

**Cavendish Nuclear (Overseas) Limited**

**Annual report**

**For the year ended 31 March 2017**

**Company registration number:**

**05339062**

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## **Cavendish Nuclear (Overseas) Limited**

### **Directors and advisors**

#### **Current directors**

S C Bowen

K J Garvey

#### **Company secretary**

Babcock Corporate Secretaries Limited

#### **Registered office**

33 Wigmore Street

London

W1U 1QX

#### **Independent auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Embankment Place

London

WC2N 6RH

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## **Cavendish Nuclear (Overseas) Limited**

### **Strategic report for the year ended 31 March 2017**

The directors present their Strategic report on the Company for the year ended 31 March 2017.

#### **Principal activities**

Cavendish Nuclear (Overseas) Limited is an international nuclear engineering business.

The principal activities of the Company are the provision of engineering and support services to the nuclear industry.

#### **Review of the business**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Revenue	-	49
Profit before income tax	<b>44</b>	<b>226</b>

The reduction in revenue is due to certain long term contracts finishing during the year.

#### **Principal risks and uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks and uncertainties. These are managed through the operational review process supplemented at Group level by independent challenge and review by the Group Risk Manager and the Audit and Risk Committee.

The Company's largest operational risk is the management of contracts to customer requirements. This is managed via regular project appraisals and continued dialogue with the customers as programmes progress. In addition, all major contracts have a risk register.

The Company is exposed to risks associated with the contamination of workplace sites, non-compliance with environmental, health and safety law and personal injury claims resulting from injuries sustained at work. A comprehensive framework of policies and procedures is in place to minimise this risk and the result is our excellent safety record.

Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on pages 68 to 79 of the annual report of Babcock International Group PLC, which does not form part of this report.

#### **Future developments**

The company is no longer trading. New overseas opportunities will be contracted through other Babcock companies.

**Strategic report for the year ended 31 March 2017 (*continued*)**

**Key performance indicators**

The Group's activities are managed on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company. The growth and performance of Support Services, a division of Babcock International Group PLC, which includes the Company, is discussed on pages 30 to 37 and 48 to 53 of the annual report of Babcock International Group PLC, which does not form part of this report.

On behalf of the board



K.J. Garvey

Director

29 June 2017

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## **Cavendish Nuclear (Overseas)-Limited**

### **Directors' report for the year ended 31 March 2017**

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2017.

#### **Dividends**

The directors do not recommend a dividend payment (2016: £nil).

#### **Future developments**

Information on the future developments of the Company can be found in the Strategic report.

#### **Financial risk management**

The Company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk, currency risk and interest rate risk. The Company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors of Babcock International Group PLC are implemented by the Group and Company's finance departments. The department has a policy and procedures manual that sets out specific guidelines to allow it to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

#### **Directors**

The directors who held office during the year and up to the date of signing the annual report were as follows:

S C Bowen  
J R Davies (resigned 31 March 2017)  
K J Garvey  
F Martinelli (resigned 31 March 2017)  
R H Taylor (resigned 31 March 2017)

#### **Environment**

The Company recognises its responsibility to minimise so far as reasonably possible the potential for adverse impacts from its operations. It aims to achieve the highest standards in environmental management and seeks accreditation to appropriate standards where appropriate.

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.

**Directors' report for the year ended 31 March 2017 *(continued)***

**Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 101 "Reduced Disclosure Framework", 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 of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 the financial statements comply with the Companies Act 2006.

The directors 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.

**Qualifying third party indemnity provisions**

Babcock International Group PLC provides protections for directors of companies within the Group against personal financial exposure they may incur in their capacity as such. These include qualifying third party indemnity provisions (as defined by the Companies Act 2006) for the benefit of members of Babcock International Group PLC, including, where applicable, in their capacity as a director of the Company and other companies within the Group. These indemnities were in force during the financial year and also at the date of approval of the financial statements.

**Disclosure of information to auditors**

Each director, as at the date of this report, has confirmed that in so far as they 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 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.

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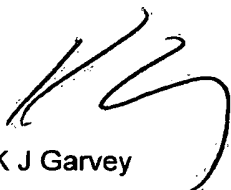
**Cavendish Nuclear (Overseas) Limited**

**Directors' report for the year ended 31 March 2017 *(continued)***

**Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the board



K J Garvey

Director

29 June 2017

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# **Independent auditors' report to the members of Cavendish Nuclear (Overseas) Limited**

## **Report on the financial statements**

### **Our opinion**

In our opinion, Cavendish Nuclear (Overseas) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 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.

### **What we have audited**

The financial statements, included within the Annual Report, comprise:

- the Balance sheet as at 31 March 2017;
- the Income statement and the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.



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## **Independent auditors' report to the members of Cavendish Nuclear (Overseas) Limited (*continued*)**

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities 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) ("ISAs (UK & 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.

#### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

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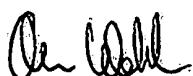
## **Independent auditors' report to the members of Cavendish Nuclear (Overseas) Limited *(continued)***

### **Responsibilities for the financial statements and the audit *(continued)***

#### **What an audit of financial statements involves *(continued)***

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Alan Walsh (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

29 JUNE 2017

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**Cavendish Nuclear (Overseas) Limited****Income statement***for the year ended 31 March 2017*

	Note	2017 £000	2016 £000
Revenue	4	-	49
Cost of sales		<u>44</u>	<u>210</u>
<b>Gross profit</b>		<b>44</b>	<b>259</b>
Administration expense		<u>-</u>	<u>(33)</u>
<b>Profit before income tax</b>	5	<b>44</b>	<b>226</b>
Income tax expense	8	<u>(14)</u>	<u>(23)</u>
<b>Profit for the financial year</b>		<b><u>30</u></b>	<b><u>203</u></b>

All of the above results derive from continuing operations.

**Statement of comprehensive income***for the year ended 31 March 2017*

	2017 £000	2016 £000
<b>Profit for the financial year</b>	<u>30</u>	<u>203</u>
<b>Other comprehensive income:</b>		
<i>Items that may be subsequently reclassified to income statement:</i>	-	-
<i>Items that will not be subsequently reclassified to income statement:</i>	-	-
<b>Total comprehensive income for the year</b>	<b><u>30</u></b>	<b><u>203</u></b>

## Cavendish Nuclear (Overseas) Limited

### Balance sheet

as at 31 March 2017

	Note	2017 £000	2016 £000
<b>Non-current assets</b>			
Intangible assets	9	-	-
Investments	10	-	-
		-	-
<b>Current assets</b>			
Trade and other receivables	11	43,937	43,958
		43,937	43,958
Trade and other payables	12	(58)	(65)
<b>Net current assets</b>		43,879	43,893
<b>Total assets less current liabilities</b>		43,879	43,893
Provisions for liabilities	13	-	(44)
<b>Net assets</b>		43,879	43,849
<b>Equity</b>			
Called up share capital	15	25	25
Retained earnings		43,854	43,824
<b>Total shareholders' funds</b>		43,879	43,849

The notes on pages 13 to 22 are an integral part of these financial statements.

The financial statements on pages 10 to 22 were approved by the board of directors and signed on its behalf by:



K J Garvey

Director

29 June 2017

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**Cavendish Nuclear (Overseas) Limited****Statement of changes in equity**  
*for the year ended 31 March 2017*

	Called up share capital £000	Retained earnings £000	Total shareholders' funds £000
<b>Balance at 1 April 2015</b>	<b>25</b>	<b>43,621</b>	<b>43,646</b>
Profit and total comprehensive income for the financial year	-	203	203
<b>Balance at 31 March 2016</b>	<b>25</b>	<b>43,824</b>	<b>43,849</b>
Profit and total comprehensive income for the financial year	-	30	30
<b>Balance at 31 March 2017</b>	<b>25</b>	<b>43,854</b>	<b>43,879</b>

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## **Cavendish Nuclear (Overseas) Limited**

### **Notes to the financial statements**

#### **1 General information**

Cavendish Nuclear (Overseas) Limited is a private limited company which is incorporated and domiciled in the UK. The address of the registered Office is 33 Wigmore Street, London W1U 1QX.

#### **2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented. The Company adopted FRS 101 in the prior year.

##### **Basis of preparation**

The financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). These financial statements are prepared on a going concern basis, under the historical cost convention. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £000.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- a) Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information in respect of:
  - paragraph 79(a) (iv) of IAS 1 Share capital and reserves;
  - paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- b) The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), 10(f), 16, 38, 40, 111, and 134-136
- c) IAS 7, 'Statement of cash flows'
- d) Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'
- e) The requirements of IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors consider it appropriate to continue to adopt the going concern basis in preparing these financial statements.

**Notes to the financial statements *(continued)***

**2 Summary of significant accounting policies *(continued)***

**Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

**(a) Sale of goods**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be reliably measured and recovery of consideration is considered probable.

**(b) Sale of services**

Revenue from services rendered is accounted for by reference to the stage of completion of the transaction. The provision of services over a long-term period is accounted for under the principles of construction contracts, and the revenue recognised as set out below. In a limited number of contracts where performance and revenue are measured annually the revenue and costs are similarly recognised over the course of the year.

**(c) Long-term service contracts**

Revenue from long-term service contracts is recognised by reference to the stage of completion of the contract in accordance with IAS 18 'Revenue' and IAS 11 'Construction contracts'. The stage of completion is determined according to the nature of the specific contract concerned. Methods used to assess the stage of completion include incurred costs as a proportion of total costs; labour hours incurred or earned value of work performed.

The profit element of the revenue attributable to a contract is recognised if the final outcome can be reliably assessed. In order to assess the likely outcome of a contract a full estimated cost of completion is produced which will assess risks and opportunities including cost rates, time, volume and performance for the contract and apply a probability to these being realised. As time elapses, these risks and opportunities will become more predictable. Risks and opportunities will vary dependent on the terms of each contract and the commercial environment of each market. Where certain contracts have pain/gain share arrangements, whereby target cost under/over spends are shared with the customer, these sharing arrangements are included in assessing the overall contract outturn and the expected profit.

Any expected loss on a contract is recognised immediately in the income statement.

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## **Cavendish Nuclear (Overseas) Limited**

### **Notes to the financial statements *(continued)***

#### **2 Summary of significant accounting policies *(continued)***

##### **Contract accounting balances**

The Company presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings.

The Company presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

Pre-contract costs are recognised as expenses as incurred, except that directly attributable costs are recognised as an asset and amortised over the life of the contract when it can be reliably expected that a contract will be obtained and the contract is expected to result in future net cash inflows.

Post-contract award but pre-contract operational start-up mobilisation costs are recognised as an asset and amortised over the life of the contract.

##### **Intangible assets**

###### *a) Computer software*

Computer software includes software licences acquired plus the costs incurred in bringing the software into use and is shown at cost less accumulated amortisation and is amortised over its expected useful lives of between three and five years.

##### **Investments**

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

##### **Trade receivables**

Trade receivables are stated at their cost less provision for bad debts. A provision for bad debt is established when there is objective evidence that the collection of the debt is no longer probable.

##### **Taxation**

###### *(a) Current income tax*

Current 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.

###### *(b) Deferred income tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.



**Notes to the financial statements** *(continued)*

**2 Summary of significant accounting policies** *(continued)*

**Taxation** *(continued)*

**(b) Deferred income tax** *(continued)*

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Tax is recognised in the income statement except to the extent that it relates to items recognised directly in either other comprehensive income or in equity.

**Foreign currencies**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the local currency at the year end exchange rates.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at exchange rates ruling at the balance sheet date of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

**Provisions for liabilities**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at an appropriate discount rate.

Provisions for losses on contracts are recorded when it becomes probable that total estimated contract costs will exceed total contract revenues. Such provisions are recorded as write downs of work-in-progress for that portion of the work which has already been completed, and as liability provisions for the remainder. Losses are determined on the basis of estimated results on completion of contracts and are updated regularly. A provision is made where the operating leases are deemed to be onerous.

A provision for employee benefits is recognised when there is a realistic expectation of the liability.

**3 Critical accounting estimates and judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

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## **Cavendish Nuclear (Overseas) Limited**

### **Notes to the financial statements (continued)**

#### **3 Critical accounting estimates and judgements (continued)**

##### **Contract accounting**

The Company has long term contracts where revenue and expenses are incurred over multiple financial periods. This requires estimates of revenue and expenses over multiple periods, considering various elements such as materials and other resources required to fulfil the contract terms, billing rates and cost changes. Revisions that affect a contract's total estimated profitability result in an adjustment of earnings. Where necessary, provisions are established for any probable future losses.

#### **4 Revenue**

Revenue is wholly attributable to the principal activities of the Company and arises as follows:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
By area of activity:		
Long term contracts	-	49
	-	49
	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
By geographical area:		
United Kingdom	-	19
Europe	-	30
	-	49

#### **5 Profit before income tax**

Profit before income tax is stated after charging / (crediting):

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Foreign exchange gains	(2)	(3)
Audit fees payable to the Company's auditor	6	6

Fees paid to the Company's auditors, PricewaterhouseCoopers LLP, and its associates, for services other than the statutory audit of the Company, are disclosed on a consolidated basis in the financial statements of the ultimate parent undertaking, Babcock International Group PLC. The group financial statements are required to comply with the statutory disclosure requirements.

#### **6 Staff costs**

The Company has no employees.

## Cavendish Nuclear (Overseas) Limited

### Notes to the financial statements (continued)

#### 7 Directors' remuneration

All of the directors of the Company are remunerated by other Babcock Group companies. It is not possible to make an accurate apportionment of these directors' emoluments relating to services provided to the Company and as such no disclosure of emoluments received by these directors has been made in these financial statements. No recharge is made for costs borne by the Company in relation to services performed by the directors in relation to other Babcock Group companies.

#### 8 Income tax expense

##### Tax expense included in income statement

	2017 £000	2016 £000
<b>Current tax:</b>		
UK Corporation tax on profits for the year	-	-
<b>Current tax charge for the year</b>	-	-
<b>Deferred tax:</b>		
Origination and reversal of timing differences	13	17
Impact of change in UK tax rate	1	6
<b>Deferred tax for the year (note 14)</b>	14	23
<b>Income tax expense</b>	14	23

Tax expense for the year is higher (2016: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 March 2017 of 20% (2016: 20%). The differences are explained below:

	2017 £000	2016 £000
<b>Profit before income tax</b>	44	226
Profit multiplied by standard UK corporation tax rate of 20% (2016: 20%)	9	45
Effects of:		
Expenses not deductible for tax purposes	-	1
Group relief surrendered/ (claimed) for nil consideration	4	(29)
Impact of change in UK tax rate	1	6
<b>Total tax charge for the year</b>	14	23

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## **Cavendish Nuclear (Overseas) Limited**

### **Notes to the financial statements (continued)**

#### **8 Income tax expense (continued)**

In the UK 2015 Budget it was announced that the UK corporation tax rate will reduce to 19% for April 2017. It was announced in the 2016 UK Budget that it will be further reduced to 18% from April 2020. It was subsequently announced in 2017 UK Budget that it will be reduced to 17% from April 2020. As a result of this change, UK deferred tax balances have been remeasured at 17% as this is the tax rate that will apply on reversal.

#### **9 Intangible assets**

	<b>Software £000</b>
<b>Cost</b>	
At 1 April 2016	54
Disposals	<u>(54)</u>
At 31 March 2017	-
<b>Accumulated amortisation and impairment</b>	
At 1 April 2016	54
Disposals	<u>(54)</u>
At 31 March 2017	-
<b>Net book value</b>	
At 31 March 2017 and 31 March 2016	<u>-</u>

Intangible assets amortisation is recorded in administrative expenses in the income statement.

#### **10 Investments**

	<b>Participating interests £000</b>
<b>Cost</b>	
At 1 April 2016 and 31 March 2017	<u>22</u>
<b>Provision for impairment</b>	
At 1 April 2016 and 31 March 2017	<u>22</u>
<b>Net book value</b>	
At 31 March 2017 and 31 March 2016	<u>-</u>

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**Cavendish Nuclear (Overseas) Limited****Notes to the financial statements (continued)****11 Trade and other receivables**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due within one year:</b>		
Trade receivables	-	18
Amounts owed by group undertakings	<b>43,903</b>	43,886
Deferred tax asset (note 14)	<b>34</b>	48
Other receivables	-	-
Prepayments and accrued income	-	6
	<b>43,937</b>	<b>43,958</b>

Amounts owed by group undertakings comprise one loan totalling £43,903,000 (2016: £43,886,000) which is unsecured and repayable on demand, with no interest charge.

**12 Trade and other payables**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts falling due within one year:</b>		
Amounts owed to group undertakings	<b>58</b>	58
Taxation and social security	-	3
Accruals and deferred income	-	4
	<b>58</b>	<b>65</b>

Amounts owed to group undertakings are unsecured, interest free, and repayable on demand. Within the group loans is one loan (2016: one) of £58,000 (2016: £58,000).

**13 Provisions for liabilities**

	<b>Contract provision</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
At 1 April 2016	44	44
Charged to the income statement	-	-
Released to the income statement	(44)	(44)
Utilised in the year	-	-
<b>At 31 March 2017</b>	<b>-</b>	<b>-</b>

*Contract provisions*

The contract provision includes amounts provided in respect of contractual warranty periods of completed contracts.

## **Cavendish Nuclear (Overseas) Limited**

### **Notes to the financial statements (continued)**

#### **14 Deferred taxation**

The major components of the deferred tax assets are as follows:

<b>Deferred tax asset</b>	<b>Accelerated capital allowances £000</b>	<b>Other £000</b>	<b>Total £000</b>
At 1 April 2016:	<b>48</b>	-	<b>48</b>
- Charged to the income statement	(14)	-	(14)
Charged to other comprehensive income	-	-	-
At 31 March 2017:	<b>34</b>	-	<b>34</b>

#### **15 Called up share capital**

	<b>2017 £000</b>	<b>2016 £000</b>
<b>Allotted and fully paid</b>		
25,000 ordinary shares of £1 each (2016: 25,000)	<b>25</b>	<b>25</b>

#### **16 Guarantees and financial commitments**

The Company had no guarantees or financial commitments at 31 March 2017 or 31 March 2016.

#### **17 Related party disclosures**

The Company has taken advantage of the exemptions within FRS 101 not to disclose transactions and balances with Babcock International Group PLC and its wholly owned subsidiaries, on the grounds that the Company itself is a wholly owned subsidiary of Babcock International Group PLC, for which the consolidated financial statements are publicly available.

#### **18 Subsidiary, and associate and joint venture undertakings**

All related undertakings for the Company are as listed below:

<b>Company Name</b>	<b>Registered address</b>	<b>Country</b>	<b>Interest</b>	<b>Direct %</b>	<b>Indirect%</b>
Babcock IP Management (Number One) Limited	33 Wigmore Street, London, W1U 1 QX	United Kingdom	1 Ordinary share	0.01%	-

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## **Cavendish-Nuclear (Overseas) Limited**

### **Notes to the financial statements** *(continued)*

#### **19 Ultimate parent undertaking**

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

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

The Company Secretary  
Babcock International Group PLC  
33 Wigmore Street  
London W1U 1QX