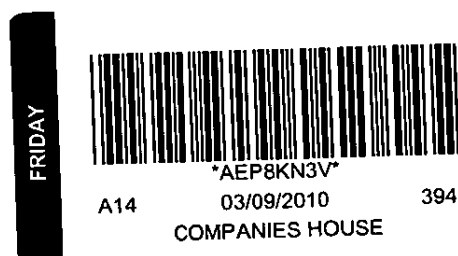


BIL Solutions Limited

Directors' report and financial statements

Registered number 02888907

31 March 2010



BIL Solutions Limited
Directors' report and financial statements

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BIL Solutions Limited
Directors' report and financial statements

The directors' report and the business review

The directors present their annual report and the audited financial statements for the year ended 31 March 2010

Business Review

The results are set out on page 5

On the 31st March 2009 BIL Solutions Ltd sold all of its assets and liabilities (excluding the bank balance) to its immediate parent company VT Nuclear Services Ltd at net book value of the net assets plus £1. Since that date the company has not traded.

Events after the balance sheet date

On 23 March 2010 Babcock International Group PLC ("Babcock") and the company's ultimate parent, VT Group plc announced that they had reached agreement on the terms of a recommended acquisition by Babcock of all of the issued and to be issued, share capital of the VT Group plc.

The acquisition is expected to be completed in July 2010 with the VT Group plc shares being delisted from the London Stock Exchange and VT Group plc and its subsidiary undertakings becoming subsidiaries of Babcock. Following the acquisition by Babcock, the change of control may have an impact on the basis of preparation applied to certain of the company's assets and liabilities however there is no consequential impact on the financial statements for the year ended 31 March 2010. The impact on the financial statements in the year ending 31 March 2011 and beyond, if any, has not yet been determined although the immediate effect of the change in control of the Group is discussed in the basis of preparation.

Dividend

An interim dividend of £7,470,000 (£3.735 per share) was paid during the year to 31 March 2010 (2009: £nil).

Directors

The directors of the company during the year were as follows:

JJ Chubb
J Collins (resigned 31 July 2009)
PJ Harrison
PJ Lester
P McIntosh (resigned 30 July 2009)

None of the directors benefited from qualifying third party indemnity provisions in place during the financial year, or at the date of this report.

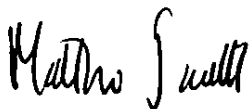
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

With reference to note 15, after the acquisition of the ultimate parent company by Babcock International PLC is completed, KPMG Audit Plc will resign as auditor of the company.

By order of the board



MP Jowett
Secretary

22 June 2010

Statement of directors' responsibilities in respect of the directors' report and financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 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, 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 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 its financial statements comply with the Companies Act 2006. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

St James' Square
Manchester
M2 6DS

Independent auditors' report to the members of BIL Solutions Limited

We have audited the financial statements of BIL Solutions Limited for the year ended 31 March 2010 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

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 result for the year then ended,
- have been properly prepared in accordance with the UK 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 BIL Solutions Limited

(continued)

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



Richard Evans (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

30 June 2010

BIL Solutions Limited
Directors' report and financial statements

Profit and loss account
for the year ended 31 March 2010

	Notes	2010 £000	2009 £000
Turnover	2	-	23,056
Cost of sales		-	(15,358)
Gross profit		-	7,698
Administrative expenses			
Other		(23)	(4,564)
Exceptional restructuring costs	5	-	(500)
		(23)	(5,064)
Operating (loss)/profit		(23)	2,634
Interest receivable and similar income	6	23	169
Interest payable and similar charges	7	-	(58)
Profit on ordinary activities before taxation	8	-	2,745
Tax on profit on ordinary activities	9	-	(894)
Profit for the financial year	11	-	1,851

The above results all relate to discontinued activities in BIL Solutions Ltd. The trade and assets were transferred to VT Nuclear Services Ltd on 31 March 2009

There are no recognised gains or losses in either the current, or the prior year, other than the results presented above and therefore no separate statement of total recognised gains and losses has been presented

BIL Solutions Limited
Directors' report and financial statements

Balance sheet

at 31 March 2010

	<i>Notes</i>	2010 £000	2009 £000
Current assets			
Debtors – amounts owed by group undertakings		477	468
Cash at bank and in hand		1,523	9,002
Net assets		2,000	9,470
Capital and reserves			
Called up share capital	<i>10</i>	2,000	2,000
Profit and loss account	<i>11</i>	-	7,470
Shareholder's funds	<i>12</i>	2,000	9,470

These financial statements were approved by the board of directors on 22 June 2010 and were signed on its behalf by

Philip Harris —

PJ Harrison
Director

BIL Solutions Limited

Directors' report and financial statements

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice using the historical cost convention

Under Financial Reporting Standard 1 (1996 Revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is wholly owned subsidiary undertaking

In addition, advantage has been taken of the exemption available under Financial Reporting Standard 8, not to disclose details of transactions with VT Group plc or other group undertakings, as the consolidated financial statements of VT Group plc in which the company is included, are publicly available, see note 14

As explained in Note 15 to the financial statements, the offer for the company's ultimate parent, VT Group plc, by Babcock International PLC ("Babcock") is expected to become unconditional on 8 July 2010. Accordingly, the company and the Group will be under the control of Babcock and, in particular, Babcock group's treasury arrangements. At 31 March 2010 the Group headed by VT Group plc ('the Group') had net cash and significant committed facilities. In the light of this and the company and the Group's financial projections, the directors consider that the company has adequate resources to continue in operational existence for the foreseeable future. However, following completion of the acquisition of VT Group plc by Babcock, the committed facilities may be cancelled and the Group's cash will be managed as a component of the treasury arrangements for the enlarged Babcock group. The directors of the company understand that Babcock has indicated to the directors of VT Group plc that it intends to provide financial support to VT Group plc and its subsidiaries at least for the period of twelve months from the date of completion of the transaction, to enable the Group to continue to trade and meet its liabilities as they fall due.

After making enquiries the directors have a reasonable expectation that the company has adequate resources and accordingly may continue to adopt the going concern basis in preparing the annual financial statements.

Turnover

Turnover, which is stated net of value added tax, represents the value of products delivered and services rendered to customers. For contracts entered into for the provision of services extending over a period of years (long-term contracts), turnover represents the value of work done in the year including where appropriate estimates of amounts not invoiced.

Taxation

The charge for taxation is based on the profit/loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Deferred taxation assets are recognised only to the extent that in the opinion of the directors, there is a reasonable probability that the asset will crystallise in the foreseeable future.

BIL Solutions Limited
Directors' report and financial statements

Notes *(continued)*

1 Accounting policies *(continued)*

Pension costs

Until 31st March 2009 the company participated in a group wide pension scheme, at which time the associated retirement benefits transferred with the employees to the parent company VT Nuclear Services Ltd. The company was unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis and therefore the schemes are accounted for as if they were defined contribution schemes. As a result, the amount charged to the profit and loss account represented the contributions payable to the schemes in respect of the accounting period.

2 Analysis of turnover

	2010 £000	2009 £000
By destination		
United Kingdom	-	22,641
Europe - EU	-	35
Rest of world	-	380
	<u>-</u>	<u>23,056</u>

Turnover and profits arose from the principal activity of the company.

3 Staff numbers and costs

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

	Number of employees 2010	2009
Direct labour	-	199
Administrative staff	-	33
	<u>-</u>	<u>232</u>

The aggregate payroll costs of these persons were as follows:

	2010 £000	2009 £000
Wages and salaries	-	7,828
Social security costs	-	656
Pension costs (note 13)	-	1,894
	<u>-</u>	<u>10,378</u>

4 Remuneration of directors

None of the directors received remuneration for their services to the company, as the services provided to the company are incidental to their wider role in the group (2009: nil).

BIL Solutions Limited
Directors' report and financial statements

Notes *(continued)*

5 Exceptional items

	2010	2009
	£000	£000
Restructuring provision	<u>-</u>	<u>500</u>

The restructuring exceptional item related to amounts provided for employee redundancy costs

6 Interest receivable and similar income

	2010	2009
	£000	£000
Bank interest receivable	<u>23</u>	<u>169</u>

7 Interest payable and similar charges

	2010	2009
	£000	£000
Bank charges	-	3
Other financing charges	<u>-</u>	<u>55</u>
	<u>-</u>	<u>58</u>

8 Profit on ordinary activities before taxation

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

	2010	2009
	£000	£000
Depreciation of owned fixed assets	-	411
<i>Operating leases</i>		
Land and buildings	-	53
Other	-	110
Research and development	-	177
<i>Auditors remuneration</i>		
Audit of these financial statements	<u>-</u>	<u>10</u>

BIL Solutions Limited
Directors' report and financial statements

Notes *(continued)*

9 Taxation

	2010 £000	2009 £000
<i>Current tax</i>		
Tax charge on profit for year	-	454
Adjustment in respect of prior years	-	127
	<hr/>	<hr/>
Total current tax charge	-	581
<i>Deferred tax</i>		
Deferred tax charge for year	-	285
Adjustment in respect of prior years	-	28
	<hr/>	<hr/>
Total deferred tax charge	-	313
	<hr/>	<hr/>
Tax charge on profit on ordinary activities	-	894

Factors affecting the tax charge for the year

The current tax for the year is the same as *(2009 lower than)* the standard rate of corporation tax in the UK of 28% *(2009 28%)*. The differences are explained below

	2010 £000	2009 £000
Profit on ordinary activities before tax	-	2,745
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate in UK of 28% <i>(2009 28%)</i>	-	769
<i>Effects of</i>		
Expenses not deductible for tax purposes	-	18
Difference between capital allowances and depreciation	-	(131)
Other timing differences	-	(202)
Adjustment in respect of prior years	-	127
	<hr/>	<hr/>
Current tax charge for the year	-	581

BIL Solutions Limited
Directors' report and financial statements

Notes *(continued)*

10 Called up share capital

	2010	2009
	£000	£000
issued and fully paid		
2 million ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

11 Reserves

	Profit and loss account £000
At beginning of year	7,470
Profit for the financial year	-
Dividends paid	<u>(7,470)</u>
At end of year	<u>-</u>

12 Reconciliation of movements in shareholder's funds

	2010	2009
	£000	£000
Profit on ordinary activities after taxation	-	1,851
Dividends paid	<u>(7,470)</u>	<u>-</u>
Net (decrease)/increase in shareholder's funds	(7,470)	1,851
Opening shareholder's funds	<u>9,470</u>	<u>7,619</u>
Closing shareholder's funds	<u>2,000</u>	<u>9,470</u>

13 Pension arrangements

On the 31st March 2009 all employees of the company transferred to its immediate parent VT Nuclear Services Ltd along with associated retirement benefits

The Shipbuilding Industry Pension Scheme pension charge for the year amounted to £nil (2009 £1,653,000)

The Electricity Supply Pension Scheme pension charge for the year amounted to £nil (2009 £241,000)

BIL Solutions Limited
Directors' report and financial statements

Notes *(continued)*

14 Ultimate parent company

The company is a subsidiary undertaking of VT Nuclear Services Limited, a company incorporated in Great Britain and registered in England and Wales

The ultimate parent company is VT Group plc, a company incorporated in Great Britain and registered in England and Wales

The largest group in which the results of the company are reported, is that headed by VT Group plc. The consolidated financial statements are available to the public at that company's registered office of VT House, Grange Drive, Hedge End, Southampton, SO30 2DQ. No other financial statements include the results of the company.

15 Events after the balance sheet date

On 23 March 2010 Babcock International Group PLC ("Babcock") and the company's ultimate parent, VT Group plc, announced that they had reached agreement on the terms of a recommended acquisition by Babcock of all of the issued and to be issued, share capital of the VT Group plc.

The acquisition is expected to be completed in July 2010 with the VT Group plc shares being delisted from the London Stock Exchange and VT Group plc and its subsidiary undertakings becoming subsidiaries of Babcock. Following the acquisition by Babcock, the change of control may have an impact on the basis of preparation applied to certain of the company's assets and liabilities; however, there is no consequential impact on the financial statements for the year ended 31 March 2010. The impact on the financial statements in the year ending 31 March 2011 and beyond, if any, has not yet been determined although the immediate effect of the change in control of the Group is discussed in the basis of preparation.