

BNS Nuclear Services Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

Registered number: 3975999

TUESDAY



AQP3UW5N

A12

26/07/2011

228

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 2011	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 2011	9
Balance sheet as at 31 March 2011	10
Notes to the financial statements for the year ended 31 March 2011	11 - 25

BNS Nuclear Services Limited

Directors and advisors

Directors

A N Dungate
R A Hardy
G D Leeming
F Martinelli
G Peat
P L Rogers
W Tame
K R Thomas

Company secretary

V F A Teller

Registered office

33 Wigmore Street
London
W1U 1QX

Independent auditors

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

BNS Nuclear Services Limited

Directors' report for the year ended 31 March 2011

The directors present their annual report on the affairs of the company, together with the audited financial statements, for the year ended 31 March 2011

1. Business review

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

Principal activities

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

Operational review

Following the re-organisation of the business last year the company has continued to operate in the three customer facing business units covering the Decommissioning, Power Generation and Nuclear Defence Markets. The Decommissioning sector has seen a significant upturn in business. The new engineering framework contract that was secured in 2010 was a significant contributory factor as well as the continued work in support of the front end engineering on a number of Major Projects. The Decommissioning business has also been successful in securing a Major framework to support the MAGNOX Decommissioning programme and is well positioned on a number of major projects. The Power Generation business has seen a slight fall in revenues during the year and this was primarily due to a reduction in site outages during 2010/11. Nuclear defence has also performed somewhat below expectations due to customer funding constraints which has resulted in both the cancellation of major projects and delays to the implementation of others. Looking forward, the business is well positioned in all three of its markets with an increasing interest in International markets where there are opportunities for future growth. As a result of the business re-organisation, further changes to organisation structure were implemented during the year. This restructuring resulted in an exceptional charge to the profit and loss account of £1,003,000.

Results and dividends

Turnover for the year was £90,673,000 (2010 – £92,929,000) on which a loss before tax of £579,000 was made (2010 – profit £11,810,000). The 2011 result includes royalties payable to group companies of £741,000 (2010 £nil) and exceptional costs of £1,003,000 (2010 £nil). The 2010 result included a profit on disposal of Defence business of £7,271,000.

A dividend of £19,000,000 was paid on preference shares during the year (2010 £nil).

The net assets of the company are £50,552,000 from compared to £70,703,000 in the previous year.

BNS Nuclear Services Limited

Directors' report for the year ended 31 March 2011 (continued)

1 Business review (continued)

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 regard to their particular aptitudes and abilities, giving them a 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 'Nuclear Insight'. 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 ending 31 March 2011, 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 2006.

Key performance indicators (KPI's)

Given the straightforward nature of the business, the company's directors are of the opinion that an analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

BNS Nuclear Services Limited

Directors' report for the year ended 31 March 2011 (continued)

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 2011 were equivalent to 39 days (2010 - 37 days)

3. Charitable and political donations

In the year ended 31 March 2011 the company made charitable donations of £6,000 (2010 £9,000). There were no political contributions during the year (2010 £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. Research and development

The research and development activities of the company continue to be directed principally towards the development of new techniques and processes, and improving the performance and cost effectiveness of existing techniques and processes

6. Directors

The directors of the company who served during the year and up to the date of signing of the financial statements were as follows

M D Austick	Resigned 29 March 2011
S A R Billiald	Resigned 24 June 2010
A N Dungate	
R A Hardy	Appointed 9 September 2010
G D Leeming	Appointed 29 March 2011
F Martinelli	
G Peat	
P L Rogers	
V F A Teller	Appointed 24 June 2010, Resigned 9 September 2010
W Tame	
K R Thomas	

BNS Nuclear Services Limited

Directors' report for the year ended 31 March 2011 (continued)

7. Directors' responsibilities statement

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

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

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

The directors are responsible for the maintenance and integrity of the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

8. 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 418 of the Companies Act 2006, 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

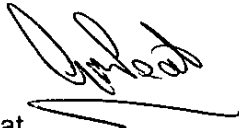
BNS Nuclear Services Limited

Directors' report for the year ended 31 March 2011 (continued)

9. Independent 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



Garry Peat

27 June 2011

Director

33 Wigmore Street
London W1U 1QX

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

We have audited the financial statements of BNS Nuclear Services Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

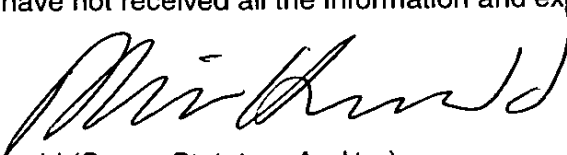
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



Phil Harrold (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

30 June 2011

BNS Nuclear Services Limited

Profit and loss account for the year ended 31 March 2011

		2011	2010
	Note	£'000	£'000
Turnover	2	90,673	92,929
Cost of sales		(77,647)	(77,361)
Gross profit		13,026	15,568
Distribution costs		(2,657)	(3,563)
Administrative expenses		(5,606)	(2,582)
Profit on ordinary activities before goodwill amortisation		4,763	9,423
Goodwill amortisation		(4,675)	(4,675)
Operating profit before restructuring costs		88	4,748
Restructuring costs	20	(1,003)	-
Operating (Loss) profit after restructuring costs		(915)	4,748
Profit on disposal of defence business		-	7,271
Interest receivable and similar income	4	337	574
Interest payable and similar charges	4	(1)	(783)
(Loss)/Profit on ordinary activities before taxation	5	(579)	11,810
Tax on (Loss)/profit on ordinary activities	6	(574)	62
(Loss)/ profit for the financial year	15	(1,153)	11,872

There are no recognised gains and losses other than the profit for the financial years Accordingly, no statement of total recognised gains and losses has been generated

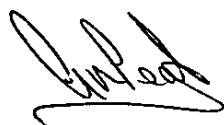
There is no material difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents

BNS Nuclear Services Limited
Balance Sheet as at 31 March 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Intangible assets	7	77,681	82,356
Tangible assets	9	<u>1,710</u>	<u>1,901</u>
		<u>79,391</u>	<u>84,257</u>
Current assets			
Stocks	10	4,059	2,374
Debtors	11	57,054	74,245
Cash at bank and in hand		<u>19,373</u>	<u>3,132</u>
		<u>80,486</u>	<u>79,751</u>
Creditors – amounts falling due within one year	12	<u>(105,855)</u>	<u>(89,927)</u>
Net current liabilities		<u>(25,369)</u>	<u>(10,176)</u>
Total assets less current liabilities		<u>54,022</u>	<u>74,081</u>
Provisions for liabilities	13	<u>(3,470)</u>	<u>(3,378)</u>
Net assets		<u>50,552</u>	<u>70,703</u>
Capital and reserves			
Called up share capital	14	50	-
Share premium account	15	10,000	10,000
Profit and loss account	15	40,502	60,703
		<u>50,552</u>	<u>70,703</u>
Total shareholders' funds	16	<u>50,552</u>	<u>70,703</u>

The financial statements on pages 11 to 25 were approved by the board of directors on 27 June 2011 and signed on its behalf by

Garry Peat



Director

27 June 2011

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2011

1 Accounting policies

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 in the United Kingdom and the Companies Act 2006

b) Discontinued activities

The taxation charge or credit on discontinued activities is that which directly arises as a result of their trading operations and discontinuance

c) Cash flow statement

The company has taken advantage of the provision of Financial Reporting Standard (FRS) 1 (revised 1996) "Cash Flow Statements" not to prepare a cash flow statement on the basis that consolidated accounts of Babcock International Group PLC, 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

d) Related party transactions

In respect of the year ended 31 March 2011, the company was ultimately a wholly owned subsidiary and, accordingly, has taken advantage of the exemptions of FRS 8 'Related Party Disclosures' which exempts the company from disclosure of all intra group transactions, as the consolidated accounts of its ultimate parent company are publicly available

e) 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

f) Tangible fixed assets

Tangible fixed assets are shown at historic purchase cost, net of accumulated 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

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2011

1 Accounting policies (continued)

g) 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.

h) 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.

i) Turnover

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

j) 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 for 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.

k) Pensions costs and other post retirement benefits

Defined contribution pension schemes

The company 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.

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2011 (continued)

1 Accounting policies (continued)

Defined benefit pension scheme

The group also operates a pension scheme providing benefits based on final pensionable pay. Contributions payable to the scheme are charged to the profit and loss account (see Note 19)

l) 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

m) Leases

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

n) Research and development

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

2 Turnover

Turnover is entirely attributable to the activities described in the Directors' Report

Geographical analysis of turnover by destination is as follows

	2011 £'000	2010 £'000
United Kingdom	88,638	90,026
Europe	1,096	2,606
Rest of the World	939	297
	<u>90,673</u>	<u>92,929</u>

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2011 (continued)

3 Information regarding directors and employees

Directors' emoluments	2011	2010
	£'000	£'000
Directors' emoluments (including benefits in kind)	309	544

The above amounts for remuneration include the following in respect of the highest paid director

	2011	2010
	£'000	£'000
Emoluments (excluding pension and pension contributions)	136	511
Accrued benefit entitlement under the group's defined benefit scheme	6	67

During the year 2 directors (2010 - 5) exercised options over 60p shares of Babcock International Group PLC

During the year 0 directors (2010 - 6) were awarded shares under the Babcock International Group PLC L-TIP scheme

Retirement benefits are accruing to 7 directors (2010 - 7) under defined benefit schemes

The remuneration of S A R Billiard, A N Dungate, G D Leeming, F Martinelli, P L Rogers, W Tame, V F A Teller and K R Thomas was incurred by Babcock Holdings Limited. No part of their remuneration could be attributed to the services in respect of BNS Nuclear Services Limited

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

	2011	2010
	Number	Number
Production and engineering	811	779
Sales and commercial	29	33
Administration	59	62
	899	874

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2011 (continued)

3 Information regarding directors and employees (continued)

Staff costs during the year

	2011 £'000	2010 £'000
Wages and salaries	34,215	30,998
Social security costs	3,354	3,239
Other pension costs (Note 19)	3,014	3,132
	<u>40,583</u>	<u>37,369</u>

4 Net interest

	2011 £'000	2010 £'000
Interest payable and similar charges:		
Loan interest payable to group undertakings	-	(781)
Interest payable on loans and overdrafts	<u>(1)</u>	<u>(2)</u>
	<u>(1)</u>	<u>(783)</u>
Interest receivable and similar income:		
Loan interest receivable from group undertakings	210	242
Interest receivable on loans and overdrafts	<u>127</u>	<u>332</u>
	<u>337</u>	<u>574</u>

5 Profit on ordinary activities before taxation

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

	2011 £'000	2010 £'000
Depreciation on tangible fixed assets	541	657
Amortisation of goodwill	4,675	4,675
Profit on sale of tangible fixed assets	(141)	-
Auditors' remuneration		
- Audit fees	22	35
- Taxation fees	32	12
- Actuarial services	-	-
Operating lease rentals		
- Land and buildings	1,448	1,456
- Plant and machinery	306	260
	<u></u>	<u></u>

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2011 (continued)

6 Tax on profit on ordinary activities

	2011 £'000	2010 £'000
Current tax	-	-
Group relief for consideration	-	-
Adjustments in respect of prior years	-	-
Impact of change in UK tax rate	-	-
Deferred tax		
Current year charge/(credit)	138	287
Impact of change in UK tax rate	3	-
Prior year credit	433	(349)
Tax on (loss)/ profit on ordinary activities	<u>(574)</u>	<u>(62)</u>

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

	2011 £'000	2010 £'000
(Loss)/Profit on ordinary activities before taxation	<u>(579)</u>	11,810
Tax on (loss)/profit on ordinary activities at standard UK corporation tax rate of 28% (2010 - 28%)	(162)	3,306
Effects of		
Expenses not tax deductible	1,316	1,359
Capital allowances for the year in excess of depreciation	(14)	(24)
Differences in timing of tax relief on expenditure	(2)	86
Adjustments in respect of prior years		
Group relief for nil consideration	(1,138)	(4,727)
Current tax charge	<u>-</u>	<u>-</u>

The movement on the deferred tax asset is as follows

	2011 £'000	2010 £'000
At the beginning of the year	613	551
Adjustments in respect of prior years	(433)	349
(Charge)/credit for the year in the profit and loss account	(138)	(287)
Impact of change in UK tax rate	(3)	-
	<u>39</u>	<u>613</u>

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2011 (continued)

6 Tax on profit on ordinary activities (continued)

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

	2011 Provided £'000	2010 Provided £'000	2011 Not provided £'000	2010 Not provided £'000
Depreciation in excess of capital allowances	79	115	-	-
Other timing differences	(40)	498	-	-
	39	613	-	-

A number of changes to the UK Corporation tax system were announced in the March 2011 Budget Statement. The rate of corporation tax was reduced from 28% to 26% with effect from 1 April 2011. Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 is expected to be included in the Finance Act 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

7 Intangible assets

	Purchased goodwill £'000
Cost	
At 1 April 2010 and 31 March 2011	93,493
Accumulated amortisation	
At 1 April 2010	11,137
Charge for the year	4,675
At 31 March 2011	15,812
Net book value	
At 31 March 2011	77,681
At 31 March 2010	82,356

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2011 (continued)

8 Fixed Asset Investments

On 15 September 2010, proprietary know-how, not capitalised in the accounts of the company in accordance with FRS 10, was transferred to Babcock Integration LLP in exchange for an interest in that partnership. This was in order to facilitate the integration of the Babcock and VT groups. The partnership interest has been recognised at a cost of £nil given that the know how transferred was not recognised in the accounts of the company prior to the transfer.

9 Tangible assets

	Short Leasehold buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost					
At 1 April 2010	615	479	62	2,703	3,859
Additions	26	55	-	271	352
Disposals	-	(99)	(1)	-	(100)
At 31 March 2011	641	435	61	2,974	4,111
Accumulated depreciation					
At 1 April 2010	73	255	56	1,574	1,958
Charge for the year	45	41	4	451	541
Disposals	-	(97)	(1)	-	(98)
At 31 March 2011	118	199	59	2,025	2,401
Net book value					
At 31 March 2011	523	236	2	949	1,710
At 31 March 2010	542	224	6	1,129	1,901

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2011 (continued)

10 Stocks

	2011 £'000	2010 £'000
Long term contract balances	3,977	2,262
Finished goods and goods for resale	82	112
	<u>4,059</u>	<u>2,374</u>

11 Debtors

	2011 £'000	2010 £'000
Due within one year		
Trade debtors	10,248	11,006
Amounts recoverable on contracts	8,161	10,844
Amounts owed by group undertakings	38,108	51,254
Other debtors	159	115
Prepayments and accrued income	240	413
UK Corporation Tax Recoverable	99	-
Deferred tax (note 6)	39	613
	<u>57,054</u>	<u>74,245</u>

Included within amounts owed by group undertakings are the following unsecured group loans

Loan to	£'000	Interest terms	Repayment terms
Babcock UK Holdings Limited	8,000	Non interest bearing	Repayable on demand
Peterhouse Group Limited	8,500	Non interest bearing	Repayable on demand
Babcock International Group Limited	395	Non interest bearing	Repayable on demand
Babcock Integrated Technology Limited	8,893	Non interest bearing	Repayable on demand
Babcock Overseas Investments Limited	10,000	2 1%	Repayable on demand
Babcock Nuclear Limited	332	Non interest bearing	Repayable on demand

On 4 June 2010 the company issued, by way of a bonus issue 50,000 £1 preference shares to its direct parent, Babcock Services Group Limited. The preference shares carry the right to receive a dividend equal in amount to the amount of loan principal repaid to the company under the loan agreement with Babcock UK Holdings Limited, subject to a maximum of £19,000,000. As a result, £19,000,000 of the intercompany loan to which the company no longer has an economic interest was derecognised from the balance sheet.

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2011 (continued)

12 Creditors - amounts falling due within one year

	2011 £'000	2010 £'000
Payments received on account	3,932	1,047
Trade creditors	6,293	5,819
Amounts owed to group undertakings	83,051	70,514
UK corporation tax payable	-	530
Other creditors	1,659	2,175
Other taxes and social security	4,609	4,209
Accruals and deferred income	6,311	5,633
	105,855	89,927

Included within amounts owed to group undertakings are the following unsecured group loans

Loan from	£'000	Interest terms	Repayment terms
Babcock Services Group Limited	9,435	Non interest bearing	Repayable on demand
Babcock Airports Limited	16,388	Non interest bearing	Repayable on demand
Babcock Power Maintenance Limited	1,485	Non interest bearing	Repayable on demand
Babcock Integrated Technology Limited	12,749	Non interest bearing	Repayable on demand
INS Innovation Limited	40,000	Non interest bearing	Repayable on demand
Babcock Rail Limited	915	Non interest bearing	Repayable on demand
Babcock Holdings Limited	1,213	Non interest bearing	Repayable on demand
UKAEA Limited	125	Non interest bearing	Repayable on demand
Babcock Integration LLP	741	Non interest bearing	Repayable on demand

13 Provisions for liabilities

	Other provisions £'000	Warranties £'000	Total £'000
At 1 April 2010	2,963	415	3,378
Created in the year	627	113	740
Released in the year	(30)	(26)	(56)
Utilised during the year	(462)	(130)	(592)
At 31 March 2011	3,098	372	3,470

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. It is anticipated that £337k will be utilised within 1 year and £35k within 1 to 5 years.

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2011 (continued)

13 Provisions for liabilities (continued)

Other provisions are largely in respect of dilapidation provisions on leasehold property. It is estimated that £457k of the other provisions will be utilised within 1 year, and £2,641 greater than 2 years.

14 Called up share capital

	2011 £	2010 £
Authorised		
Ordinary shares of £1 each	20	1,000
Preference shares of £1 each	50,000	-
	<hr/> 50,020	<hr/> 1,000
	£	£
Allotted and fully paid		
11 ordinary shares of £1 each	11	11
50,000 preference shares of £1 each	50,000	-
	<hr/> 50,011	<hr/> 11

On 4 June 2010, the company issued, by way of a bonus issue 50,000 £1 preference shares to its direct parent, Babcock Services Group Limited. The preference shares carry the right to receive a dividend equal in amount to the amount of loan principal repaid to the company under the loan agreement with Babcock UK Holdings Limited subject to a maximum of £19,000,000. As a result £19,000,000 of the intercompany loan to which the company no longer has an economic interest has been derecognised from the balance sheet.

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2011 (continued)

15 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 April 2010	10,000	60,703
Loss for the financial year	-	(1,153)
De-recognition of loan receivable	-	(19,000)
Fair Value hedge fund	-	2
Bonus issue of preference shares	-	(50)
At 31 March 2011	10,000	40,502

On 4 June 2010, the company issued, by way of a bonus issue 50,000 £1 preference shares to its direct parent, Babcock Services Group Limited. The preference shares carry the right to receive a dividend equal in amount to the amount of loan principal repaid to the company under the loan agreement with Babcock UK Holdings Limited, subject to a maximum of £19,000,000. As a result, £19,000,000 of the intercompany loan to which the company no longer has an economic interest has been derecognised from the balance sheet.

16 Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
(Loss)/ profit for the financial year	(1,153)	11,872
Opening shareholders' funds	70,703	58,831
Share issue	50	-
Reclassification of loan receivable	(19,000)	-
Fair Value hedge fund	2	-
Bonus issue of preference shares	(50)	-
Closing shareholders' funds	50,552	70,703

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2011 (continued)

17 Guarantees and financial commitments

(a) Capital commitments

Amounts contracted for but not provided in the accounts amounted to £33,395 (31 March 2010 - £68,192)

(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 £782,000,000 (2010 - £330,000,000) provided to certain group companies

In addition, the company at the year-end had joint and several liability for drawn bank overdraft facilities of other group companies for the value of £2,400,000

(c) Operating lease commitments

	2011 Land and buildings £'000	2011 Other £'000	2010 Land and buildings £'000	2010 Other £'000
Annual charges for leases which expire				
- within one year	99	82	138	77
- between two and five years	819	222	837	369
- after five years	252	-	252	3
	1,170	304	1,227	449

18 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

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2011 (continued)

19 Pension arrangements

The company participates in the Babcock International Group Pension Scheme

For the former members of the Alstec pension scheme, the scheme comprises

a defined benefit section for eligible members of the former Alstec group, which commenced on 1 April 2001

a money purchase section for eligible members of the former Alstec group which was introduced for new members in October 2001

The Strachan and Henshaw pension scheme was transferred to the money purchase section of the Babcock International Group pension scheme in May 2008. The INS Innovation pension scheme was transferred to the Babcock International Group pension scheme in April 2010.

The assets of the money purchase section of the scheme are held separately from those of the company in an independently administered fund.

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 company 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 £3,014,000 (2010 £3,132,000). At the year-end, contributions amounting to £115,319 (31 March 2010 £73,650) were payable to the scheme.

The company employs members of the Babcock International Group PLC pension scheme and the Rosyth Royal Dockyard Ltd pension scheme, which are treated as a multi-employer defined benefit pension schemes for these accounts. The schemes will be accounted for on a defined contribution basis as the company is unable to identify its share of the underlying assets and liabilities.

The fund of the schemes is administered by Trustees and is held separately from the group. Independent qualified actuaries complete valuations periodically and, in accordance with their recommendations, annual contributions from employees and employer are paid to the scheme so as to secure the benefits set out in the rules. The cost of these contributions is charged in the Babcock International Group PLC financial statements against profits on a systematic basis over the service lives of the employees. There is no material difference between the FRS17 "Retirement Benefits" and IAS19 "Employee Benefits" valuation. Refer to the Babcock International Group PLC financial statements note 28 for further details.

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2011 (continued)

19 Restructuring costs

The restructuring costs resulted from changes to organisation structure following the business reorganisation. The majority of the charge was in respect of redundancy costs for a number of staff who had left prior to year end, and for a small number who were leaving during the 1st quarter of 2011/12, but who had been notified of redundancy prior to year end.

20 Immediate and ultimate parent undertakings and controlling parties

The company's immediate parent company is Babcock Services Group Limited, a company registered in England and Wales. The company's ultimate parent company and controlling party is Babcock International Group PLC, a company registered in England and Wales. The only group in which the results of the company are consolidated is that headed by Babcock International Group PLC.

Copies of Babcock International Group PLC financial statements are available from the following address:

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