
BNS Nuclear Services Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

Registered number: 3975999



BNS Nuclear Services Limited

Annual report and financial statements

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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
G Peat

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 2010

The directors present their annual report on the affairs of the company, together with the audited financial statements, for the year ended 31 March 2010

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

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. A profit of £7,271,000 was made on the sale of this business

Operational review

At the start of the year the business was re-organised into three customer facing operating units covering the Decommissioning, Power Generation and Nuclear Defence markets. The Power Generation market has performed above expectations and the Nuclear Defence market has delivered a credible result despite delays to some procurement programmes and the cancellation of a major project where BNS considered that it was reasonably well positioned to secure the work. The Decommissioning business, however, performed well below expectations and this was a result of customer funding constraints and the re-prioritisation of capital projects.

BNS was successful in winning a major single source framework for Sellafield Ltd in the Decommissioning market and whilst the revenues from this framework were in the few hundreds of thousands of pounds in the 2009-10 financial year it has the potential to deliver significant revenues over the next three years of in excess of £16 million. The position in the Power Generation market has been strengthened and we are also working on the inception of a number of projects that will support the continued growth of the Power Generation business going forward. In the Nuclear Defence Market, BNS was successful in winning business from Babcock Marine on a major infrastructure project for Devonport. The company also won a major decommissioning project for AWE at Aldermaston valued at £14 million over 3 years. This repositions BNS as a key contractor to AWE in the decommissioning arena at Aldermaston.

The directors anticipate that current contracts will continue to develop in 2010-11 with further development opportunities in the market place.

Results and dividends

Turnover for the year was £92,929,000 (2009 – £94,759,000) on which a profit of £11,872,000 was made (2009 - £7,046,000)

BNS Nuclear Services Limited

Directors' report for the year ended 31 March 2010 (continued)

1. Business review (continued)

Results and dividends (continued)

No dividends were declared or paid in the current year (2009 £nil)

The net assets of the company have increased to £70,703,000 from £58,831,000 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 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 'The Big Picture'. The company routinely discusses issues affecting its employees directly.

Environment

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

Qualifying third party indemnity provisions

Under their respective Articles of Association, the directors of the company are, and were during the year ending 31 March 2010, 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 2010 (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 2010 were equivalent to 37 days (2009 - 33 days)

3. Charitable and political donations

In the year ended 31 March 2010 the company made charitable donations of £9,000 (2009 £12,000). There were no political contributions during the year (2009 £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 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

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

Appointed 20 January 2010

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

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Directors' report for the year ended 31 March 2010 (continued)

7. Directors' responsibilities statement (continued)

- 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.

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



M D Austick
Director

23 June 2010

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 2010 which comprise 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 on pages 4 to 5 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 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.

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 2010 and of its profit 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

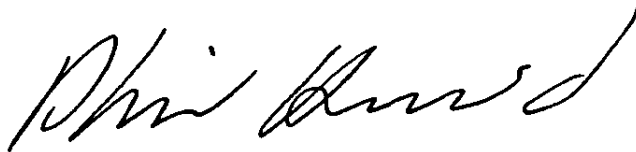
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

23 June 2010

BNS Nuclear Services Limited

Profit and loss account for the year ended 31 March 2010

	Note	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
		2010 £'000	2010 £'000	2010 £'000	2009 £'000	2009 £'000	2009 £'000
Turnover	2	92,929	-	92,929	71,232	23,527	94,759
Cost of sales		(77,361)	-	(77,361)	(59,464)	(19,659)	(79,123)
Gross profit		15,568	-	15,568	11,768	3,868	15,636
Distribution costs		(3,563)	-	(3,563)	(2,001)	(662)	(2,663)
Administrative expenses		(2,582)	-	(2,582)	(1,029)	(1,345)	(2,374)
Profit on ordinary activities before goodwill amortisation		9,423	-	9,423	8,738	1,861	10,599
Goodwill amortisation		(4,675)	-	(4,675)	(3,242)	-	(3,242)
Operating profit		4,748	-	4,748	5,496	1,861	7,357
Profit on disposal of defence business		7,271	-	7,271	-	-	-
Interest receivable and similar income	4	574	-	574	1,374	-	1,374
Interest payable and similar charges	4	(783)	-	(783)	(78)	-	(78)
Profit on ordinary activities before taxation	5	11,810	-	11,810	6,792	1,861	8,653
Tax on profit on ordinary activities	6	62	-	62	(1,498)	(109)	(1,607)
Profit for the financial year	15	11,872	-	11,872	5,294	1,752	7,046

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 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Intangible assets	7	82,356	87,031
Tangible assets	8	<u>1,901</u>	<u>1,909</u>
		84,257	88,940
Current assets			
Stocks	10	2,374	2,847
Debtors	11	74,245	71,239
Cash at bank and in hand		<u>3,132</u>	<u>4,064</u>
		79,751	78,150
Creditors – amounts falling due within one year	12	<u>(89,927)</u>	<u>(104,035)</u>
Net current liabilities		(10,176)	(25,885)
Total assets less current liabilities		<u>74,081</u>	<u>63,055</u>
Creditors – amounts falling due after more than one year		-	-
Provisions for liabilities	13	<u>(3,378)</u>	<u>(4,224)</u>
Net assets		<u>70,703</u>	<u>58,831</u>
Capital and reserves			
Called up share capital	14	-	-
Share premium account	15	10,000	10,000
Profit and loss account	15	<u>60,703</u>	<u>48,831</u>
Total shareholders' funds	16	<u>70,703</u>	<u>58,831</u>

The financial statements on pages 8 to 23 were approved by the board of directors on 23 June 2010 and signed on its behalf by



M D Austick
Director

23 June 2010

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2010

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, 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 2010, 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

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Notes to the financial statements for the year ended 31 March 2010

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 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.

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 2010 (continued)

1 Accounting policies (continued)

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

	Continuing 2010 £'000	Discontinued 2010 £'000	Total 2010 £'000	Continuing 2009 £'000	Discontinued 2009 £'000	Total 2009 £'000
United Kingdom	90,026	-	90,026	70,706	22,684	93,390
Europe	2,606	-	2,606	163	341	504
North America	-	-	-	2	19	21
Rest of the World	297	-	297	361	483	844
	92,929	-	92,929	71,232	23,527	94,759

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Notes to the financial statements for the year ended 31 March 2010 (continued)

3 Information regarding directors and employees

Directors' emoluments	2010	2009
	£'000	£'000
Directors' emoluments (including benefits in kind)	452	275

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

	2010	2009
	£'000	£'000
Emoluments (excluding pension and pension contributions)	419	275
Accrued benefit entitlement under the group's defined benefit scheme	67	-

During the year the highest paid director was awarded shares under the Babcock International Group PLC L-TIP scheme and did not exercise share options over 60p shares of Babcock International Group PLC

During the year 5 directors (2009 - 6) exercised options over 60p shares of Babcock International Group PLC

During the year 6 directors (2009 - 5) were awarded shares under the Babcock International Group PLC L-TIP scheme

Retirement benefits are accruing to 7 directors (2009 - 6) under defined benefit schemes

The remuneration of A N Dungate, K R Thomas, P L Rogers, W Tame, F Martinelli and S A R Billiard 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

	2010	2009
	Number	Number
Production and engineering	779	755
Sales and commercial	33	37
Administration	62	75
	874	867

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

3 Information regarding directors and employees (continued)

Staff costs during the year

	2010 £'000	2009 £'000
Wages and salaries	30,998	28,887
Social security costs	3,239	3,055
Other pension costs (Note 19)	3,132	3,546
	<u>37,369</u>	<u>35,488</u>

4 Net interest

	2010 £'000	2009 £'000
Interest payable and similar charges:		
Loan interest payable to group undertakings	(781)	-
Interest payable on loans and overdrafts	(2)	(78)
	<u>(783)</u>	<u>(78)</u>
Interest receivable and similar income:		
Loan interest receivable from group undertakings	242	740
Interest payable on loans and overdrafts	332	634
	<u>574</u>	<u>1,374</u>

5 Profit on ordinary activities before taxation

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

	2010 £'000	2009 £'000
Depreciation on tangible fixed assets	657	565
Amortisation of goodwill	4,675	3,242
Profit on sale of tangible fixed assets	-	(55)
Auditors' remuneration		
- Audit fees	35	48
- Taxation fees	12	5
- Actuarial services	-	-
Operating lease rentals		
- Land and buildings	1,456	1,275
- Plant and machinery	260	166
Research and development	237	357
	<u>1,456</u>	<u>1,275</u>

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

6 Tax on profit on ordinary activities

	2010 £'000	2009 £'000
Current tax	-	-
Group relief for consideration	-	1,598
Adjustments in respect of prior years	-	-
Impact of change in UK tax rate	-	-
Deferred tax		
Current year charge/ (credit)	287	(12)
Prior year (credit)/ charge	(349)	21
Tax on profit on ordinary activities	<u>(62)</u>	<u>1,607</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

	2010 £'000	2009 £'000
Profit on ordinary activities before taxation	11,810	8,653
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2009 - 28%)	3,306	2,423
Effects of		
Expenses not tax deductible	1,359	63
Capital allowances for the year (in excess of)/ less than depreciation	(24)	158
Differences in timing of tax relief on expenditure	86	(145)
Adjustments in respect of prior years	-	-
Group relief for nil consideration	(4,727)	(901)
Current tax charge	<u>-</u>	<u>1,598</u>

The movement on the deferred tax asset is as follows

	2010 £'000	2009 £'000
At the beginning of the year	551	539
Acquired during the year	-	21
Adjustments in respect of prior years	349	(21)
(Charge)/credit for the year in the profit and loss account	(287)	12
Impact of change in UK tax rate	-	-
	<u>613</u>	<u>551</u>

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2010 (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

	2010 Provided £'000	2009 Provided £'000	2010 Not provided £'000	2009 Not provided £'000
Depreciation in excess of capital allowances	115	487	-	-
Other timing differences	498	64	-	-
	613	551	-	-

7 Intangible assets

	Purchased goodwill £'000
Cost	
At 1 April 2009 and 31 March 2010	93,493
Accumulated amortisation	
At 1 April 2009	6,462
Charge for the year	4,675
At 31 March 2010	11,137
Net book value	
At 31 March 2010	82,356
At 31 March 2009	87,031

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Notes to the financial statements for the year ended 31 March 2010 (continued)

8 Tangible assets

	Short Leasehold buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost					
At 1 April 2009	599	407	62	2,219	3,287
Additions	16	143	-	557	716
Disposals	-	(71)	-	(73)	(144)
At 31 March 2010	615	479	62	2,703	3,859
Accumulated depreciation					
At 1 April 2009	29	158	47	1,144	1,378
Charge for the year	44	133	9	471	657
Disposals	-	(36)	-	(41)	(77)
At 31 March 2010	73	255	56	1,574	1,958
Net book value					
At 31 March 2010	542	224	6	1,129	1,901
At 31 March 2009	570	249	15	1,075	1,909

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

9 Disposals

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

The assets and liabilities transferred are set out below

	Book value and fair value £'000
BNS Nuclear Services defence business	
Tangible fixed assets	183
Stocks	843
Debtors	11,898
Bank and cash	-
Creditors and other liabilities	(6,291)
Provisions	(704)
	<u>5,929</u>
Net assets acquired	<u>5,929</u>
Cash consideration	<u>13,200</u>
Profit on disposal	<u>7,271</u>

10 Stocks

	2010 £'000	2009 £'000
Long term contract balances	2,262	2,768
Finished goods and goods for resale	112	79
	<u>2,374</u>	<u>2,847</u>

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

11 Debtors

	2010 £'000	2009 £'000
Due within one year		
Trade debtors	11,006	13,411
Amounts recoverable on contracts	10,844	7,638
Amounts owed by group undertakings	51,254	49,135
Other debtors	115	28
Prepayments and accrued income	413	476
UK corporation tax recoverable	-	-
Deferred tax (note 6)	613	551
	74,245	71,239

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

Loan to	£'000	Interest terms	Repayment terms
Babcock UK Holdings Limited	27,000	Non interest bearing	Repayable on demand
Peterhouse Group Limited	8,500	Non interest bearing	Repayable on demand
Babcock International Group Limited	496	Non interest bearing	Repayable on demand
Babcock Integrated Technology Limited	3,480	Non interest bearing	Repayable on demand
Babcock Overseas Investments Limited	10,000	2 4%	Repayable on demand

12 Creditors - amounts falling due within one year

	2010 £'000	2009 £'000
Payments received on account	1,047	4,042
Trade creditors	5,819	7,820
Amounts owed to group undertakings	70,514	77,840
UK corporation tax payable	530	471
Other creditors	2,175	3,129
Other taxes and social security	4,209	3,516
Accruals and deferred income	5,633	7,215
Amounts payable under finance leases	-	2
	89,927	104,035

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Notes to the financial statements for the year ended 31 March 2010 (continued)

12 Creditors - amounts falling due within one year

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	11,160	Non interest bearing	Repayable on demand
Babcock Power Systems Limited	1,402	Non interest bearing	Repayable on demand
Babcock Integrated Technology Limited	6,920	Non interest bearing	Repayable on demand
INS Innovation Limited	40,000	Non interest bearing	Repayable on demand
Babcock Rail Limited	384	Non interest bearing	Repayable on demand
Babcock Holdings Limited	1,213	Non interest bearing	Repayable on demand

13 Provisions for liabilities

	Other provisions £'000	Warranties £'000	Total £'000
At 1 April 2009	3,002	1,222	4,224
Created in the year	914	456	1,370
Released in the year	(333)	(138)	(471)
Transferred in the year	(2)	(703)	(705)
Utilised during the year	(618)	(422)	(1,040)
At 31 March 2010	2,963	415	3,378

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

	2010 £	2009 £
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	£	£
Allotted and fully paid		
11 ordinary shares of £1 each	<u>11</u>	<u>11</u>

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

15 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 April 2009	10,000	48,831
Profit for the financial year	-	11,872
At 31 March 2010	10,000	60,703

16 Reconciliation of movements in shareholders' funds

	2010 £'000	2009 £'000
Profit for the financial year	11,872	7,046
Opening shareholders' funds	58,831	51,785
Closing shareholders' funds	70,703	58,831

17 Guarantees and financial commitments

(a) Capital commitments

Amounts contracted for but not provided in the accounts amounted to £68,192 (31 March 2009 - £166,813)

(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 £330,000,000 (2009 - £355,000,000) provided to certain group companies

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

17 Guarantees and financial commitments (continued)

(c) Operating lease commitments

	2010	2010	2009	2009
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Leases which expire				
- within one year	138	77	140	159
- between two and five years	837	369	890	305
- after five years	252	3	228	-
	1,227	449	1,258	464

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

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 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

BNS Nuclear Services Limited

Notes to the financial statements for the year ended 31 March 2010 (continued)

19 Pension arrangements (continued)

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 £2,957,000 (2009 £3,460,000). At the year-end, contributions amounting to £73,650 (31 March 2009 £nil) were payable to the scheme.

A separate, defined contribution pension scheme exists for the former employees of INS Innovation Limited. 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 £175,000 for the year ended 31 March 2010 (period ended 31 March 2009 £122,000). At the year-end, contributions amounting to £16,862 were payable to the scheme (31 March 2009 £27,743).

The INS Innovation pension scheme transferred to the Babcock International Group Pension Scheme on 1 April 2010.

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.

20 Immediate and ultimate parent undertakings and controlling parties

The company's immediate parent company is Babcock Services Group Limited (formerly Alstec 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