
Alstec Limited (formerly Alstec Holdings Limited)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

Registered Number: 3975999

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Alstec Limited (formerly Alstec Holdings Limited)

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Alstec Limited (formerly Alstec Holdings Limited)

Directors and Advisors

Directors

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

Joint company secretaries

J D T Greig
S A R Billald

Registered office

2 Cavendish Square
London
W1G 0PX

Auditors

PricewaterhouseCoopers LLP
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

Alstec Limited (formerly Alstec Holdings Limited)

Directors' report

The directors present their Annual Report on the affairs of the company, together with the financial statements, for the year ended 31 March 2007

1. Business Review

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

Principal Activities

The Company operates across three areas of support services operations

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

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

Nuclear We provide 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

Until 8 May 2006, the company acted as a non-trading holding company, which held 100% of the share capital of Lemsew Limited

On 8 May 2006, the investment in Lemsew Limited was then sold and the trade, assets and liabilities of Lemsew Limited were then sold to Alstec Limited (formerly Alstec Holdings Limited)

Since 8 May 2006, Alstec Limited (formerly Alstec Holdings Limited) has carried on the business of its former investment, trading as a provider of engineered solutions and services in the Airports, Defence and Nuclear markets

On 9 May 2006, Babcock International Group PLC purchased the shares of Alstec Group Limited, the parent company of Alstec Limited (formerly Alstec Holdings Limited). Also on that date, KPMG resigned as the company's auditors and PricewaterhouseCoopers LLP were appointed

On 2 June 2006, Alstec Holdings Limited changed its name to Alstec Limited

On 30 March 2007, the company purchased the trade, assets and liabilities of Alstec Airports Limited, another company in the Alstec group

The business had an excellent year, with successful plant outages completed at Sizewell and Dungeness. Decommissioning work continues to grow, and the Nuclear Decommissioning Authority have identified the entire UK market for support to be worth in excess of £2 billion per annum over a timeframe measured in decades

Our involvement in the Heathrow East Terminal project continues, and on Terminal 5, operations and maintenance resource is increasing in readiness for commencement of operations in March 2008

Alstec Limited (formerly Alstec Holdings Limited)

Directors' report (continued)

1. Business Review (continued)

Work on the Highly Mechanised Weapons Handling System progresses well with all key deliverables meeting the required dates to support the Aircraft Carrier Alliance efforts toward transition of responsibility to the shipyards

During the year, the company was awarded a RoSPA Gold Award (for the third consecutive year) and a British Safety Council Award (for the eleventh consecutive year) During the year it completed 450,000 man-hours of work at Sizewell, Dungeness and Hinkley Point power stations with no reportable incidents in respect of any employee or agency worker under its control In addition, 500,000 man hours were worked at the Whetstone manufacturing facility since its last reportable incident

Results and Dividends

Turnover for the year was £61,311,000 (2006 – £Nil) on which an operating profit before exceptional items of £3,463,000 was made A profit for the financial year of £31,810,000 (2006 - £Nil) was made This included a profit on sale of the fixed asset investment of £34,999,998

No dividends were declared or paid in the current year (2006 £Nil)

The net assets of the company have increased to £41.8m from £Nil in the previous year, and the net cash position of the company improved to £3,546,000 (2006 - £Nil)

Safety Policy

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

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

Employment of disabled persons

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

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

Alstec Limited (formerly Alstec Holdings Limited)

Directors' report (continued)

1. Business Review (continued)

Qualifying third party indemnity provisions

Under their respective Articles of Association, the directors of the company are, and were during the year to 31 March 2007, entitled to be indemnified by the company against liabilities and costs incurred in connection with the execution of their duties or the exercise of their powers, to the extent permitted by the Companies Act 1985

Key performance indicators

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

2. Supplier payment policy

The company's policy is to settle terms of payment with suppliers by mutual agreement and to abide by the terms of payment Trade creditors of the company at 31 March 2007 were equivalent to 31 days (2006 Nil)

3. Charitable and political donations

In the year ended 31 March 2007 the company made charitable donations of £9,000 (2006 £Nil) There were no political contributions during the period (2006 £nil)

4. Financial Risk Management

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

5. Directors

The directors who served during the year were as follows

M Melling	Resigned 9 May 2006
G Wesley	Resigned 9 May 2006
A N Dungeate	Appointed 9 May 2006
K R Thomas	Appointed 9 May 2006
M D Austick	Appointed 17 May 2006
A A Bethel	Appointed 17 May 2006
I S Urquhart	Appointed 17 May 2006
F Martinelli	Appointed 8 March 2007
S A R Billiald	Appointed 8 March 2007, resigned 23 May 2007

Alstec Limited (formerly Alstec Holdings Limited)

Directors' report (continued)

6. Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

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

The directors confirm that they have complied with the above requirements in preparing the financial statements. The directors are responsible for maintaining proper accounting records which 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

7. Auditors and disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

8. Auditors

During the period KPMG LLP resigned as auditors and PricewaterhouseCoopers LLP were appointed to fill the casual vacancy. A resolution to appoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the Annual General Meeting.

By order of the Board



M D Austick
Director

15 August 2007

2 Cavendish Square
London W1G 0PX

Independent auditors' report to the members of Alstec Limited (formerly Alstec Holdings Limited)

We have audited the financial statements of Alstec Limited (formerly Alstec Holdings Limited) for the year ended 31 March 2007, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

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

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

Basis of audit opinion

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

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

Independent auditors' report to the members of Alstec Limited (formerly Alstec Holdings 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 2007 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

16 August 2007

Alstec Limited (formerly Alstec Holdings Limited)

Profit and Loss Account

For the year ended 31 March 2007

	Notes	2007 £'000	2006 £'000
Turnover	2	61,311	-
Cost of sales		<u>(52,877)</u>	<u>-</u>
Gross profit		8,434	-
Selling and marketing costs		(1,804)	-
Administrative expenses		<u>(3,167)</u>	<u>-</u>
Operating profit		3,463	-
Exceptional items	4	<u>28,228</u>	<u>-</u>
Profit on ordinary activities before interest and taxation		31,691	
Interest receivable and similar income	5	458	-
Interest payable and similar charges	5	<u>(35)</u>	<u>-</u>
Profit on ordinary activities before taxation	6	32,114	-
Tax on profit on ordinary activities	7	<u>(304)</u>	<u>-</u>
Profit for the financial year	17	<u>31,810</u>	<u>-</u>

All activities derive from continuing operations and all results come from acquisition

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

Alstec Limited (formerly Alstec Holdings Limited)

Balance Sheet

As at 31 March 2007

	Notes	2007 £'000	2006 £'000
Fixed assets			
Intangible assets	8	32,068	-
Tangible assets	9	1,113	-
Investment in subsidiaries	10	-	-
		<u>33,181</u>	<u>-</u>
Current assets			
Stocks	12	9,855	-
Debtors	13	28,078	-
Cash at bank and in hand		<u>3,546</u>	<u>-</u>
		41,479	-
Creditors – amounts due within one year	14	<u>(28,670)</u>	<u>-</u>
Net current assets		<u>12,809</u>	<u>-</u>
Total assets less current liabilities		<u>45,990</u>	<u>-</u>
Creditors – amounts due after more than one year		-	-
Provisions for liabilities and charges	15	<u>(4,180)</u>	<u>-</u>
Net assets		<u>41,810</u>	<u>-</u>
		<u><u>41,810</u></u>	<u><u>-</u></u>
Capital and reserves			
Called-up share capital	16	-	-
Share premium	17	10,000	-
Profit and loss account	17	31,810	-
		<u>41,810</u>	<u>-</u>
Equity shareholders' funds	18	<u>41,810</u>	<u>-</u>
		<u><u>41,810</u></u>	<u><u>-</u></u>

Signed on behalf of the Board



M D Austick
Director

15 August 2007

Alstec Limited (formerly Alstec Holdings Limited)

Notes to the financial statements

1 Accounting policies

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

a) *Basis of accounting*

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

b) *Cash flow statement*

The company has taken advantage of the provision of FRS No 1 (revised) not to prepare a cash flow statement on the basis that consolidated accounts, in which the results of Alstec Limited (formerly Alstec Holdings Limited) are included, are publicly available. Copies of these accounts are available from the Company Secretary at Babcock International Group PLC, 2 Cavendish Square, London W1G 0PX.

c) *Related party transactions*

In respect of the year ended 31 March 2007, the company was ultimately a wholly owned subsidiary and, accordingly, has taken advantage of the exemptions of FRS No 8 which exempts the company from disclosure of all intra group transactions, as the consolidated accounts of its ultimate parent company are publicly available.

d) *Intangible assets- Goodwill*

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

e) *Tangible fixed assets*

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

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

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

f) *Investments*

Fixed assets investments are stated at cost less provision for impairment in value.

Alstec Limited (formerly Alstec Holdings Limited)

Notes to the financial statements

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

Defined benefit pension scheme

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

Alstec Limited (formerly Alstec Holdings Limited)

Notes to the financial statements

1 Accounting policies (continued)

k) Pensions costs and other post retirement benefits (continued)

and loss account (see Note 22)

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

Geographical analysis of turnover by destination is as follows

	2007 £'000	2006 £'000
United Kingdom	60,038	-
Europe	814	-
North America	27	-
Rest of World	432	-
	<u>61,311</u>	<u>-</u>

3 Information regarding directors and employees

There were no directors' emoluments for the year ended 31 March 2007 or 31 March 2006

	2007 No.	2006 No
The number of directors who were members of the defined benefit pension scheme was	<u>1</u>	<u>2</u>

Alstec Limited (formerly Alstec Holdings Limited)

Notes to the financial statements

3 Information regarding directors and employees (continued)

The average monthly number of employees (including directors) was

	2007 Number	2006 Number
Production and engineering	556	-
Sales and commercial	17	-
Administration	33	-
	<u>606</u>	<u>-</u>

Staff costs during the year

	2007 £'000	2006 £'000
Wages and salaries	17,412	-
Social security costs	1,837	-
Pension costs	3,097	-
	<u>22,346</u>	<u>-</u>

4 Exceptional items

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

	2007 £'000	2006 £'000
Profit on sale of fixed asset investment	(35,000)	-
Distribution to Employee Benefit Trust	6,772	-
	<u>(28,228)</u>	<u>-</u>

Alstec Limited (formerly Alstec Holdings Limited)

Notes to the financial statements

5 Net interest payable and similar charges

	2007 £'000	2006 £'000
Interest payable and similar charges:		
Other	(35)	-
	<u>(35)</u>	<u>-</u>
Interest receivable and similar income:		
Loan interest receivable from group undertakings	82	-
Bank interest	376	-
	<u>458</u>	<u>-</u>

6 Profit on ordinary activities before taxation

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

	2007 £'000	2006 £'000
Depreciation	526	-
Amortisation of goodwill	1,540	-
Profit on sale of tangible fixed assets	(17)	-
Auditors' remuneration		
- Audit fees	79	-
- Taxation	3	-
- Actuarial services	1	-
Operating lease rentals		
- Land and buildings	927	-
- Other	302	-
Research and development	22	-
Exceptional items (Note 4)	(28,228)	-
	<u>(28,228)</u>	<u>-</u>

7 Tax on profit on ordinary activities

	2007 £'000	2006 £'000
Current tax		
United Kingdom corporation tax	675	-
Deferred tax	(371)	-
	<u>304</u>	<u>-</u>

Alstec Limited (formerly Alstec Holdings Limited)

Notes to the financial statements

7 Tax on profit on ordinary activities (continued)

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

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	32,114	-
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2006 30%)	9,634	-
Effects of		
Expenses not tax deductible	487	
Capital allowances for the year in excess of depreciation	(104)	-
Differences in timing of tax relief on expenditure	147	-
Profit on sale of fixed asset investment	(10,500)	-
Group relief for nil consideration	1,011	-
	675	-

The movement on the deferred tax asset is as follows

	2007 £'000	2006 £'000
At beginning of the year	-	-
Acquired during the year	328	-
Credit for the year in the profit and loss account	43	-
	371	-

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

	2007 Provided £'000	2006 Provided £'000	2007 Not Provided £'000	2006 Not Provided £'000
Depreciation in excess of capital allowances	224	-	-	-
Other timing differences	147	-	-	-
	371	-	-	-

Alstec Limited (formerly Alstec Holdings Limited)

Notes to the financial statements

8 Intangible fixed assets

	Purchased Goodwill £'000
Cost	
At 1 April 2006	-
Additions	* 33,608
At 31 March 2007	<u>33,608</u>
Amortisation	
At 1 April 2006	-
Charge for the year	1,540
At 31 March 2007	<u>1,540</u>
Net book value	
At 31 March 2007	<u>32,068</u>
At 31 March 2006	-

*Acquisition of trade, assets and liabilities of Lemsew Ltd (Note 11)

Alstec Limited (formerly Alstec Holdings Limited)

Notes to the financial statements

9 Tangible fixed assets

	Plant & Machinery £'000	Motor Vehicles £'000	Fixtures & Fittings £'000	Total £'000
Cost				
At 1 April 2006	-	-	-	-
Acquisitions	94	88	582	764
Revaluation	306	5	38	349
Additions	45	-	485	530
Disposals	-	(5)	(1)	(6)
At 31 March 2007	445	88	1,104	1,637
Depreciation				
At 1 April 2006	-	-	-	-
Charge for the year	105	42	379	526
Disposals	-	(2)	-	(2)
At 31 March 2007	105	40	379	524
Net book value				
At 31 March 2007	340	48	725	1,113
At 31 March 2006	-	-	-	-

10 Fixed assets – investments in subsidiary undertakings

The company had no investments as at 31 March 2007 (2006- £2) The company sold its investment of £2 in a subsidiary undertaking on 8 May 2006

11 Acquisitions

On 8 May 2006 the company acquired the trade, assets and liabilities of Lemsew Limited, and on 30 March 2007, it acquired the trade, assets and liabilities of Alstec Airports Limited

The assets and liabilities acquired are set out below

Alstec Limited (formerly Alstec Holdings Limited)

Notes to the financial statements

11 Acquisitions (continued)

Lemsew Limited:

	Book Value	Accounting policy adjustments	Other adjustments	Fair Value
	£000	£000	£000	£000
Tangible fixed assets	764	-		764
Stocks	2,497	339		2,836
Debtors	10,334		(36)	10,298
Bank and cash	6,677			6,677
Creditors and other liabilities	(13,344)	(102)	1,553	(11,893)
Provisions	(2,196)	-	(2,294)	(4,490)
	<hr/>			
Net assets acquired	4,732	237	(777)	4,192
	<hr/>			
Consideration				37,800
	<hr/>			
Goodwill on acquisition (Note 8)				33,608
	<hr/>			

Alstec Airports Limited:

	Book value and fair value £000
Tangible fixed assets	-
Stocks	2,207
Debtors	3,574
Bank and cash	-
Creditors and other liabilities	(4,996)
Provisions	(95)
	<hr/>
Net assets acquired	690
	<hr/>
Consideration	690
	<hr/>

Alstec Limited (formerly Alstec Holdings Limited)

Notes to the financial statements

12 Stocks

	2007 £'000	2006 £'000
Long term contract balances	7,166	-
Finished goods and goods for resale	<u>2,689</u>	<u>-</u>
	<u>9,855</u>	<u>-</u>

13 Debtors

	2007 £'000	2006 £'000
Due within one year		
Trade debtors	6,008	-
Amounts recoverable on contracts	1,692	-
Amounts owed by group undertakings	18,582	-
Prepayments and accrued income	220	-
UK corporation tax recoverable	1,205	-
Deferred tax (note 7)	371	-
	<u>28,078</u>	<u>-</u>

14 Creditors - amounts due within one year

	2007 £'000	2006 £'000
Payments received on account	2,138	-
Trade creditors	5,665	-
Amounts owed to group undertakings	11,711	-
Other taxes and social security	803	-
Other creditors	2,269	-
Accruals and deferred income	6,084	-
	<u>28,670</u>	<u>-</u>

Alstec Limited (formerly Alstec Holdings Limited)

Notes to the financial statements

15 Provisions for liabilities and charges

	Other provisions £'000	Warranties £'000	Total £'000
At 1 April 2006	-	-	-
Acquired during the year	3,178	1,407	4,585
Created in the year	-	248	248
Released in the year	-	(181)	(181)
Utilised during the year	(427)	(45)	(472)
At 31 March 2007	2,751	1,429	4,180

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

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

16 Called-up share capital

	2007 £000	2006 £000
Authorised		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid		
Ordinary shares of £1 each	<u>11</u>	<u>1</u>

On 14 February 2007 the company issued 10 Ordinary shares of £1 each at a premium of £9,999,990

Alstec Limited (formerly Alstec Holdings Limited)

Notes to the financial statements

17 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 April 2006	-	-
Retained profit for the year	-	31,810
Premium on shares issued in the year	10,000	-
At 31 March 2007	<u>10,000</u>	<u>31,810</u>

18 Reconciliation of movements in shareholders' funds

	2007 £'000	2006 £'000
Profit for the financial year	31,810	-
Proceeds from issue of shares	10,000	-
Opening equity shareholders' funds	-	-
Closing equity shareholders funds	<u>41,810</u>	<u>-</u>

19 Guarantees and financial commitments

Amounts contracted for but not provided in the accounts amounted to £29,045 (31 March 2006 - £Nil)

Contingent liabilities:

The company at the year-end had guaranteed or had joint and several liability for bank facilities of £210m provided to certain group companies

Alstec Limited (formerly Alstec Holdings Limited)

Notes to the financial statements

19 Guarantees and financial commitments (continued)

Operating lease commitments:

	2007	2007	2007	2006	2006	2006
	Land and buildings £'000	Fixtures & fittings £000	Motor vehicles £'000	Land and buildings £'000	Fixtures & fittings £'000	Motor vehicles £'000
Leases which expire						
- within one year	44	2	46	-	-	-
- between two and five years	94	97	188	-	-	-
- after five years	697	-	-	-	-	-
	835	99	234	-	-	-

20 Post balance sheet events

After the year end the company guaranteed or had joint and several liability for a new bank facility of £600m which superseded the previous £190m facility provided to certain group companies

21 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

22 Pension arrangements

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

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

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

Alstec Limited (formerly Alstec Holdings Limited)

Notes to the financial statements

22 Pension arrangements (continued)

The pension cost for the Scheme was £3,097,000 (2006 £Nil) Contributions amounting to £342,156 (2006 £Nil) were payable to the Scheme

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

23 Ultimate parent undertaking

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

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

The Company Secretary
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London W1G 0PX