

**INS Innovation Limited**  
Directors' report and financial statements  
Registered number 4109440  
Year ended 31 March 2009

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INS Innovation Limited  
Directors' report and financial statements  
Year ended 31 March 2009

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**Company information**

Directors	A Moore S J McGowan G J Mellor P Brown K Thomas A Bethel
Secretary	S Billiald
Registered office	33 Wigmore Street London W1U 1QX
Registered number	4109440
Auditors	PricewaterhouseCoopers LLP Donington Court Pegasus Business Park Castle Donington DE74 2UZ

## **Directors' report**

The directors present their annual report together with the audited financial statements for the year ended 31 March 2009.

## **Results and dividends**

The profit and loss account is set out on page 7 and shows the result for the year. No dividends were paid during the year (15 months ended 31 March 2008: £nil).  
The directors do not recommend the payment of a final dividend.

## **Principal activities, review of business and future developments**

The company's principal activity is nuclear engineering with particular emphasis on decommissioning.

On 28 June 2008 the trade and assets of INS Innovation Ltd were sold to BNS Nuclear Services Ltd, whose ultimate parent company is Babcock International Group PLC. The consideration received for the sale was £40 million (note 13).

The company has been dormant since 28 June 2008.

## **Directors**

The current directors of the company are set out on page 1. All of the directors served throughout the period.

## **Directors' report (*continued*)**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the company financial statements in accordance with UK Accounting Standards.

The company 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 for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable 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.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Disclosure of information to auditors**

At the date of making this report each of the company's directors, as set out on page 1, confirm the following:

- so far as each director is aware, there is no relevant information needed by the company's auditors in connection with preparing their report of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

**Directors' report (continued)**

**Charitable and political contributions**

The company made one charitable contribution during the year; £25 to Mountain Rescue (15 months ended 31 March 2008 - £1,500 to the Travellers Rest Supporters Club, £480 to Katie's Campaign, £350 to Cumbria Community Foundation, £288 to St Benedicts School, £250 to Cancer Research UK, £250 to St Rocco's Hospice, plus a further £250 split between a number of local charities).

The company did not make any political contributions during the year (15 months ended 31 March 2008 - £nil).

**Auditors**

During the year PricewaterhouseCoopers LLP were appointed as auditors to the company.

By order of the board



**G. J. Mellor**  
Director  
**12 June 2009**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INS INNOVATION LIMITED**

We have audited the financial statements of INS Innovation 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 the 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.

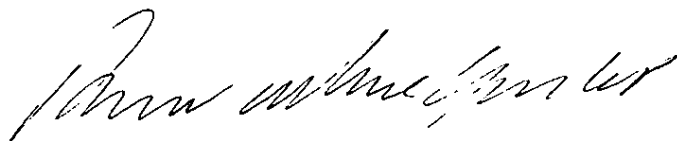
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 INS INNOVATION 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 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



**Profit and loss account  
 for the year ended 31 March 2009**

	Note	Year ended 31 March 2009			15 months ended 31 March 2008		
		£'000 Con- tinuing	£'000 Dis- continued	£'000 Total	£'000 Con- tinuing	£'000 Dis- continued	£'000 Total
<b>Turnover</b>	2	-	6,229	<b>6,229</b>	-	33,198	33,198
Cost of sales		-	(5,025)	<b>(5,025)</b>	-	(26,863)	(26,863)
<b>Gross profit</b>		-	1,204	<b>1,204</b>	-	6,335	6,335
Distribution costs		-	(81)	<b>(81)</b>	-	(380)	(380)
Administrative expenses		-	(710)	<b>(710)</b>	-	(3,922)	(3,922)
<b>Operating profit</b>	3	-	413	<b>413</b>	-	2,033	2,033
Profit on disposal of business	13	-	36,418	<b>36,418</b>	-	-	-
Interest receivable		-	27	<b>27</b>	-	115	115
<b>Profit on ordinary activities before taxation</b>		-	36,858	<b>36,858</b>	-	2,148	2,148
Taxation on profit on ordinary activities	6	-	(97)	<b>(97)</b>	-	(636)	(636)
<b>Profit on ordinary activities after taxation for the year</b>	12	-	36,761	<b>36,761</b>	-	1,512	1,512

All amounts relate to discontinued activities.

All recognised gains and losses in the current and prior periods are included in the profit and loss account.

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


The notes on pages 9 to 18 form part of these financial statements.

INS Innovation Limited  
 Directors' report and financial statements  
 Year ended 31 March 2009

**Balance sheet  
 at 31 March 2009**

	Note	31 March 2009		31 March 2008	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	7		-		1,123
<b>Current assets</b>					
Debtors	8	40,000		6,710	
Cash at bank and in hand		-		2,496	
				9,206	
<b>Creditors:</b> amounts falling due within one year	9			(7,090)	
<b>Net current assets</b>			40,000		2,116
<b>Total assets less liabilities</b>			40,000		3,239
<b>Net assets</b>			40,000		3,239
<b>Capital and reserves</b>					
Called up share capital	10		-		-
Profit and loss account	11	40,000			3,239
<b>Total shareholder's funds</b>	12		40,000		3,239

The financial statements on pages 7 to 18 were approved by the board of directors on 12 June 2009 and were signed on its behalf by:



**G J Mellor**  
 Director

The notes on pages 9 to 18 form part of these financial statements.

**Notes**

***(forming part of the financial statements)***

**1 Accounting policies**

The financial statements have been prepared under the historical cost convention and are in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom.

The principal accounting policies, which have been applied consistently, are:

***Cash flow statement***

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Babcock International Group PLC and the company is included in the consolidated financial statements.

***Basis of preparation***

The directors have prepared the financial statements on a going concern basis.

***Tangible fixed assets***

Depreciation is provided to write-off the cost, less estimated residual values, of all fixed assets on a straight line basis, over their expected useful economic lives. Where there is evidence of impairment, fixed assets are written down to their recoverable amounts. Depreciation is calculated at the following annual rates:

Leasehold buildings	-	Over length of the lease
Motor Vehicles	-	25%
Fixtures, fittings and equipment	-	20%
Plant and machinery	-	10%

**Notes** *(continued)*

**1 Accounting policies** *(continued)*

**Turnover**

Sales are derived from the design and installation of equipment and systems and the provision of design services, either under fixed price or reimbursable contracts. Revenue is recognised on long-term contracts as a proportion of the total contract value on a percentage of cost to complete basis. Sales are also derived from maintenance contracts and are recognised on a time apportioned basis. All sales are stated net of sales related taxes.

**Pre-contract costs**

Pre-contract costs are recognised as expenses as incurred and charged to the profit and loss account.

**Deferred taxation**

Deferred tax is provided on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences in the treatment of certain items for accounting and taxation purposes.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Where law or accounting standards require gains and losses to be recognised in the statement of total recognised gains and losses, the related taxation is also taken directly to the statement.

**Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated to sterling at the rates of exchange at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

**Notes** *(continued)*

**1 Accounting policies** *(continued)*

***Long-term contracts***

Amounts recoverable on long-term contracts are stated at cost plus attributable profits, less provision for any known or anticipated losses and payments on account, and are included in debtors. Payments on account in excess of amounts recoverable on long-term contracts are included in creditors.

***Leases***

Leases are classified as finance leases wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets in the balance sheet at their fair values or, if lower, at the present value of the minimum lease payments, both determined at the inception of the lease. The corresponding obligation is recorded as finance lease obligations and presented within creditors. Lease payments are apportioned between finance charges and a reduction of the lease obligation. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals due under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

***Pension costs***

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

***Research and development***

Research and development expenditure is written off in the year in which it is incurred.

**Notes** (continued)

**2 Turnover**

All turnover and profits are derived in the UK. Turnover is wholly attributable to the principal activity of the company.

**3 Operating profit**

	Year ended 31 March 2009 £'000	15 months ended 31 March 2008 £'000
<i>Operating profit is arrived at after charging:</i>		
Rents payable under operating leases:		
Hire of plant and machinery	16	74
Other	81	433
Depreciation of tangible fixed assets	69	309
Research and development	-	31
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the financial statements	-	15
Services relating to corporate finance transactions	9	28
	<hr/>	<hr/>

**4 Staff numbers and costs**

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	Year ended 31 March 2009	15 months ended 31 March 2008
Administration	25	27
Engineering specialists	78	85
	<hr/>	<hr/>
	103	112
	<hr/>	<hr/>

**Notes** (continued)

**4 Staff numbers and costs** (continued)

The aggregate payroll costs of these persons were as follows:

	<b>Year ended 31 March 2009 £'000</b>	15 months ended 31 March 2008 £'000
Wages and salaries	1,097	5,416
Social security costs	122	600
Other pension and healthcare costs	48	207
	<b>1,267</b>	<b>6,223</b>

**5 Remuneration of directors**

	<b>Year ended 31 March 2009 £'000</b>	15 months ended 31 March 2008 £'000
Directors' emoluments	154	392
Company contributions to money purchase pension schemes	12	33

There were 4 directors in the company's defined contribution pension scheme during the current year (period ended 31 March 2008: 4).

**Notes** (continued)

**6 Taxation on profit on ordinary activities**

	<b>Year ended 31 March 2009 £'000</b>	15 months ended 31 March 2008 £'000
<i>Current tax</i>		
UK corporation tax - group relief for consideration	97	670
- prior year adjustment	-	(40)
	<b>97</b>	<b>630</b>
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	6
Total deferred tax	-	6
Taxation on profit on ordinary activities	<b>97</b>	<b>636</b>

*Factors affecting the tax charge for the current year*

The current tax charge for the year is lower (*period ended 31 March 2008: lower*) than the standard rate of corporation tax in the UK of 28%, (*period ended 31 March 2008: 30%*). The differences are explained below:

	<b>Year ended 31 March 2009 £'000</b>	15 months ended 31 March 2008 £'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before taxation	<b>36,858</b>	2,148
Current tax at 28% (31 March 2008: 30%)	<b>10,320</b>	644
<i>Effects of:</i>		
(Income not taxable)/expenses not deductible for tax purposes	<b>(10,223)</b>	32
Capital allowances for year in excess of depreciation	-	(6)
Adjustment to tax charge in respect of previous periods	-	(40)
Total current tax charge	<b>97</b>	<b>630</b>



Notes (continued)

7 Tangible fixed assets

	Leasehold land and buildings £'000	Motor vehicles £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost</b>					
At 1 April 2008	847	3	1,024	347	2,221
Additions	3	-	13	-	16
Transferred to BNS Nuclear Services Ltd	(850)	(3)	(1,037)	(347)	(2,237)
At 31 March 2009	-	-	-	-	-
<b>Depreciation</b>					
At 1 April 2008	211	1	598	288	1,098
Charge for the year	14	-	50	6	70
Transferred to BNS Nuclear Services Ltd	(225)	(1)	(648)	(294)	(1,168)
At 31 March 2009	-	-	-	-	-
<b>Net book value</b>					
At 31 March 2009	-	-	-	-	-
At 31 March 2008	636	2	426	59	1,123

8 Debtors

	31 March 2009 £'000	31 March 2008 £'000
Trade debtors	-	3,729
Amounts due from group undertakings	40,000	496
Amounts recoverable on long term contracts	-	2,155
Deferred tax recoverable (see note 6)	-	23
Other debtors	-	17
Prepayments and accrued income	-	290
	<b>40,000</b>	<b>6,710</b>

The amount due from group undertakings is unsecured and attracts interest at 6 month LIBOR plus 1 per cent if not repaid by 28 June 2009.

**Notes** (continued)

**9 Creditors: amounts falling due within one year**

	31 March 2009 £'000	31 March 2008 £'000
Trade creditors	-	2,595
Payments on account	-	620
Amounts due to group undertakings	-	24
Corporation tax	-	271
Other creditors	-	32
Taxation and social security	-	673
Accruals and deferred income	-	2,871
Amounts payable under finance leases	-	4
	<hr/>	<hr/>
	-	7,090

**10 Share capital**

The called up share capital is as follows:

	31 March 2009 £'000	31 March 2008 £'000
<b>Authorised</b>		
Equity: 1,000 Ordinary shares of £1 each	<hr/> 1	<hr/> 1
	£	£
<b>Allotted, called up and fully paid</b>		
Equity: 1 Ordinary share of £1 each	<hr/> 1	<hr/> 1

**11 Reserves**

	Profit and loss account £'000
At 1 April 2008	3,239
Profit on ordinary activities for the year	343
Profit on sale of business to BNS Nuclear Services Ltd	<hr/> 36,418
At 31 March 2009	<hr/> 40,000

**Notes** (continued)

**12 Reconciliation of movements in total shareholders' funds**

	Year ended 31 March 2009 £'000	15 months ended 31 March 2008 £'000
Profit on ordinary activities for the year	36,761	1,512
Net increase in shareholders' funds	<u>36,761</u>	1,512
Opening shareholders' funds	3,239	1,727
Closing shareholders' funds	<u>40,000</u>	<u>3,239</u>

**13 Disposal of operations**

On 28 June 2008 the company sold its trade and assets to BNS Nuclear Services Limited. The assets and liabilities disposed of were as follows:

	£'000
Tangible fixed assets	1,069
Debtors	5,802
Cash	3,537
Creditors	<u>(6,826)</u>
	3,582
Profit on disposal	36,418
Deferred cash consideration	<u>40,000</u>

**14 Pensions**

The company 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 represents contributions payable by the company to the fund and amounted to £40,147 (period ended 31 March 2008: £195,349). The average number of employees participating in the scheme during the year was 101 (period ended 31 March 2008: 110).

**Notes (continued)**

**15 Guarantees and financial commitments**

*a) 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.

*b) Operating lease commitments*

At 31 March 2009, the company had no commitments under non-cancellable operating leases.

	31 March 2009		31 March 2008	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within one year	-	-	-	9
In two to five years	-	-	97	48
After five years	-	-	228	-
	<u>-</u>	<u>-</u>	<u>325</u>	<u>57</u>

**16 Related party disclosures**

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with Babcock International Group PLC on the grounds that at least 90% of the voting rights in the company are controlled by it and the company's results are included in its consolidated financial statements.

**17 Ultimate parent company**

The company's immediate parent is Alstec Group Ltd 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 the 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