Registered number
05597709

UKAEA Limited

Annual Report and Accounts

Year ended 31 March 2010

Contents

Directors' report

The Directors present their annual report and the audited accounts of UKAEA Limited ("UKAEA") for the year ended 31 March 2010

Principal activities

UKAEA provides site management services at a number of nuclear sites in the UK and operates a nuclear services consultancy business, providing a range of specialist, knowledge-based outsourced solutions to customers in both the UK and abroad UKAEA also has a pensions administration business that provides pensions administration services to current and former nuclear industry employees

Business review

On 31 October 2009 UKAEA was sold by the United Kingdom Atomic Energy Authority ("the Authority") to Babcock International Group plc This was the culmination of a process which began with a strategic review by the Authority and Government in 2005 to develop a commercially viable nuclear decommissioning business

Site management

UKAEA owns and manages Dounreay Site Restoration Limited (DSRL) and Research Sites Restoration Limited (RSRL) under contract to the Nuclear Decommissioning Authority (NDA) DSRL and RSRL are the Site Licence Companies (SLCs) for the nuclear licensed sites at Dounreay, Harwell and Winfrith Their responsibilities include determining the overall strategy for site decommissioning, project planning, supply chain management, stakeholder engagement and programme delivery UKAEA receives a fee based on the achievement by the SLCs of performance based incentives and value for money savings UKAEA also runs, under contract to Sellafield Ltd, the projects on the Windscale site at Sellafield The fees earned on these contracts during the year were in line with budget

Technical consultancy

UKAEA provides a range of technical consultancy services in the areas of nuclear decommissioning, waste management and environmental site remediation, together with supporting front-end engineering design and nuclear assurance and safety consultancy This includes international projects where preliminary design, regulatory framework development, waste management and decommissioning strategies are critical to project success and which involve a consortium of contractors

Examples of the types of services provided during the year include

- provision of engineering designs for the decommissioning of a nuclear reactor turbine hall in Lithuania,
- creation of a change control process for ITER and further systems development work,
- development of tailored waste encapsulation/immobilisation formulations that address the specific properties of different types of waste,
- provision of environmental assurance assistance to operators in managing and restoring nuclear sites to meet regulatory and stakeholder expectations, and
- assessment of options for the retrieval, characterisation, treatment, conditioning and storage of solid radioactive waste

Revenues earned from the technical consultancy business were substantially higher than the previous year but gross margins were lower than expected

Pensions administration

The pensions administration business manages and administers pension schemes in the nuclear sector The business has no associated pension liabilities and is solely focused on providing administrative services to clients The business currently has responsibility for the administration of six separate pension schemes with approximately 71,000 members

A notable achievement of the pensions administration business during the year was the seamless transfer of more than 1,350 members from DSRL and RSRL between two separate pension schemes following the sale of UKAEA to Babcock International Group The pensions administration business continued to be profitable during the year

Future developments

The integration of UKAEA into the Babcock Group will continue with the aim of establishing UKAEA as part of a growing and profitable nuclear services business within the Babcock Group

One of the key activities over the next year will be to bid, as part of the NDA competition, to become the next Parent Body Organisation (PBO) for Dounreay Site Restoration Limited This bid will be by a consortium of companies including other companies as well as the Babcock Group UKAEA's strong credentials in the NDA site decommissioning market, detailed knowledge of the Dounreay site and good delivery performance puts the consortium in a strong position in this competition

Financial risk management

Due to the nature of its activities, UKAEA is not exposed to the same degree of financial risk faced by other business entities Financial instruments play a limited role in creating or changing risk and generally financial assets and liabilities are generated from day-to-day operational activities and not held to change the risks facing UKAEA in undertaking its activities UKAEA's main customers are in the public sector, both in the UK and internationally, and therefore UKAEA does not have significant exposure to price or credit risk

The NDA requires working capital support to be provided by PBOs to the SLCs under their management During the year, DSRL and RSRL were self-financing and no working capital calls were made on UKAEA It is expected that the SLCs will continue to be largely self-financing and any working capital calls will be small and temporary in nature Therefore any liquidity risk is not considered to be significant

Results and dividends

UKAEA's profit for the year was £1 3 million (2008/09 – £3 8 million) as set out in the profit and loss account on page 8 A strategic review of UKAEA's activities during the year identified some staff who were surplus to future operational requirements A redundancy exercise commenced before year end and the charge to the current year's profit and loss account was £3 million This exceptional charge is the main reason for the reduction in profit compared to the previous year

Directors' Report

The Directors do not propose the payment of a dividend

Charitable donations

During the year UKAEA made charitable donations of £10,630 (2008/09 - £5,050) to national and local charities serving the communities in which UKAEA operates

Directors

The Directors who held office throughout the year unless otherwise noted are shown below

Norman Harrison
Andrew Jackson
Colin Bayliss (retired 01/12/2009)
Lady Barbara Judge (resigned 01/11/2009)
John Kennedy (resigned 01/11/2009)
Mark Slaughter (resigned 01/11/2009)
Ken Vowles (resigned 01/11/2009)
Arnold Wagner (resigned 01/11/2009)

Qualifying third party indemnity provision

Under the Articles of Association, the Directors of UKAEA are, and were during the year ended 31 March 2010, entitled to be indemnified by UKAEA 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

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned In the event of members of staff becoming disabled every effort is made to ensure that their employment with UKAEA continues and the appropriate training is arranged It is the policy of UKAEA that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability

Consultation with employees and their representatives occurs at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of UKAEA Communication with all employees continues through the in-house newsletters and briefing groups

Policy and practice on payment of creditors

It is UKAEA's payment policy, in respect of all suppliers, to settle agreed outstanding accounts in accordance with terms and conditions agreed with suppliers when placing orders, and suppliers are made aware of these payment conditions Payment becomes due when it can be confirmed that goods and/or services have been provided in accordance with relevant contractual conditions UKAEA's trade creditors as a proportion of amounts invoiced by suppliers represented 7 days at 31 March 2010 (2009 – 12 days)

Disclosure of information to the Auditor

Each of the persons who is a Director at the date of approval of this report confirms that

- so far as the Director is aware, there is no relevant audit information of which the auditors are unaware, and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006

By order of the Directors

Stephen White
Company Secretary
19 July 2010

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the accounts in accordance with applicable law and regulations

Company law requires the Directors to prepare accounts for each financial year Under that law the Directors have elected to prepare the accounts 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 year.

In preparing these accounts, the Directors are required to

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

The Directors confirm that they have complied with the above requirements in preparing the accounts

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 UKAEA and enable them to ensure that the accounts 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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on UKAEA's web site Legislation in the United Kingdom governing the preparation and dissemination of the accounts and other information included in annual reports may differ from legislation in other jurisdictions

Independent auditors' report to the members of UKAEA Limited

We have audited the financial statements of UKAEA Limited for the year end 31 March 2010 which comprise the profit and loss account, the statement of total recognised gains and losses, 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 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 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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its 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

Auditors' report

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 (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

28 July 2010

Profit and loss account

for the year ended 31 March 2010

	Note	2010 £000	2009[1] £000
Turnover	4	35,825	30,959
Cost of sales		18,782	14,536
		17,043	**16,423**
Administrative expenses		7,915	10,550
Selling and marketing costs		3,497	3,227
Restructuring costs		4,795	2,241
Other operating income	5	(370)	(3,050)
		15,837	**12,968**
Operating profit	8	**1,206**	**3,455**
Interest receivable		27	371
Profit on ordinary activities before taxation		**1,233**	**3,826**
Tax credit/(charge) on profit on ordinary activities	9	66	(17)
Profit for the year		**1,299**	**3,809**

(1) Comparative figures restated (see Note 2)

All amounts derive from continuing operations

The notes on pages 11 to 24 are an integral part of these accounts

Statement of total recognised gains and losses

for the year ended 31 March 2010

	Note	2010 £000	2009 £000
Profit for the year		1,299	3,809
Revaluation of tangible fixed assets		(90)	–
Revaluation reserve transferred from group undertaking		–	103
		1,209	**3,912**

The notes on pages 11 to 24 are an integral part of these accounts

Balance sheet

at 31 March 2010

	Note	2010 £000	2009 £000
Fixed assets			
Intangible assets	10	4	9
Tangible assets	11	304	308
Investments	12	–	–
		308	**317**
Current assets			
Work in progress	13	27	80
Debtors amounts falling due within one year	14	16,638	20,280
Debtors amounts falling due after more than one year	15	201	53
Cash at bank and in hand		14,354	4,122
		31,220	24,535
Creditors amounts falling due within one year	16	8,781	5,684
Net current assets		**22,439**	**18,851**
Total assets less current liabilities		**22,747**	**19,168**
Creditors amounts falling due after more than one year	17	152	187
Deferred tax	18	–	17
Provisions for liabilities and charges	19	2,422	–
Net assets		**20,173**	**18,964**
Capital and reserves			
Share capital	22	15,050	15,050
Revaluation reserve	23	–	90
Profit and loss reserve	23	5,123	3,824
Total shareholder's funds		**20,173**	**18,964**

The notes on pages 11 to 24 are an integral part of these accounts

The accounts on pages 8 to 24 were approved by the Directors on 19 July 2010 and were signed on their behalf by

Andrew Jackson
Director

Notes to the accounts

for the year ended 31 March 2010

1 General information

UKAEA Limited ("UKAEA") is a limited company incorporated in England and Wales The address of its registered office is The Manor Court, Chilton, Oxfordshire OX11 0RN UKAEA is a wholly owned subsidiary of Babcock International Group plc

These accounts were authorised for issue by the Directors on 19 July 2010

2 Basis of preparation

The accounts have been prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards

The profit and loss account in the accounts for the year ended 31 March 2009 was prepared on the basis of Format 2 of the Companies Act 2006, under which operating costs were analysed by type of expense This was the format adopted by UKAEA's former parent company, the United Kingdom Atomic Energy Authority In the opinion of the Directors this format is less appropriate for UKAEA following its acquisition by Babcock International Group plc and is inconsistent with the format adopted for its internal management reporting The Directors have decided that UKAEA should prepare the profit and loss account on the basis of Format 1 of the Companies Act 2006, under which operating costs are analysed by function such as cost of sales and administrative expenses The prior year figures have been restated to reflect this change and to make them comparable with the current year's accounting treatment

The accounts contain information about UKAEA Limited as an individual company and do not contain consolidated financial information as the parent of a group UKAEA is exempt under S402 of the Companies Act 2006 from the requirement to prepare consolidated accounts as the Directors consider that Dounreay Site Restoration Limited and Research Sites Restoration Limited should be excluded from consolidation UKAEA holds the entire issued share capital of these companies but is restricted in its ability to exercise control over the companies under the terms of the Parent Body Agreement with the Nuclear Decommissioning Authority Consequently, they have not been consolidated as subsidiaries in these accounts and are instead included as investments at cost

Until 31 October 2009 UKAEA was a wholly owned subsidiary of the United Kingdom Atomic Energy Authority and was included in the consolidated accounts of that body UKAEA is now a wholly-owned subsidiary of Babcock International Group plc and is included in the accounts of that company which are publicly available Consequently, UKAEA has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 UKAEA is also exempt under the terms of FRS 8 from disclosing related party transactions with the United Kingdom Atomic Energy Authority and the Babcock Group

3 Significant accounting policies

The principal accounting policies applied in the preparation of these accounts are set out below

3.1 Turnover

Turnover is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will be received and when specific criteria have been met as described below The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved Revenue is shown net of value added tax, returns, rebates and discounts

Revenue from site management contracts is recognised to the extent of the amounts receivable from Site Licence Companies (SLC) in respect of the annual performance based incentives (PBI) and efficiency savings achieved As the amounts receivable are subject to agreement with NDA, the amount recognised in the accounts is an estimate based on UKAEA's and SLCs' assessment of the PBIs and efficiency savings achieved during the year

Revenue from service contracts is recognised under the percentage-of-completion method Revenue is generally recognised based on the services performed to date as a percentage of the total services to be performed

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised These revisions may result in increases or decreases in estimated revenues or costs and are reflected in turnover in the year in which the circumstances that give rise to the revision become known

3.2 Employee benefits

(a) Short-term employee benefits

Short-term employee benefits are recognised in the year in which the related service is provided A liability is recognised for the amount expected to be paid under short-term bonus arrangements if UKAEA has a present legal or constructive obligation to pay this amount as a result of past service provided by employees and the obligation can be estimated reliably

(b) Retirement benefits

Obligations for contributions to defined contribution schemes are recognised as an expense when they are due UKAEA has no further payment obligations once the contributions have been paid

UKAEA participates in multi-employer defined benefit scheme It is not possible to determine UKAEA's share of any underlying assets and liabilities in the schemes on a consistent and reasonable basis and the schemes are accounted for as a defined contribution schemes in these accounts Further details of the schemes are included in Note 20

3.3 Foreign currency translation

Transactions in foreign currencies are translated to the functional currency of UKAEA using the exchange rates at the dates of the transactions Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency using the exchange rates at that date Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities are recognised in the profit and loss account

3.4 Intangible fixed assets

Intangible fixed assets comprise purchased computer software and are stated at cost, net of depreciation and any provision for impairment The cost of intangible fixed assets, less estimated residual value, is amortised on a straight line basis over their estimated useful lives of up to five years

3.5 Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows

– Freehold buildings	up to 15 years
– Plant and equipment	up to 5 years
– IT equipment	up to 5 years
– Furniture and fittings	up to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount The recoverable amount is the higher of an asset's realisable value less costs to sell and value in use For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows Fixed assets that suffered impairment are reviewed for possible reversal of the impairment at each year end

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and any amounts to be released from deferred income on disposal and are recognised in the profit and loss account

3.6 Work in progress

Work in progress is stated at the lower of cost and net realisable value The cost of work in progress comprises raw materials, direct labour, other direct costs and related production overheads Net realisable value is the estimated realisable value in the ordinary course of business, less applicable selling expenses

3.7 Current and deferred tax

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between UKAEA's taxable profits and its results as stated in the accounts that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the accounts

No deferred tax is provided on timing differences arising from the revaluation of fixed assets unless, by the balance sheet date, a binding commitment to sell the asset has been entered into and it is unlikely that any gain will be rolled over

Deferred tax assets are recognised only to the extent that it is probable that there will be suitable taxable profit from which the future reversal of the timing differences can be deducted

Deferred 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 tax asset is realised or the deferred tax liability is settled Deferred tax is measured on a non-discounted basis

3 8 Provisions

Provisions are recognised when UKAEA has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using real rates of interest The increase in the provision due to passage of time is recognised as a finance charge

3 9 Operating leases

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease Lease incentives are recognised as an integral part of the total lease expense over the term of the lease

4 Turnover

(a) Geographical analysis

	2010 £000	2009 £000
United Kingdom	28,276	26,247
Europe	6,982	2,736
Other	567	1,976
	35,825	**30,959**

(b) Business analysis

	2010 £000	2009 £000
Site management	15,699	14,259
Technical consultancy	17,020	13,723
Pensions	3,106	2,939
Other	–	38
	35,825	**30,959**

5 Other operating income

	2010 £000	2009 £000
Overheads recharged to group undertakings	335	3,027
Release from deferred income	10	20
Other income	25	3
	370	**3,050**

6 Staff costs

	2010 £000	2009 £000
Salaries, bonuses and allowances	13,722	10,525
Social security costs	1,266	937
Other pension costs (Note 20)	1,700	1,502
Redundancy costs	2,959	–
	19,647	**12,964**

Average monthly number of employees

	2010	2009
Operations	204	166
Selling and marketing	15	12
Administration	26	28
	245	**206**

7 Directors' emoluments

	2010 £000	2009 £000
Aggregate emoluments	288	–

Retirement benefits are accruing to two directors (2009 – nil) under a defined benefit scheme

Highest paid director

	2010 £000	2009 £000
Aggregate emoluments	145	–
Defined benefit scheme		
– Accrued pension at end of year	1	–
– Accrued lump sum at year end	3	–

The emoluments included in the above tables are for the period from 1 November 2009 to 31 March 2010 Until 31 October 2009, the Directors of UKAEA were all directors of the United Kingdom Atomic Energy Authority ("the Authority") and were remunerated by the Authority Their emoluments for this period are included in the accounts of the Authority

The accrued pension benefits in the above table relates to the Babcock International Group Pension Scheme The director also has a preserved benefit under the United Kingdom Atomic Energy Authority Combined Pension Scheme up to 31 October 2010

Loan to director

A loan of £90,000 was made by UKAEA's former parent company, the United Kingdom Atomic Energy Authority, to one of the Directors This loan transferred to UKAEA when the company was purchased by Babcock International Group plc The loan is interest free and is being recovered by deduction from the Director's monthly salary The amount recovered by the balance sheet date was £4,500

8 Operating profit

Operating profit has been arrived at after charging/(crediting)

	2010 £000	2009 £000
Amortisation of intangible fixed assets	5	5
Depreciation of tangible fixed assets	78	48
Impairment of tangible fixed assets	100	–
Net foreign exchange losses/(gains)	61	(72)
Operating lease rentals payable		
– Plant and machinery	78	44
– Other assets	479	525
Audit fees	25	11

9 Taxation

	2010 £000	2009 £000
Current tax		
UK corporation tax at 28%	–	–
Amounts payable in respect of group relief	(32)	–
Deferred tax		
Origination of timing differences	98	(17)
	66	**(17)**

The tax on UKAEA's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of UKAEA as follows

	2010 £000	2009[(1)] £000
Profit on ordinary activities before taxation	1,233	3,826
Tax on profit on ordinary activities before taxation at the standard UK corporation tax rate of 28%	345	1,071
Effects of		
– Group relief received for nil consideration	(196)	(1,139)
– Depreciation in excess of capital allowances	48	9
– Expenses not deductible for tax purposes	12	25
– Pension costs in excess of pension costs relief	1	34
– Income not subject to taxation	(178)	–
Current tax charge for the year	**32**	–

(1) Comparative figures updated to match final 2009 corporation tax return

Notes to the accounts

for the year ended 31 March 2010

10 Intangible fixed assets

	Software £000
Cost	
At 1 April 2009 and 31 March 2010	24
Depreciation	
At 1 April 2009	15
Charge for year	5
At 31 March 2010	**20**
Net book value	
At 1 April 2009	**9**
At 31 March 2010	**4**

11 Tangible fixed assets

	Freehold land and buildings £000	Plant and equipment £000	IT equipment £000	Furniture and fittings £000	Total £000
Cost					
At 1 April 2009	188	39	376	165	768
Additions	–	21	243	–	264
Disposals	–	–	(63)	–	(63)
Revaluation	(90)	–	–	–	(90)
At 31 March 2010	**98**	**60**	**556**	**165**	**879**
Depreciation					
At 1 April 2009	70	14	365	11	460
Charge for year	28	8	8	134	178
Disposals	–	–	(63)	–	(63)
At 31 March 2010	**98**	**22**	**310**	**145**	**575**
Net book value					
At 1 April 2009	**118**	**25**	**11**	**154**	**308**
At 31 March 2010	**–**	**38**	**246**	**20**	**304**

Notes to the accounts

for the year ended 31 March 2010

12 Investments

	£
At 1 April 2009 and 31 March 2010	7

UKAEA's principal investments and proportion of shares held throughout the year were

Name	Country of incorporation	Nature of business	Proportion of shares held
Dounreay Site Restoration Limited	UK	Nuclear site licence company	100%
Research Sites Restoration Limited	UK	Nuclear site licence company	100%

The proportion of voting rights held directly by UKAEA does not differ from the proportion of shares held

13 Work in progress

	2010 £000	2009 £000
Short term work in progress	27	80

14 Debtors: amounts falling due within one year

	2010 £000	2009 £000
Trade debtors	4,789	6,125
Amounts due from group undertakings	13	2,416
Accrued income	11,703	11,526
Prepayments	111	105
Other debtors	22	108
	16,638	**20,280**

15 Debtors: amounts falling due after more than one year

	2010 £000	2009 £000
Deferred tax (Note 18)	81	–
Other debtors	120	53
	201	**53**

Notes to the accounts

for the year ended 31 March 2010

16 Creditors: amounts falling due within one year

	2010 £000	2009 £000
Trade creditors	512	518
Amounts payable to group undertakings	48	317
Accruals	4,087	2,059
Deferred income	740	1,102
Tax and social security	1,194	326
Other creditors	2,200	1,362
	8,781	**5,684**

17 Creditors: amounts falling due after more than one year

	2010 £000	2009 £000
Deferred income	**152**	**187**
Due within five years	107	107
Due after five years	45	80
	152	**187**

18 Deferred tax

	2010 £000	2009 £000
Deferred tax asset		
Fixed asset timing differences	45	–
Pension costs timing difference	36	–
	81	**–**
Deferred tax liability		
Fixed asset timing differences	–	17
At 1 April 2009	(17)	–
Credit/(charge) to profit and loss account	98	(17)
At 31 March 2010	**81**	**(17)**

19 Provisions for liabilities and charges

	Restructuring £000	Continuing annual payments £000	Other £000	Total £000
At 1 April 2009	–	–	–	–
Charged to profit and loss account	1,303	471	648	2,422
At 31 March 2010	**1,303**	**471**	**648**	**2,422**

Restructuring

UKAEA conducted a strategic review of its operations during the year and certain staff were identified as being surplus to future requirements Staff were notified of the restructuring plans before the year end and those at risk of redundancy were informed in writing The redundancy process was completed for some staff before year end and redundancy payments were made The restructuring provision represents the balance of redundancy costs payable and will be fully utilised in the first half of 2010/11

Continuing annual payments

On being made redundant, certain staff were entitled to receive their annual pension and the amounts payable include a contribution from UKAEA The continuing annual payments provision comprises UKAEA's contribution to the annual pensions payable Due to the long timescale over which the annual pension will be payable, the provision has been discounted at 3 8% being a risk-free interest rate The undiscounted cost of the provision is £755k

Other provisions

Other provisions comprise a provision for property dilapidations payable at the end of the leases of the properties used by UKAEA and compensation payable following the dissolution of a commercial arrangement

20 Retirement benefits

(a) Defined benefit schemes

Until 31 October 2009, UKAEA participated in the United Kingdom Atomic Energy Authority Combined Pension Scheme (CPS) In common with public sector pension schemes, the CPS did not have many of the attributes of normal pension schemes It was not possible to determine UKAEA's share of any underlying assets and liabilities in the scheme on a consistent and reasonable basis and the scheme is accounted for as a defined contribution scheme in these accounts

From 1 November 2010, UKAEA has participated in the Babcock International Group Pension Scheme This is a scheme is funded by payments to separate trustee-administered funds and the level of the Babcock

Group's contributions to the schemes is assessed in accordance with the advice of independent, qualified actuaries The scheme is a group scheme and it is not possible to determine UKAEA's share of any underlying assets and liabilities in the scheme on a consistent and reasonable basis Accordingly, the scheme is accounted for as a defined contribution scheme in these accounts Full details of the scheme, including assets and liabilities, are included in the accounts of Babcock International Group plc which are publicly available

The employer contributions made by UKAEA during the year to the defined benefit schemes were £1,564k (2008/09 – £1,440k)

(b) Defined contribution schemes

Defined contribution schemes are available to staff who are not eligible for membership of the defined benefit scheme The employer contributions made by UKAEA during the year were £136k (2009/10 – £62k)

21 Operating leases

At 31 March 2010 UKAEA has lease agreements in respect of properties, plant and equipment, for which payments extend over a number of years

	2010		2009	
	Property £000	Plant and equipment £000	Property £000	Plant and equipment £000
Annual commitment under non-cancellable operating leases expiring				
– Within one year	–	–	–	–
– Within two to five years	417	73	417	65
– After five years	62	–	62	–
	479	**73**	**479**	**65**

22 Share capital

	2010 £000	2009 £000
Authorised		
30,000,000 ordinary shares of £1 each	30,000	30,000
Allotted and fully paid		
15,050,000 ordinary shares of £1 each	15,050	15,050

23 Reserves

	Revaluation Reserve £000	Profit and loss reserve £000
At 1 April 2009	90	3,824
Revaluation of tangible fixed assets	(90)	–
Profit for the year	–	1,299
At 31 March 2010	**–**	**5,123**

24 Reconciliation of movement in shareholders' funds

	2010 £000	2009 £000
At 1 April	18,964	15,052
Revaluation of tangible fixed assets	(90)	–
Revaluation reserve transferred from group undertaking	–	103
Profit for the year	1,299	3,809
At 31 March	**20,173**	**18,964**

25 Related-party transactions

Dounreay Site Restoration Limited (DSRL) and Research Sites Restoration Limited (RSRL) are regarded as related parties by virtue of the fact that UKAEA owns the entire share capital in these companies As disclosed in Note 2, they are not consolidated in these accounts due to the lack of control Transactions with these companies are in the normal course of business and are disclosed below

	2010		2009	
	DSRL £000	RSRL £000	DSRL £000	RSRL £000
Sales to DSRL and RSRL				
Site management	8,064	4,095	7,045	1,627
Technical consultancy	2,597	1,234	2,006	769
Pensions	61	25	35	–
Other	42	18	243	43
	10,764	5,372	9,329	2,439
External costs recharged to DSRL and RSRL	3,120	366	4,131	102
Purchases from DSRL and RSRL	105	51	216	54

	2010		2009	
	DSRL £000	RSRL £000	DSRL £000	RSRL £000
Amounts owed by DSRL and RSRL	5,944	2,057	7,021	1,958
Amounts owed to DSRL and RSRL	35	53	19	8

UKAEA is exempt under FRS 8 from disclosing details of transactions with the United Kingdom Atomic Energy Authority and with entities that are part of the Babcock Group

No Director, key manager or other related party has undertaken any material transactions with UKAEA during the year

26 Contingent liabilities

At year end UKAEA had joint and several liability for drawn bank overdraft facilities of other Babcock Group companies of £2 3 million

27 Ultimate parent undertaking

The immediate parent undertaking is Babcock Holdings Ltd

The ultimate parent undertaking and controlling party is Babcock International Group plc which is the parent company of the smallest and largest group to consolidate these accounts Copies of Babcock International Group plc's consolidated accounts can be obtained from 33 Wigmore Street, London W1U 1QX