

Nuclear Technologies plc

Report and Financial Statements

31 December 2011

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COMPANIES HOUSE

Nuclear Technologies plc

Registered No 2934850

Directors

S J Browning
K L Hildred
I M Alderson
W J McKnight

Secretary

W J McKnight

Auditors

Ernst & Young LLP
5 George Square
Glasgow G2 1DY

Bankers

National Westminster Bank plc
52 West Street
Fareham PO16 0JX

Solicitors

Wards Solicitors
52 Broads Street
Bristol BS1 2EP

Registered Office

Kingsway Business Park
Naas Lane
Gloucester
Gloucestershire

Directors' report

The directors present their report and financial statements for the year ended 31 December 2011

Results and dividends

The profit for the year after taxation amounted to £83,000 (2010 – £309,000) An ordinary dividend of £295,000 (2010 – £640,000) was paid during the year

Principal activities and review of the business

The principal activity of the company continued to be that of the supply of consultancy services to the nuclear industry

Nuclear Technologies plc is a wholly owned subsidiary of TUV SUD AG The company operates a chain of six offices from which it supplies professional engineering and scientific consultancy primarily to the UK nuclear industry in matters relating to safety, environmental protection, radioactive waste management, criticality and shielding and decommissioning and liabilities management

The UK Government continues to make funding cuts to counteract the effects of the global recession Such funding cuts impacted on the nuclear sector, demonstrated by client based staff reductions The Nuclear Technologies Board of Directors continues an initiative to re-direct business activities to accommodate the changing market An increased emphasis was placed on the UK nuclear new build programme and specific areas of the NDA estate where minimal funding cuts were identified The events in Japan (Fukushima) severely impacted upon the UK new build market with financial pressures placed upon Horizon Nuclear (Eon/RWE) due to dramatic changes in the German market A review of the impact of the Fukushima event conducted by the HSE has also slowed the planning process within the UK during 2011 and in so doing reduced the accessible market for Nuclear Technologies plc

Continued success in the North West region has seen new areas of business secured in support of some of the UK's major legacy decommissioning projects

Future developments

Increased fragmentation of our client market coupled with little real growth in expenditure has placed pressure on operating margins An emphasis is to be placed upon the securing of higher selling rates via direct commercial routes and the enhanced role of Nuclear Technologies plc in the UK legacy clean-up market

Principal risks and uncertainties

The principal risks to the company are actively managed through a Risk Register, Company Business Plan and Key Performance Indicators These cover staff retention, infrastructure stability, financial performance, income generation, client satisfaction/project performance and meeting our health, safety and environmental objectives

Each of our Key Performance Indicators are monitored by the relevant Operational Directors and reviewed by the Board at regular intervals to ensure risks are mitigated to the maximum extent possible

Directors' report

Principal risks and uncertainties (continued)

Financial risks

The company's main financial instruments are the normal trade debtors and creditors which arise directly from operations. The targets set for debtor collection are well under control for 2012.

The company aims to mitigate credit risk by continuing to trade with its key customers. In addition the company performs appropriate credit checks on its customers and suppliers and tailor its credit terms appropriately.

Investment and ongoing expansion is carefully controlled with authorisation limits operating at different levels.

Business environment

The company has a strong relationship with almost all nuclear site operators across the UK and provides the majority of its services through long term partnerships and agreements with its clients.

The company differentiates itself from its many competitors by supporting a national network of six offices mostly in close proximity to their main clients. In this way the company is able to place emphasis on the quality, independence, integrity and expertise of our consultants while delivering their services through local interfaces and staff wherever possible.

The business environment relies heavily on UK government programmes and funding for remediation of both civil and defence sector historic liabilities and investment in new facilities to maintain future operations. The market size remains steady in terms of expenditure despite considerable restructuring to face the revised roles agreed with UK central government. The current economic crisis has had a limited impact on company performance but it will be closely monitored in the year ahead. The new build market is anticipated to fuel an increased demand upon resources which should promote increased selling rates but also the risk of staff losses to the major clients.

Strategy

Our objectives are to diversify our client base and technical portfolio so as to minimise our business risk. We are committed to sustaining investment in our staff development and growth of new product areas and skills to maintain the foundation of our continuing business success. Graduate recruitment is now an established annual event and is now the strategic foundation of the company's future.

Going concern

In line with the FRC guidance on Going Concern issued in November 2009, the directors have undertaken an exercise to review the appropriateness of the continued use of the Going Concern basis.

The company's business activities, together with the factors likely to affect its future development, its financial position, its principal risks and uncertainties and its exposure to credit risk are described above.

The company has considerable financial resources with sound business relationships with a number of customers and suppliers across different geographic areas. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

Directors' report

Directors

The directors who served the company during the year were as follows

S J Browning (appointed 18 July 2011)
K L Hildred
I M Alderson (appointed 12 July 2011)
W J McKnight (appointed 1 July 2011)
D J Holman (resigned 31 August 2011)
K D Varley (resigned 4 March 2011)
J L Wimmer (resigned 30 September 2011)

Charitable contributions

During the year the company made charitable donations payments of £607 (2010 – £50)

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to

- Settle the terms of payment with suppliers when agreeing the terms of each transaction,
- Ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and
- Pay in accordance with the company's contractual and other legal obligations

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



Stephen Browning
Director

Date 23.03.12

Statement of directors' responsibilities

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 elected to prepare 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 judgments 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 proper 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.

Independent auditors' report

to the members of Nuclear Technologies plc

We have audited the financial statements of Nuclear Technologies plc for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 17. 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).

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 auditor

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

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 Report and Financial Statements 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 the 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 December 2011 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 Nuclear Technologies plc

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

Ernst & Young LLP

Walter Campbell (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow

Date 28/3/2012

Profit and loss account

for the year ended 31 December 2011

	Notes	2011 £000	2010 £000
Turnover	2	7,053	8,136
Administrative expenses		(6,919)	(7,700)
Operating profit	3	134	436
Interest receivable and similar income	6	8	7
Interest payable and similar charges	7	(14)	(16)
Profit on ordinary activities before taxation		128	427
Tax	8	(45)	(118)
Profit for the financial year	14	83	309

All amounts relate to continuing activities

Statement of total recognised gains and losses

for the year ended 31 December 2011

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £83,000 in the year ended 31 December 2011 (2010 – £309,000)

Balance sheet

at 31 December 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Tangible assets	9	55	51
Current assets			
Stocks	10	464	304
Debtors	11	2,503	2,960
		2,967	3,264
Creditors , amounts falling due within one year	12	(1,421)	(1,502)
Net current assets		1,546	1,762
Total assets less current liabilities		1,601	1,813
Capital and reserves			
Called up share capital	13	114	114
Share premium account	14	686	686
Capital redemption reserve	14	500	500
Profit and loss account	14	301	513
Equity Shareholders' funds		1,601	1,813



Stephen Browning
Director

Date 23.03.12

Notes to the financial statements

at 31 December 2011

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Statement of cash flows

Under Financial Reporting Standard 1 (revised) the company is exempt from the requirement to prepare a statement of cash flow on the grounds that a parent undertaking includes the company in its own published group financial statements

Capital instruments

Equity shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the terms of the instruments at a constant rate on the carrying amount.

Stocks and work in progress

Work in progress is stated at the lower of cost and net realisable value. Cost consists of staff salary costs and direct expenses together with an appropriate proportion of overheads. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion.

Tangible fixed assets

All fixed assets are initially recorded at cost.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Leasehold improvements	–	5 to 10 years straight line
Fixtures, fittings and equipment	–	3 to 5 years straight line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account. The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Notes to the financial statements

at 31 December 2011

1. Accounting policies (continued)

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Pensions

The company operates an executive pension plan under a money purchase scheme. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

The company also operates a stakeholder pension plan for employees, the contributions to which are charged to the profit and loss account.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to one continuing activity, as stated in the directors' report.

An analysis of turnover by geographical market is given below:

	2011 £000	2010 £000
United Kingdom	6,528	7,640
Rest of world	525	496
	<u>7,053</u>	<u>8,136</u>

3. Operating profit

This is stated after charging/(crediting)

	2011 £000	2010 £000
Auditors' remuneration – audit services	10	10
Depreciation of owned tangible assets	36	32
Loss on foreign exchange transactions	8	16
Operating lease rentals – land and buildings	88	88
– other	57	51
	<u>199</u>	<u>197</u>

4. Directors' remuneration

	2011 £000	2010 £000
Remuneration	<u>298</u>	<u>301</u>
Compensation for loss of office	<u>155</u>	<u>–</u>
Company contributions paid to defined contribution pension schemes	<u>117</u>	<u>84</u>

Notes to the financial statements

at 31 December 2011

4. Directors' remuneration (continued)

	2011 £000	2010 £000
In respect of the highest paid director		
Aggregate remuneration	165	165
Compensation for loss of office	110	–
	<u>275</u>	<u>165</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to three (2010 – three)

5. Staff costs

	2011 £000	2010 £000
Wages and salaries	2,380	2,604
Social security costs	295	338
Other pension costs	318	309
	<u>2,993</u>	<u>3,251</u>

The average monthly number of employees during the year was made up as follows

	No	No
Employees	<u>51</u>	<u>60</u>

6. Interest receivable and similar income

	2011 £000	2010 £000
Bank interest	–	1
Other interest	8	6
	<u>8</u>	<u>7</u>

Notes to the financial statements

at 31 December 2011

7. Interest payable and similar charges

	2011 £000	2010 £000
Redeemable preference shares dividend	14	14
Other interest	–	2
	<u>14</u>	<u>16</u>

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2011 £000	2010 £000
Current tax.		
UK corporation tax on profit for the year	39	139
Adjustment for prior years	3	2
Total current tax (note 8(b))	<u>42</u>	<u>141</u>
Deferred tax		
Origination of timing differences	(7)	(13)
Effect of decreased tax rate	3	2
Adjustment in respect of previous years	7	(12)
Total deferred tax	<u>3</u>	<u>(23)</u>
Tax on profit on ordinary activities	<u>45</u>	<u>118</u>

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 26.5% (2010 – 28%). The differences are explained below

	2011 £000	2010 £000
Profit on ordinary activities before tax	<u>128</u>	<u>427</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 – 28%)	34	120
Effects of		
Non deductible expenses	(5)	3
Capital allowances in excess of depreciation	10	16
Adjustments to previous periods	3	2
Current tax for the year (note 8(a))	<u>42</u>	<u>141</u>

Notes to the financial statements

at 31 December 2011

8. Tax (continued)

(c) Deferred tax

The deferred tax included in the balance sheet at 25% (2010 – 27%) is as follows

	2011 £000	2010 £000
Depreciation in advance of capital allowances	38	38
Other timing differences	11	14
Deferred tax asset (note 11)	<u>49</u>	<u>52</u>
		£000
At 1 January 2011		52
Deferred tax charge in the profit and loss account (note 8(a))		<u>(3)</u>
At 31 December 2011		<u>49</u>

(d) Factors that may affect future tax charges

In his budget of 22 June 2010, the Chancellor of the Exchequer announced a decrease in the rate of UK corporation tax from 28% to 24% by 1% each year, from April 2011. The 2011 budget reduced the tax rate to 26% with effect from 1 April 2011, and proposed further reductions to be introduced in future Finance Bills bringing the rate down to 23%.

The main rate was reduced to 25% with effect from 1 April 2012. This change was substantively enacted on 5 July 2011 therefore deferred tax has been provided at this rate in these accounts.

The effect on the reduction in the tax rate from 25% to 23% on the company's deferred tax asset is £8,000.

Notes to the financial statements

at 31 December 2011

9. Tangible fixed assets

	<i>Leaseholds Improve- ments £000</i>	<i>Fixtures, Fittings and Equipment £000</i>	<i>Total £000</i>
Cost			
At 1 January 2011	–	346	346
Additions	13	27	40
At 31 December 2011	<u>13</u>	<u>373</u>	<u>386</u>
Depreciation			
At 1 January 2011	–	295	295
Provided during year	2	34	36
At 31 December 2011	<u>2</u>	<u>329</u>	<u>331</u>
Net book value			
At 31 December 2011	<u>11</u>	<u>44</u>	<u>55</u>
At 31 December 2010	<u>–</u>	<u>51</u>	<u>51</u>

Notes to the financial statements

at 31 December 2011

10. Stocks

	2011	2010
	£000	£000
Work in progress	464	304

11. Debtors

	2011	2010
	£000	£000
Trade debtors	1,086	1,078
Amounts owed by group undertakings	1,291	1,767
Other debtors	7	7
Prepayments and accrued income	70	56
Deferred tax asset (note 8(c))	49	52
	<u>2,503</u>	<u>2,960</u>

The UK companies within the TUV SUD group have adopted a cash pooling arrangement since 2010 which requires all bank balances to be held by the immediate holding company, TUV SUD (UK) Limited. A cash pool surplus of £1,259,000 (2010 – £1,806,000) is included within amounts owed by group undertakings.

12. Creditors: amounts falling due within one year

	2011	2010
	£000	£000
Redeemable preference shares	400	400
Trade creditors	222	424
Corporation tax	39	82
Other taxes and social security costs	311	276
Amounts owed to group undertakings	11	57
Accruals and deferred income	438	263
	<u>1,421</u>	<u>1,502</u>

The Cumulative Redeemable Preference shares of £1 each carry no voting rights and are entitled to a return on capital only in the event of winding up or sale. The holders are entitled to a fixed dividend of 3% over base rate per annum, to a maximum of 12%. These dividend rights are cumulative. The shares are to be redeemed at the option of the shareholder subject to agreement by the directors and the availability of resources. The directors should not unreasonably oppose redemption. The authorised share capital of the Cumulative Redeemable Preference shares is 400,000 £1 shares.

Notes to the financial statements

at 31 December 2011

13. Issued share capital

<i>Allotted, called up and fully paid</i>	<i>No</i>	<i>2011</i>	<i>No</i>	<i>2010</i>
		<i>£000</i>		<i>£000</i>
Ordinary 'A' shares of 1p each	8,550,200	86	8,550,200	86
Ordinary 'B' shares of 1p each	1,000,000	10	1,000,000	10
Ordinary 'C' shares of 1p each	250,000	2	250,000	2
Ordinary 'D' shares of 1p each	200,000	2	200,000	2
Ordinary 'E' shares of 1p each	1,400,000	14	1,400,000	14
		<u>114</u>		<u>114</u>

All classes of ordinary shares have the same voting rights and rights to capital in the event of winding up, return of capital or sale. Each class has independent dividend rights.

An 'E' ordinary shareholder who leaves the company due to retirement or incapacity may hold the shares until death and pass them on to one dependent relation, who cannot pass them on again but must sell to the other shareholders or the company at fair value at some time during their life or on death. A person who leaves for any other reason must sell their 'E' ordinary shares to the other shareholders or the company on leaving.

14. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital</i>	<i>Share premium account</i>	<i>Capital redemption reserve</i>	<i>Profit and loss account</i>	<i>Total shareholders' funds</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 2010	114	686	500	844	2,144
Profit for the year	–	–	–	309	309
Equity dividend paid at 5 6p per share	–	–	–	(640)	(640)
At 1 January 2011	114	686	500	513	1,813
Profit for the year	–	–	–	83	83
Equity dividend paid at 2 6p per share	–	–	–	(295)	(295)
At 31 December 2011	114	686	500	301	1,601

Notes to the financial statements

at 31 December 2011

15. Other financial commitments

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below

	2011		2010	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£000	£000	£000	£000
Operating leases which expire				
Within one year	27	17	43	10
In two to five years	62	21	62	36
	<u>89</u>	<u>38</u>	<u>105</u>	<u>46</u>

16. Related party transactions

The company has taken advantage of the exemption available within FRS8 and has therefore not disclosed transactions or balances with other group undertakings

17. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is TUV SUD AG, a company incorporated in Germany. Copies of its group financial statements, which are the smallest and largest group for which group financial statements are drawn up and of which the company is a member, are available from its registered office

TUV SUD AG
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