BNS Nuclear Services Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

Company Registered Number:
3975999

Directors and Advisers

Directors

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

Joint Company secretaries

V F A Teller

Registered office

33 Wigmore Street
London
WIU IQX

Independent Auditors

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

The directors present the audited financial statements of the Company, for the year ended 31 March 2012

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 and Financial Review

Following recent re-organisation of the business, the Company continues to operate in three key customer facing business units covering the Decommissioning, Power Generation and Defence & International sectors The Decommissioning sector has reported volumes at a similar level to 2011, despite the closure of the MOX nuclear fuel plant at the Sellafield site during 2011 The Power Generation business has seen a growth in revenue during the year, largely due to the fact that the prior year had a lower number of reactor outages at stations where Babcock is a major contributor to this activity Defence & International volumes were marginally down on the prior year

Although revenues reflect an increase of 2 8% over the prior year, a number of items have impacted on profit resulting in an increased loss being reported In particular, significant cost overspends have been incurred on two projects within the Decommissioning and Defence business sectors In addition to this, royalty payments to group companies have increased by £678,000, due to the fact that the royalty payments in 2010/11 only represent a part-year, and additional pension contributions of £989,000 were made

Following the acquisition of VT by Babcock International in 2010, significant progress has been made in aligning the processes and systems of the various statutory entities that collectively form Babcock's Nuclear business unit, of which BNS Nuclear Services Limited is part During 2011/12 this has resulted in some cost reclassification between cost of sales and administrative / distribution expenses in order to create a standardised reporting platform across the various statutory entities

Looking forward, the business is well positioned in all three of its markets, and continues to seek further opportunities in International markets where there are prospects for future growth In addition, from 1st April 2012, and as part of the ongoing re-organisation within the various Babcock nuclear statutory entities, BNS Nuclear Services Limited acquired the UK trade and assets of both Babcock Nuclear Limited and UKAEA Limited

As a result of the business re-organisation, further changes to organisation structure and systems were implemented during the year This restructuring resulted in an exceptional charge to the profit and loss account of £804,000

Results and dividends

Turnover for the year was £93,290,000 (2011 - £90,673,000) on which a loss before tax of £3,840,000 was made (2011 - £579,000) The 2012 result includes royalties payable to group companies of £1,418,000 (2011 - £741,000) and exceptional costs of £804,000 (2011 - £1,003,000)

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 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

Qualifying third party indemnity provisions

Under their respective Article of Association, the directors of the Company are, and were during the year to 31 March 2012, 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 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 2012 were equivalent to 48 days (2011 39 days)

3 Charitable and political donations

In the year ended 31 March 2012 the Company made charitable donations of £9,701 (2011 £6,000) £4,606 was donated to the EEIBA and £2,500 to the Engineering Education Scheme, with the remainder being paid to various other local charities There were no political contributions during the year (2011 £nil)

4 Financial Risk Management

All treasury transactions are carried out only with prime rated counter-parties Financial Risk is managed in accordance with Group policies and procedures which are discussed on pages 42 and 43, and in Note 2 of the annual report of Babcock International Group PLC, which does not form part of this report

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 who served during the year were as follows

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

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

The directors are responsible for preparing the annual 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

8 Statement of disclosure of information to auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of this information

A resolution proposing to reappoint PricewaterhouseCoopers LLP as auditors will be put to the members at the Annual General Meeting

By order of the Board

G Peat 25th June 2012

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 2012 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 on page 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 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 2012 and of its loss and cash flows 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

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

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

26 June 2012

BNS Nuclear Services Limited

Profit and Loss Account
For the year ended 31 March 2012
Company Registered Number : 3975999

	Notes	2012 £'000	2011 £'000
Turnover	2	**93,290**	90,673
Cost of sales		**(78,484)**	(77,647)
Gross profit		**14,806**	13,026
Distribution costs		**(1,616)**	(2,657)
Administrative expenses		**(11,964)**	(5,606)
Profit on ordinary activities before goodwill amortisation		**1,226**	4,763
Amortisation of goodwill	8	**(4,675)**	(4,675)
Operating (loss)/ profit before exceptional items		**(3,449)**	88
Restructuring costs	4	**(804)**	(1,003)
Loss on ordinary activities before interest and taxation		**(4,253)**	(915)
Interest payable and similar charges	3	**-**	(1)
Interest receivable and similar income	3	**413**	337
Loss on ordinary activities before taxation	4	**(3,840)**	(579)
Tax on loss on ordinary activities	7	**111**	(574)
Retained loss for the financial year	16	**(3,729)**	(1,153)

There is no material difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents

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

All results derive from continuing operations, current and prior years

BNS Nuclear Services Limited

Balance Sheet as at 31 March 2012

Company Registered Number: 3975999

	Notes	2012 £'000	2011 £'000
Fixed assets			
Intangible assets – goodwill	8	**73,006**	77,681
Tangible assets	9	**1,508**	1,710
		74,514	79,391
Current assets			
Stocks	10	**3,520**	4,059
Debtors	11	**79,505**	57,054
Cash at bank and in hand		**7,447**	19,373
		90,472	80,486
Creditors – amounts falling due within one year	12	**(116,109)**	(105,855)
Net current liabilities		**(25,637)**	(25,369)
Total assets less current liabilities		**48,877**	54,022
Provision for liabilities	13	**(2,054)**	(3,470)
Net assets		**46,823**	50,552
Capital and reserves			
Called-up share capital	15	**50**	**50**
Share premium account	16	**10,000**	**10,000**
Profit and loss account	16	**36,773**	**40,502**
Total shareholders' funds	16	**46,823**	**50,552**

The financial statements on pages 9-22 were approved by the board of directors and signed on its behalf by

G Peat
Director

25th June 2012

1 Accounting policies

a) Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom The following accounting policies have been consistently applied to matters that are considered material to the financial statements

b) Tangible fixed assets and depreciation

Tangible fixed assets are shown at historic purchase cost net of accumulated depreciation and provision for permanent diminution in value
Depreciation is provided on a straight line basis to write off the cost of all tangible fixed assets over their estimated useful lives or contract period if shorter, to their estimated residual value as follows

Plant and machinery	10% to 20% per annum
Leasehold buildings	Over the period of the lease
Fixtures and fittings	20% per annum
Motor Vehicles	25% per annum

c) Intangible assets- Goodwill

Intangible fixed assets are stated at cost after amortisation The intangible fixed assets are amortised on a straight line basis as follows
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

d) Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value In the case of work in progress, and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads

e) 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

f) 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

1 Accounting policies (continued)

g) 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 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.

h) 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 Contributions payable to the scheme are charged to the profit and loss account (see Note 19)

i) Foreign currencies

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

j) Leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis

k) 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

1 Accounting policies (continued)

l) 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

	2012	2011
	£'000	£'000
United Kingdom	**90,007**	88,638
Europe	**2,148**	1,096
Rest of the world	**1,135**	939
	93,290	90,673

In the opinion of the Directors, the classes of business in which the Company operates do not differ substantially from each other No segmental analysis is therefore provided

3 Interest receivable/(payable) and similar income/(charges)

	2012	2011
	£'000	£'000
Interest payable and similar charges:		
Bank interest	-	(1)
Interest receivable and similar income:		
Bank interest	**202**	127
Loan interest receivable from group undertaking	**211**	210
	413	337

4 Loss on ordinary activities before taxation

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

	2012 £'000	2011 £'000
Depreciation – owned fixed assets (note 9)	**459**	541
Goodwill amortisation (note 8)	**4,675**	4,675
Auditors' remuneration		
- audit fees	**22**	22
-Taxation fees	**33**	32
Operating lease rentals		
- land and buildings	**1,168**	1,448
- Plant and machinery	**429**	306
Staff costs (note 5)	**39,840**	40,583
Restructuring costs (see note 20)	**804**	1,003
Profit on disposal of fixed assets	**(1)**	(141)

5 Staff costs

The Company employs personnel directly Particulars of these employees (including directors) are as shown below

The average monthly number of employees (including directors) was

	2012 Number	2011 Number
Production	**732**	811
Sales and commercial	**8**	29
Administration	**146**	59
	886	899

Their aggregate remuneration comprised

	2012 £'000	2011 £'000
Wages and salaries	**32,423**	34,215
Social security costs	**3,414**	3,354
Pension costs	**4,003**	3,014
	39,840	40,583

6 Directors' remuneration

The remuneration of the directors which was paid by the Company was as follows	**2012 £'000**	2011 £'000
Emoluments (including benefits in-kind)	**612**	309

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

	2012 £'000	2011 £'000
Emoluments (excluding pension and pension contributions)	**412**	136
Accrued benefit entitlement under the group's defined benefit scheme	**26**	6

During the year 2 directors (2011 - 2) exercised options over 60p shares of Babcock International Group PLC

During the year 8 Directors (2011 - 8) were awarded shares under the Babcock International PLC PSP and CSOP schemes

Retirement benefits are accruing to 7 directors (2011 - 7) under defined benefit schemes

The remuneration of A N Dungate, G D Leeming, F Martinelli, P L Rogers, W Tame, 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

7 Tax on loss on ordinary activities

a) Analysis of credit in the year

	2012 £'000	2011 £'000
Current tax		
Current tax charge for the year	-	-
Deferred tax:		
Origination and reversal of timing differences	**14**	138
Adjustment in respect of prior years		
Other	**(138)**	433
Impact of change in UK tax rate	**13**	3
Tax (credit)/charge	**(111)**	574

The adjustment in respect of prior year relates mainly to consortium relief for consideration

b) Factors affecting current tax charge
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 loss before tax is as follows

	2012 £'000	2011 £'000
Loss on ordinary activities before tax	**(3,840)**	(579)
Tax on loss on ordinary activities at standard UK corporation tax rate of 26% (2011 28%)	**(998)**	(162)
Effects of		
Timing differences	**(14)**	(16)
Expenses not deductible for tax purposes	**889**	1,316
Group relief for nil consideration	**123**	(1,138)
	-	-

8 Intangible fixed assets

	Purchased goodwill £'000	Total £'000
Cost		
At 1 April 2011	93,493	93,493
At 31 March 2012	**93,493**	**93,493**
Amortisation		
At 1 April 2011	15,812	15,812
Charge for the year	4,675	4,675
At 31 March 2012	**20,487**	**20,487**
Net book value		
At 31 March 2012	**73,006**	**73,006**
At 31 March 2011	77,681	77,681

9 Tangible fixed assets

	Short Leasehold land and buildings £'000	Vehicles, plant and machinery £'000	Office equipment £'000	Total £'000
Cost				
At 1 April 2011	641	496	2,974	4,111
Additions	-	17	240	257
Disposals	-	(12)	-	(12)
At 31 March 2012	**641**	**501**	**3,214**	**4,356**
Depreciation				
At 1 April 2011	118	258	2,025	2,401
Charge for the year	43	36	380	459
Disposals	-	(12)	-	(12)
Impairments	-	-	-	-
At 31 March 2012	**161**	**282**	**2,405**	**2,848**
Net book value				
At 31 March 2012	**480**	**219**	**809**	**1,508**
At 31 March 2011	523	238	949	1,710

10 Stocks

	2012 £'000	2011 £'000
Long term contract balances	**3,032**	3,977
Finished goods and goods for resale	**488**	82
	3,520	4,059

11 Debtors

	2012 £'000	2011 £'000
Due within one year		
Trade debtors	**18,939**	10,248
Amounts recoverable on contracts	**5,494**	8,161
Amounts owed by group undertakings	**54,468**	38,108
Other debtors	**56**	159
Prepayments and accrued income	**299**	240
UK corporation tax recoverable	**99**	99
Deferred tax (note 14)	**150**	39
	79,505	57,054

Amounts owed by Group undertakings include short term loans repayable on demand of £52,269,000, of which £42,269,000 are non interest bearing with the remainder at an interest rate of 2 1%

12 Creditors – amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	**10,659**	6,293
Payments received on account	**5,698**	3,932
Amounts owed to group undertakings	**82,423**	83,051
Other creditors	**8,114**	1,659
Accruals and deferred income	**8,255**	6,311
Other taxes and social security	**960**	4,609
	116,109	105,855

The Company has access to the Babcock International Group PLC overdraft facility The Company along with fellow group undertakings has provided cross-guarantees in relation to this facility (note 17)

12 Creditors – amounts falling due within one year (continued)

Loan from	£'000	Interest terms	Repayment terms
Babcock Services Group Limited	9,434	Non interest bearing	Repayable on demand
Babcock Airports Limited	16,067	Non interest bearing	Repayable on demand
Babcock Integrated Technology Limited	14,794	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
Total	**82,423**		

13 Provisions for liabilities and charges

	Reorganisation provision £'000	Dilapidations provision £'000	Warranties £'000	Other Provisions £'000	Total £'000
At 1 April 2011	312	2,640	372	146	3,470
Charged to the profit and loss account	-	-	87	12	99
Released during the year	-	(1,023)	(82)	(35)	(1,140)
Utilised during the year	(312)	(26)	(37)		(375)
At 31 March 2012	**-**	**1,591**	**340**	**123**	**2,054**

The warranty provision is in respect of contractual warranty periods of completed long term contracts

14 Deferred taxation

The major components of the deferred tax asset recorded and the potential asset are as follows

	2012 Provided £'000	2011 Provided £'000
Accelerated capital allowances	**94**	79
Other short term timing differences	**56**	(40)
	150	39

There are no unprovided tax balances

14 Deferred taxation (continued)

A number of changes to the UK Corporation tax system were announced in the March 2012 Budget Statement Legislation to reduce the main rate of corporation tax from 26% to 24% from 1 April 2012 is expected to be included in the Finance Act 2012 Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2013 These further changes had not been substantively enacted at the balance sheet date and, therefore, the impact is not included in these financial statements

The effect if the changes expected to be enacted in the Finance Act 2012 would be to reduce the deferred tax asset provided at the balance sheet date by £6,266 This decrease in deferred tax asset would decrease the profit by £6,266 This decrease in the deferred tax asset is due to the reduction in the corporation tax rate from 24% to 23% with effect from April 2013

The movement on the deferred tax asset is as follows

	£'000
At 31 March 2011	39
Current year movement	(14)
Adjustment in respect of prior years	138
Impact of change in UK tax rate	(13)
At 31 March 2012	**150**

15 Called-up share capital

	2012	2011
	£	£
Authorised		
Ordinary shares of £1 each	**20**	20
Preference shares of £1 each	**50,000**	50,000
	50,020	50,020
Allotted, and fully paid	**£**	£
11 Ordinary shares of £1 each	11	11
50,000 preference shares of £1 each	50,000	50,000
	50,011	50,011

16 Reconciliation of movement in shareholders funds and reserves

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 April 2011	50	10,000	40,502	50,552
(Loss) for the year	-	-	(3,729)	(3,729)
At 31 March 2012	**50**	**10,000**	**36,773**	**46,823**

17 Guarantees and financial commitments

a) Contingent liabilities

The Company at the year end had guaranteed or had joint and several liabilities for drawn Babcock International Group PLC bank facilities of £731,800,000 (2011 £782,000 000) provided to certain group companies

b) Operating lease commitments	**2012 Land and buildings £'000**	**2012 Other £'000**	2011 Land and buildings £'000	2011 Other £'000
Annual commitments under non-cancellable operating leases expiring as				
- within one year	**-**	**43**	99	82
- between two and five years	**742**	**153**	819	222
- after five years	**287**	**-**	252	-
Total	**1,029**	**196**	1,170	304

(c) Capital commitments

Amounts contracted for but not provided in the accounts amounted to £31,226 (31 March 2011 - £33,395)

18 Related party disclosures

The Company, as a wholly owned subsidiary, has taken advantage of the exemption, granted under FRS 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 commitments

The Company had both defined benefit and defined contribution plans In a defined benefit pension scheme, the scheme is funded through payments to trustee-administered funds, determined by periodic actuarial calculations A defined benefit plan is a pension that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one

19 Pension commitments (continued)

or more factors such as age, years of service and compensation A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity

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 27 for further details

20 Restructuring costs

The restructuring costs resulted from redundancy costs in relation to a number of leavers, and costs associated with systems & business integration

21 Immediate and ultimate parent undertaking 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 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
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