	-	197
Group relief for nil consideration	(901)	(2,983)

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

6 Tax charge on profit on ordinary activities (continued)

The movement on the deferred tax asset is as follows:

	2009 £'000	2008 £'000
At beginning of the year	539	371
Acquired during the year	21	-
Adjustments in respect of prior years	(21)	260
(Charge)/ credit for the year in the profit and loss account	12	(54)
Impact of change in UK tax rate	-	(38)
	<u>551</u>	<u>539</u>

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

	2009 Provided £'000	2008 Provided £'000	2009 Not Provided £'000	2008 Not Provided £'000
Depreciation in excess of capital allowances	487	330	-	-
Other timing differences	64	209	-	-
	<u>551</u>	<u>539</u>	-	-

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

7 Intangible fixed assets

	Purchased Goodwill £'000
Cost	
At 1 April 2008	33,608
Additions	* 59,885
	<hr/>
At 31 March 2009	93,493
	<hr/>
Amortisation	
At 1 April 2008	3,220
Charge for the year	3,242
	<hr/>
At 31 March 2009	6,462
	<hr/>
Net book value	
At 31 March 2009	87,031
	<hr/>
At 31 March 2008	30,388
	<hr/>

* Acquisition of trade, assets and liabilities of INS Innovation Limited, and the nuclear business of Strachan and Henshaw Limited (Note 9).

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

8 Tangible fixed assets

	Leasehold Buildings £'000	Plant & Machinery £'000	Motor Vehicles £'000	Fixtures & Fittings £'000	Total £'000
Cost					
At 1 April 2008	-	320	97	1,485	1,902
Acquisitions	625	55	2	387	1,069
Additions	-	42	-	386	428
Disposals	(26)	(10)	(37)	(39)	(112)
At 31 March 2009	599	407	62	2,219	3,287
Accumulated depreciation					
At 1 April 2008	-	68	68	733	869
Charge for the year	29	94	17	425	565
Disposals	-	(4)	(38)	(14)	(56)
At 31 March 2009	29	158	47	1,144	1,378
Net book value					
At 31 March 2009	570	249	15	1,075	1,909
At 31 March 2008	-	252	29	752	1,033

9 Acquisitions and disposals

Acquisitions

On 28 June 2008 the company acquired the trade, assets and liabilities of INS Innovation Limited, and on 30 January 2009, it acquired the trade, assets and liabilities of the nuclear business within Strachan and Henshaw Limited. Acquisition accounting has been used to account for these transactions.

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

9 Acquisitions and disposals (continued)

The assets and liabilities acquired are set out below:

	Book value and fair value £'000
INS Innovation Limited	
Tangible fixed assets	1,069
Stocks	-
Debtors	5,803
Bank and cash	3,537
Creditors and other liabilities	(6,827)
Provisions	-
	<hr/>
Net assets acquired	3,582
	<hr/>
Cash consideration	40,000
	<hr/>
Goodwill on acquisition (Note 7)	36,418
	<hr/>
	Book value and fair value £'000
Strachan and Henshaw Limited nuclear business	
Tangible fixed assets	-
Stocks	-
Debtors	7,052
Bank and cash	-
Creditors and other liabilities	(4,988)
Provisions	(531)
	<hr/>
Net assets acquired	1,533
	<hr/>
Cash consideration	25,000
	<hr/>
Goodwill on acquisition (Note 7)	23,467
	<hr/>

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

9 Acquisitions and disposals (continued)

Disposals

On 24 May 2008 the company disposed of the trade, assets and liabilities of its airports business to Babcock Airports Limited, another company in the Alstec group.

The assets and liabilities transferred are set out below:

	Book value and fair value £'000
BNS Nuclear Services Limited airports business	
Tangible fixed assets	13
Stocks	4,240
Debtors	4,783
Bank and cash	-
Creditors and other liabilities	(7,884)
Provisions	(169)
Net assets transferred	<u>983</u>
Cash consideration	<u>983</u>

10 Stocks

	2009 £'000	2008 £'000
Long term contract balances	2,768	6,294
Finished goods and goods for resale	79	2,945
	<u>2,847</u>	<u>9,239</u>

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

11 Debtors

	2009 £'000	2008 £'000
Due within one year:		
Trade debtors	13,411	14,827
Amounts recoverable on contracts	7,638	191
Amounts owed by group undertakings	49,135	27,297
Other debtors	28	-
Prepayments and accrued income	476	227
UK corporation tax recoverable	-	271
Deferred tax (note 6)	551	539
	<u>71,239</u>	<u>43,352</u>

Amounts owed by group undertakings include four non-interest bearing loans of £27m, £8.5m, £0.5m and £1.6m and one loan of £11.5m on which interest is charged at 7.4% p.a.

12 Creditors - amounts due within one year

	2009 £'000	2008 £'000
Payments received on account	4,042	2,050
Trade creditors	7,820	6,004
Amounts owed to group undertakings	77,840	11,688
UK corporation tax payable	471	-
Other creditors	3,129	3,636
Other taxes and social security	3,516	4,445
Accruals and deferred income	7,215	9,737
Amounts payable under finance leases	2	-
	<u>104,035</u>	<u>37,560</u>

Amounts owed to group undertakings are non-interest bearing.

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

13 Provisions for liabilities and charges

	Other provisions £'000	Warranties £'000	Total £'000
At 1 April 2008	2,653	1,206	3,859
Acquired in the year	302	229	531
Created in the year	175	589	764
Released in the year	-	(668)	(668)
Transferred in the year	(106)	(64)	(170)
Utilised during the year	(22)	(70)	(92)
At 31 March 2009	3,002	1,222	4,224

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

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

14 Called-up share capital

	2009 £	2008 £
Authorised 1,000 ordinary shares of £1 each	1,000	1,000
	Number	Number
Called up, allotted and fully paid 11 ordinary shares of £1 each	11	11

15 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 April 2008	10,000	41,785
Retained profit for the year	-	7,046
At 31 March 2009	10,000	48,831

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

16 Reconciliation of movements in total shareholders' funds

	2009 £'000	2008 £'000
Profit for the financial year	7,046	9,975
Opening shareholders' funds	51,785	41,810
Closing shareholders funds	<u>58,831</u>	<u>51,785</u>

17 Guarantees and financial commitments

(a) Capital commitments

Amounts contracted for but not provided in the accounts amounted to £166,813 (31 March 2008 - £12,404).

(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 £355m provided to certain group companies.

(c) Operating lease commitments

	2009 Land and buildings £'000	2009 Other £000	2008 Land and buildings £'000	2008 Other £'000
Leases which expire:				
- within one year	140	159	52	51
- between two and five years	890	305	126	354
- after five years	228	-	697	-
	<u>1,258</u>	<u>464</u>	<u>875</u>	<u>405</u>

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

18 Post balance sheet events

On 1 April 2009 the company transferred the trade, assets and liabilities of its defence business to Babcock Integrated Technology Limited, another company in the Babcock group.

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 £3,364,000 (2008: £3,400,000). At the year-end contributions amounting to £Nil (31 March 2008: £364,156) 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.

On 28 June 2008 the company acquired the trade, assets and liabilities of INS Innovation Limited, which operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge under this scheme represents contributions payable by the company to the fund and amounted to £122,000 for the period from 28 June 2008 to 31 March 2009 (period ended 31 March 2008: £195,000). At the year-end contributions amounting to £27,743 were payable to the scheme (31 March 2008: £28,995).

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2009 (continued)

21 Pension arrangements (continued)

On 30 January 2009 the company acquired the trade, assets and liabilities of the nuclear business within Strachan and Henshaw Limited, which operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge under this scheme represents contributions payable by the company to the fund and amounted to £60,000 for the period from 30 January 2009 to 31 March 2009. At the year-end contributions amounting to £Nil were payable to the scheme.

22 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 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