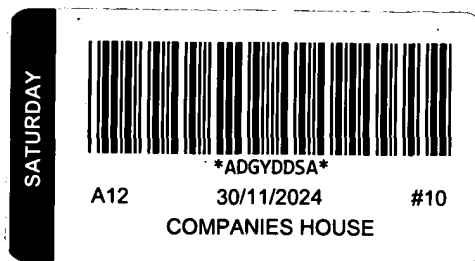


Cavendish Nuclear Limited
Annual report and financial statements
for the year ended 31 March 2024

Registered number: 3975999



COMPANY INFORMATION

Directors

M Abbot
JE Fulton
MR Gornall
HAB Holt
MD Lawton

Company secretary

Babcock Corporate Secretaries Limited

Registered Number

3975999

Registered office

33 Wigmore Street
London
United Kingdom
W1U 1QX

Independent auditor

Deloitte LLP
1 New Street Square
London
EC4A 3HQ

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Cavendish Nuclear Limited

Strategic report for the year ended 31 March 2024

The Directors present their Strategic report on the Company for the year ended 31 March 2024.

Principal Activities

Cavendish Nuclear Limited operates across the Civil Nuclear industry. Principal activities encompass:

1. Supporting critical defence infrastructure upgrades and helping to keep the UK's fleet of submarines at sea
2. Consultancy, design, support to reactor outages and plant operations
3. Decommissioning of nuclear related infrastructure, associated facilities and equipment.
4. Supporting the operation and build of nuclear power plants
5. International presence in Japan, Canada and USA supporting decommissioning of nuclear sites

Business Review

	2024	2023
	£'000	£'000
Revenue	290,722	229,079
Profit for the financial year	18,975	18,354

Over the course of the year, the Company's core business activities performed in line with the contracts and internal expectations exceeding growth expectations through continued strong performance and timing on the PP&E contract and growth from new contracts secured towards the end of the financial year for Reprocessed Uranium and Tails Management Facility. Successful renegotiation of the Mensa contract in year also reduced further downstream programme risk. Core contracts (Design Framework and Services to EDF) supporting the underpinning of revenue within the business continued to perform strongly delivering revenue and profit in line with expectation. Major customers included the Nuclear Decommissioning Authority ("the NDA"), Atomic Weapons Establishment (AWE), Sellafield, Magnox and EDF. Profit has remained relatively static, despite the growth in revenue, due to one off benefits received in FY23 associated with close out of onerous contracts and the change in corporation tax from 19% to 25% in FY24.

The Defence business stream continues to deliver the Process Partner & Equipment PPE 10-year contract for AWE's warhead manufacturing programme. The contract remains in Phase 2 (year 2) of the programme under the framework agreement and has seen further growth in delivery of the supply chain element of the contract. The Mensa programme continued with installation of the doors progressing in year. This is demonstrated by the increase in orderbook. A contract renegotiation on Mensa has reduced the financial risk associated with this programme downstream. The Defence business stream also continues to support activity at Devonport Royal Dockyard for upgrade of dock facilities to meet future submarine programmes as well as continuing with delivering refurbishment and upgrade of critical infrastructure at HMNB Clyde.

The Civil Decommissioning business stream continued to see strong performance on the design frameworks at Sellafield, underpinning the revenue position for the year. Strong delivery also continued on PFCS (Pile Fuel Cladding Silo). The Magnox programmes continue to perform well with Hinkley Point A Vault Retrievals commencing towards the back end of the year. In addition, the business stream has seen growth towards the back end of the year with new clients, supporting the design process for Reprocessed Uranium and a Tails Management Facility.

The Services business stream continues to provide services to EDF's generating fleet, including critical reactor core analysis, maintenance and outage support at Dungeness. Specialist services support covering safety cases, radiological protection, decommissioning planning, waste and fuels management, environmental assessment and structural engineering continues to be provided across a number of contracts within the Cavendish Nuclear portfolio maintaining a steady revenue stream from previous years, with some growth coming from continued development of the consultancy arm of the business.

Strategic report for the year ended 31 March 2024 *(continued)*

Business Review *(continued)*

Within the Clean Energy business stream work scope increased on the MEH (Mechanical, Electrical and HVAC Heating, Ventilation and Air Conditioning) Alliance delivering for the EDF/NNB new nuclear power station at Hinkley Point C. The company also continues to work towards establishing a presence on the Sizewell C Alliance due to commence in the next year. The business stream was also successful in securing government grants towards the back end of the year in support of the Future Nuclear Enabling Fund to develop plans for Advanced Modular Reactors (AMRs) in the UK.

Long-term business sustainability is a key priority for Cavendish Nuclear and the company focuses on three key themes of safety, people and performance. The Company is actively recruiting within the nuclear market and continuing with developing graduates and apprentices through the organisation, with some of the highest levels of early careers introduced in year and planned for future years. Resourcing remains the biggest enabler of delivering the future pipeline of Cavendish Nuclear.

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 Babcock International Group ("Group") level by independent challenge and review by the Group Risk Manager and the Audit and Risk Committee.

The directors manage this risk by meeting on a regular basis to discuss these risks.

Key current risks are:

a) Operations that carry significant health and safety, and environmental risks

Risk mitigation and control process:

Health, safety and environmental performance is an absolute priority for the business and receives continuous attention and oversight at all levels in the business

- i) Health, safety and environmental professionals are employed across the business
- ii) All staff are rigorously trained to minimise risk of mistakes and accidents

b) Reliance on major contracts with a small number of large clients

Risk mitigation and control process:

- i) The business is responsive, and innovative, to ensure it is meeting customer needs
- ii) The business has extensive dialogue with customers to ensure that we have a clear understanding of their changing requirements and priorities
- iii) Projects are reviewed and monitored on a frequent basis to ensure we are delivering to customer agreed targets
- iv) The resource base includes a high level of agency staff enabling the business to flex its resources to meet project demands

c) Dependency on attracting, developing and retaining skilled staff

Risk mitigation and control process:

- i) A dedicated team is in place to focus on attracting and developing talent
- ii) Apprentice and graduate recruitment programmes are run annually
- iii) The business has a succession plan in place for all key staff and roles

Key performance indicators

The growth and performance of Marine Sector, a sector of Babcock International Group PLC, which includes the Company, is discussed on pages 44 to 47 of the annual report of Babcock International Group PLC, which does not form part of this report.

We have identified the following financial and non-financial key performance indicators (KPIs) that reflect the internal benchmarks we use to measure the success of our business and strategy:

Strategic report for the year ended 31 March 2024 (continued)

Key performance indicators (continued)

	2024	2023	
Revenue growth from continuing operations	26.91%	12.97%	Decrease in turnover for continuing operations when compared to that in the previous year. Revenue has increased through growth across most areas of the business but in particular the PP&E contract.
Operating return on turnover from continuing operations	9.86%	9.07%	Operating profit/(loss) expressed as a percentage of turnover. Increase back to normal level due to the reduced percentage in the prior year in regard to the Joint Venture payment and other benefits.
Orderbook £'000	317,542	231,904	Total value of signed contracts at the end of the year. A number of Cavendish contracts are won based on frameworks, the increase seen in year is driven by growth of the PP&E contract.

S172(1) Statement and Stakeholder engagement

This statement contains an overview of how the Directors have performed their duty to promote the success of the Company as set out in Section 172(1) of the Companies Act 2006. That section requires a director of a company to act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of the shareholders. In doing this, the director must have regard, amongst other matters, to:

- a) the likely consequences of any decision in the long term,
- b) the interests of the company's employees,
- c) the need to foster the company's business relationships with suppliers, customers and others,
- d) the impact of the company's operations on the community and the environment,
- e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly as between members of the company.

Stakeholder engagement is managed in accordance with Group policies and procedures which are discussed on pages 60, 61 and 119 of the annual report of Babcock International Group PLC, which does not form part of this report. Depending on the matter under consideration the relevance of the different factors set out in s172(1) will vary. The Board does seek to balance the interests of its different stakeholders, but, where there are competing interests, not every decision the Board has made will result in a positive outcome for all our stakeholders. However, by considering key stakeholder groups and aligning our activities with our strategic plan, as well as the Company's culture and values, we aim to act fairly, transparently and in the best interests of the Company over the long term. Stakeholder engagement in relation to key stakeholder groups includes the following:

Strategic report for the year ended 31 March 2024 *(continued)*

Customers

Why they matter to us

The future success of the Company is driven by the long-term relationships with our customers. The Directors are committed to conducting business honestly, transparently and with integrity. Understanding the needs and challenges of our customers allows us to help them to succeed. We work in partnership with public and private customers across the globe, enabling them to deliver critical programmes and services, adding value to their operations. We seek to solve their challenges through excellent operational performance and the introduction of innovative solutions and technology to support their longer-term needs.

What matters to them:

- Safety
- Operational excellence
- Value for money

Investors

The support of our equity and debt investors and continued access to capital is vital to the long-term success of the Company. We work to ensure that we provide clear and transparent information to the market which allows investors and potential investors to make informed decisions, via market updates, information published on our website, appropriate access to management and an active Investor Relations and Treasury team.

Suppliers

The Company requires an efficient and highly effective supply chain to support its business operations and strategy. This means the Directors need to foster trusted and collaborative relationships with suppliers who share our appetite to drive improvement through innovation and best practice. Our external supply chains are an important part of our performance and by working collaboratively with suppliers we can ensure continuity of supply, minimise risk and bring innovative solutions to our customers. These engagement activities form part of the Company's implementation of the Group-wide Procurement Strategy as described on pages 16-17 and 86-87 of the annual report of Babcock International Group PLC.

Regulators

We are committed to providing safe and effective operations. We must maintain positive and constructive relationships with regulators to be able to operate, to help shape policy in our markets and to position for future opportunities.

What matters to them:

- Regulations, policies and standards
- Governance and transparency
- Trust and ethics
- Safety and compliance of operations
- Sustainability

Employees

Employee engagement is a primary focus for the Directors of the Company. We continue to strengthen our employee value proposition by enhancing our engagement and promoting an agile global workplace. We are committed to creating an inclusive and diverse organisation where employees can develop their full potential. We focus on developing and supporting a truly engaged workforce, living our principles and working on shared goals, united by our common Purpose. These engagement activities form part of the Company's implementation of the Group-wide People Strategy as described on pages 12 to 17 and 80 to 84 of the annual report of Babcock International Group PLC, which does not form part of this report.

What matters to them:

- Remuneration and reward
- Professional development
- The Company's aims, goals, priorities and reputation
- Health, safety and wellbeing
- Inclusion and diversity

Strategic report for the year ended 31 March 2024 (*continued*)

S172(1) statement and stakeholder engagement (*continued*)

Communities

We are committed to the communities in which we operate and the broader interests of the customers we serve. As good corporate citizens, we want to make a genuine difference by supporting our local communities both economically and socially; community engagement and social value creation is a key aspect of our ESG strategy.

Business relationships

We are committed to conducting business honestly, transparently and with integrity. Understanding the needs and challenges of our customers allows us to help them to succeed. We work in partnership with public and private customers across the globe, enabling them to deliver critical programmes and services, adding value to their operations. We seek to solve their challenges through excellent operational performance and the introduction of innovative solutions and technology to support their longer-term needs. We build and maintain long-term relationships with our customers to promote the future success of the Company.

The Company requires an efficient and highly effective supply chain to support its business operations and strategy. This means the Directors need to foster trusted and collaborative relationships with suppliers who share our appetite to drive improvement through innovation and best practice. Our external supply chains are an important part of our performance and by working collaboratively with suppliers we can ensure continuity of supply, minimise risk and bring innovative solutions to our customers.

Sustainability and environment

Sustainability is an integral part of our corporate strategy and how we do business and it underpins our corporate Purpose: to create a safe and secure world, together. We have done a lot in the past year to drive our sustainability programme across the Group, ensure progress towards our corporate commitments and deliver our five ESG priorities shown below.

1. We will reduce emissions and set science-based targets to get to net zero across our estate, assets and operations by 2040.
2. We will integrate environmental sustainability into programme design to minimise waste and optimise resources.
3. We will ensure the safety and wellbeing of all our people.
4. We will make a positive difference to the communities we're proud to be part of and provide high-quality jobs that support local economies.
5. We will be a collaborative, trusted partner across the supply chain, helping to tackle common challenges.

Climate action remains a key focus. Building on our Group wide climate-related risk management process from last year, which considered the following time horizons: short (present to 2030), medium (2030 to 2040), and long-term horizons (2040 to 2100), sectors and regions considered the insight and recommendations from the KPMG climate-related risk assessment report and identified the immediate actions required in their five-year strategic plans to support corporate commitments. These included Net Zero, wider environmental targets, and to address key climate-related risks and opportunities.

These activities form part of the Group-wide ESG Strategy as described on pages 62 to 88 of the annual report of Babcock International Group PLC, which does not form part of this report.

This report was approved by the board on 29 November 2024 and signed on its behalf by



JE Fulton
Director

Directors report for the year ended 31 March 2024

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2024.

Dividends

No dividends were declared or paid in the year (2023: £nil).

Directors and their interests

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

M Abbot	(appointed 15 th November 2024)
S Doherty	(resigned 30 th September 2024)
JE Fulton	
MR Gornall	
HAB Holt	(appointed 30 th November 2023)
D Kieran	(resigned 9 th October 2024)
MD Lawton	

The Board is not aware of any contract of significance in relation to the Company in which any Director has, or has had, a material interest.

Future developments

The directors are confident about the future trading prospects of similar nature of the company due to its current order book and market opportunities of which both are a higher value than the previous year at the balance sheet date.

Going concern

The Company's business activities, together with the factors likely to affect its future development and financial position are set out within the Strategic Report. In addition, within the Directors' Report there are details of the financial risks that the Directors have highlighted as significant to the business.

As the Company is part of a larger group it participates in the group's centralised treasury arrangements and so shares banking arrangements with its parents and fellow subsidiaries. The Company is in a net current liabilities position of £79.7m but is not expected to settle the intercompany amounts due to parent and group undertakings until the Company has sufficient liquidity to do so. Loan and the Company has received confirmation from the respective other group companies confirming this position.

Additionally, the Company is expected to be in a position to obtain finance via intercompany loans to continue to operate for at least twelve months from when the financial statements are authorised for issue and the Company has received a letter of support from Babcock International Group Limited confirming this position. In completing this analysis, the Directors have considered the ability of Babcock International Group Limited to provide such finance.

The Directors are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Financial risk management

We have a risk management framework and internal control environment to manage the risks that may undermine our ability to execute our strategy or more generally our business model. As part of the Group-wide turnaround plan, we have reviewed and improved the risk management framework so that it aligns with our new operating model. As a result, the framework is now standardised across the Group and consistent, with clear risk ownership. In order to assist the Board and the Directors in understanding of principal risks, we have increased the granularity and quantification of each risk. In early FY23, we have launched an updated Risk Management policy, which will enhance the guidance and requirements around our risk assessment and reporting process. Processes will be subject to ongoing continuous improvement.

These activities form part of the Risk Management Strategy as described on pages 89-106 of the annual report of Babcock International group PLC.

Directors report for the year ended 31 March 2024 (continued)

Employment of disabled persons

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 the Company continues and the appropriate training is arranged. It is the policy of the Company 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.

Employee involvement

Consultation with employees or their representatives has continued 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 their business units and of the Company as a whole. Communication with all employees continues through the in-house newspaper and newsletters, briefing groups and the distribution of the annual report.

Employees

The Company is committed to equal opportunities and will not discriminate on the basis of disability, age, race, colour, ethnic origin, gender, marital status, religious or political beliefs or sexual orientation.

We believe that only by encouraging applicants from the widest pool of talent possible, and then selecting the best candidate based on their ability to do the job, can we ensure we continue to deliver our best for our customers and safeguard the future of Babcock. For more information about our inclusion and diversity policy, please see pages 12 to 17 and 81 to 84 of the annual report for Babcock International Group PLC, which does not form part of this report.

Engagement with UK employees has been considered on pages 5-6 of the Strategic Report.

Safety policy

The Company recognises the promotion of health and safety at work as an important objective. It is Company policy to take steps to ensure, as far as reasonably practical, the health, safety and welfare of the employees of the Company.

Research and development

The Company commits resources to research and development to the extent management considers reasonable for the evolution and development of the business.

Energy and carbon reporting

The Company has taken advantage of the exemption granted under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 as this information is disclosed in the annual report for the year ended 31 March 2024 of its ultimate parent, Babcock International Group Plc.

Engagement with suppliers and customers

Engagement with suppliers and customers has been considered in the Strategic Report on page 6.

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 seek 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.

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 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 came into force in 2012 and remain in force.

Directors report for the year ended 31 March 2024 (continued)

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Statement of 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.

This confirmation is given and should be interpreted in accordance with the provisions of the s418 of the Companies Act 2006.

Appointment of auditors

Deloitte LLP are not seeking reappointment as auditors of the Company and a resolution appointing Forvis Mazars LLP as their replacement has been proposed and approved at the Annual General Meeting.

This report was approved by the board on 29 November 2024 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'JE Fulton', written over a horizontal line.

JE Fulton
Director

Statement of Director's 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), including FRS 101 'Reduced Disclosure Framework'. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards, have been followed, subject to any material departures disclosed and explained in the financial statements; 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. 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 the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's report to the members of Cavendish Nuclear Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion the financial statements of Cavendish Nuclear Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Independent Auditor's report to the members of Cavendish Nuclear Limited
(continued)**

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Independent Auditor's report to the members of Cavendish Nuclear Limited
(continued)**

**EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES,
INCLUDING FRAUD (CONTINUED)**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and relevant pensions and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team and relevant internal specialists, including tax, pensions and IT specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our procedures performed to address them are described below:

- Revenue and margin recognition on key long-term contracts with significant management judgment
- Obtaining an understanding of relevant manual and IT controls and project accounting processes which management have established to ensure that contracts are appropriately forecast, managed, challenged and accounted for;
 - Making inquiries of contract project teams and other personnel to obtain an understanding of the performance of the project throughout the year and at year-end;
 - Analysing historical contract performance and understanding the reason for in-year movements or changes;
 - Testing the underlying calculations used in the contract assessments for accuracy and completeness, including the estimated costs to complete the contract and associated contingencies. We considered historical forecasting accuracy of costs, compared to similar programmes, and challenged future cost expectations with reference to those data points;
 - Examining external correspondence to assess the timeframe for delivery of the product or service and any judgements made in respect of these;
 - Examining external evidence to assess contract status and estimation of variable consideration (including associated recoverability of contract balances), such as customer correspondence and for certain contracts meeting with the customer directly;
 - Enquiring with in-house and external legal counsel regarding contract related litigation and claims; and
 - Considering whether there were any indicators of management override of controls or bias in arriving at their reported position.

**Independent Auditor's report to the members of Cavendish Nuclear Limited
(continued)**

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS ON OTHER MATTERS 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 the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

USE OF OUR REPORT

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.

Makhan Chahal (FCA)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
29 November 2024



Income statement for the year ended 31 March 2024

	Note	2024 £'000	2023 £'000
Revenue	4	290,722	229,079
Cost of revenue		(220,347)	(174,307)
Gross profit		70,375	54,772
Administration and distribution expenses		(41,720)	(33,997)
Operating profit	5	28,655	20,775
Provision for expected loss on amount due from group undertaking		(632)	(1,090)
Income from joint ventures		261	-
Finance income	6	3,484	3,957
Finance costs	6	(1,788)	(425)
Profit before taxation		29,980	23,217
Tax	10	(11,005)	(4,863)
Profit for the financial year		18,975	18,354

The notes on pages 19 to 50 form part of these financial statements.

All of the above results derive from continuing operations.

Statement of comprehensive income for the year ended 31 March 2024

	Note	2024 £'000	2023 £'000
Profit for the financial year		18,975	18,354
Other comprehensive (expense)/income:			
<i>Items that may be subsequently reclassified to income statement:</i>			
Fair value adjustment of interest rate and foreign exchange hedges		-	105
<i>Items that will not be subsequently reclassified to income statement:</i>			
(Loss) on remeasurement of net defined benefit obligation	23	(21,805)	(97,059)
Tax on net defined benefit obligation		5,451	21,448
Impact of change in UK tax rate		-	5,320
Total comprehensive income/(expense) for the year		2,621	(51,832)

Cavendish Nuclear Limited

Statement of financial position as at 31 March 2024

	Note	2024 £'000	2023 £'000
Non-current assets			
Intangible assets	11	93,060	93,282
Property, plant and equipment	12	3,988	5,002
Right-of-use assets	13	10,713	3,495
Trade and other receivables	15	7,166	73,707
Other financial assets	18	-	335
Retirement benefit surpluses	23	78,649	56,094
		193,576	231,915
Current assets			
Inventories	14	307	351
Trade and other receivables	15	91,459	64,756
Other financial assets	18	-	271
Cash and cash equivalents		921	70
		92,688	65,448
Current Liabilities			
Trade and other payables	16	(153,248)	(176,586)
Lease liabilities	13	(2,359)	(861)
Deferred tax liabilities	10	(16,743)	(12,562)
Other financial liabilities	18	(23)	(272)
Net current liabilities		(79,685)	(124,833)
Total assets less current liabilities		113,891	107,082
Lease liabilities	13	(6,465)	(3,096)
Other financial liabilities	18	(3)	(338)
Provision for liabilities	17	(4,871)	(3,718)
Net assets		102,552	99,930
Equity			
Share capital	19	50	50
Share premium account		50,000	50,000
Retained earnings		52,502	49,880
Total shareholders' funds		102,552	99,930

The notes on pages 19 to 50 are an integral part of these financial statements.

The financial statements on pages 16 to 50 were approved by the board on 29 November 2024 and signed on its behalf by:



JE Fulton
Director

Statement of changes in equity as at 31 March 2024

	Called up share capital £'000	Share premium account £'000	Hedging reserve £'000	Retained earnings £'000	Total shareholders' funds £'000
Balance at 1 April 2022	50	50,000	(105)	101,817	151,762
Profit for the year	-	-	-	18,354	18,354
Other comprehensive income/(loss)	-	-	105	(70,291)	(70,186)
Balance at 31 March 2023	50	50,000	-	49,880	99,930
Profit for the year	-	-	-	18,975	18,975
Other comprehensive (loss)/ income	-	-	-	(16,354)	(16,354)
Balance at 31 March 2024	50	50,000	-	52,501	102,551

Cavendish Nuclear Limited

Notes to the financial statements

1 General information

Cavendish Nuclear Limited is a private company which is incorporated and domiciled in England and Wales. The address of the registered Office is 33 Wigmore Street, London W1U 1QX.

Its ultimate controlling party is disclosed in note 27. The principal activity of the Company is set out in the Strategic Report on page 3. These financial statements, which have been prepared in accordance with the Companies Act 2006, are presented in pounds sterling and, unless stated otherwise, rounded to the nearest thousand.

2 Summary of material 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.

Basis of preparation

The financial statements have been prepared in accordance with 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 thousand.

The Company is a wholly owned subsidiary of Babcock Services Group and is included in the consolidated financial statements of Babcock International Group PLC which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

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 Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, these financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). Where relevant, equivalent disclosures have been given in the group accounts of Babcock International Group PLC. In preparing these financial statements, the Company applies the recognition and measurement requirements of International Financial Reporting Standards (IFRS) as adopted by the UK, but makes amendments where necessary in order to comply with the Companies Act 2006 and sets out below where advantage of the FRS 101 disclosure exemptions have been taken:

- a) Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share based payments'.
- b) Paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 'Business Combinations'.
- c) Paragraph 33(c) of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'.
- d) IFRS 7, 'Financial instruments: Disclosures'.
- e) Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- f) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
- g) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 58, 90, 91 and 93 of IFRS 16 Leases.
- h) Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information in respect of:
 - i) paragraph 79(a) (iv) of IAS 1 Share capital and reserves;
 - j) paragraph 73(e) of IAS 16 Property, plant and equipment; and
 - k) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period).
- l) Paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements.

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Notes to the financial statements (*continued*)

2 Summary of material accounting policies (*continued*)

Basis of preparation (*continued*)

IAS 7, 'Statement of cash flows'

- m) Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'.
- n) Paragraph 17 of IAS 24, 'Related party transactions' in respect of key management compensation.
- o) The requirements of IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- p) Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company intends to continue to prepare its financial statements in accordance with FRS 101.

The Company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Babcock International Group PLC, a company registered in England and Wales. Accordingly, these financial statements present information about the Company as an individual and not as a group. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of relevant financial assets and financial liabilities (including derivative instruments).

Adoption of new and revised standards

The following standards and amendments to IFRS became effective for the annual reporting period beginning on 1 April 2023 and did not have a material impact on the consolidated financial statements:

- IFRS 17, 'Insurance Contracts': IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4.
- Amendments to IAS 1, 'Presentation of Financial Statements': The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies.
- Amendments to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors': The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates.
- Amendments to IAS 12, 'Income Taxes': The amendments introduce a further exception from the initial recognition exemption.

The Company has not early adopted any other amendment, standard or interpretation that has been issued but is not yet effective. It is expected that these standards and amendments will be adopted on the applicable effective date. The following new or amended IFRS accounting standards, amendments and interpretations not yet adopted are not expected to have a significant impact on the Company:

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1: Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

All standards listed above will be adopted with effect from 1 April 2024 with the exception of the Amendments to IFRS 10 and IAS 28 for which the mandatory effective date has not yet been set by the IASB.

Cavendish Nuclear Limited

Notes to the financial statements (continued)

2 Summary of material accounting policies (continued)

Going concern

The Company's business activities, together with the factors likely to affect its future development and financial position are set out within the Strategic Report. In addition, within the Directors' Report there are details of the financial risks that the Directors have highlighted as significant to the business.

As the Company is part of a larger group it participates in the group's centralised treasury arrangements and so shares banking arrangements with its parents and fellow subsidiaries. The Company is in a net current liabilities position of £79.7m but is not expected to settle the intercompany amounts due to parent and group undertakings until the Company has sufficient liquidity to do so and the Company has received confirmation from the other group companies these amounts are due to confirming this position. Additionally, the Company is expected to be in a position to obtain finance via intercompany loans to continue to operate for at least twelve months from when the financial statements are authorised for issue and the Company has received a letter of support from Babcock International Group Limited confirming this position. In completing this analysis, the Directors have considered the ability of Babcock Management Limited to provide such finance.

The Directors are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Revenue

Revenue recognised represents income derived from contracts with customers for the provision of goods and services in the ordinary course of the Company's activities. The Company recognises revenue in line with IFRS 15, Revenue from Contracts with Customers. IFRS 15 requires the identification of performance obligations in contracts, determination of contract price, allocation of the contract price to the performance obligations and recognition of revenue as performance obligations are satisfied.

(a) Performance obligations

Contracts are assessed to identify each promise to transfer either a distinct good or service or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. Goods and services are distinct if the customer can benefit from them either on their own or together with other resources readily available to the customer and they are separately identifiable in the contract.

In assessing whether the performance obligations are separately identifiable, the services are reviewed to determine the extent to which the goods or services within a contract are interrelated and whether they modify other goods or services within a contract. The Company also considers whether the goods and/or services are integrated and represent a combined output for which the customer has contracted. The integrated output nature of many of the services provided by the Company results in some contracts only having one performance obligation.

(b) Determination of contract price

The contract price represents the amount of consideration which the Company expects to be entitled in exchange for delivering the promised goods or services to the customer. Contracts can include both fixed and variable consideration.

Inclusion of variable consideration in the contract price requires the exercise of judgement in relation to the amount to be received through unpriced contract variations and claims (see section (e) below for further details) and variable elements of existing contracts, such as performance-based penalties and incentives, and gain/pain share arrangements where cost under/overspends are shared with the customer. Elements of variable consideration are estimated at contract inception and at the end of each reporting period. Any required adjustment is made against the contract price in the period in which the adjustment occurs.

Variable consideration is estimated using either the expected value or the most likely amount only to the extent that it is highly probable that there will not be a reversal in the amount of cumulative revenue recognised once the underlying uncertainty is resolved. This judgement is made by suitably qualified and experienced personnel based on the contract terms, status of negotiations with customers and historical experience with customers and with similar contracts. As part of this judgement, variable consideration may be constrained until the uncertainty is resolved. In the case of unpriced variations, these will be constrained to the extent that such variable consideration is not considered highly probable.

Cavendish Nuclear Limited

Notes to the financial statements (continued)

2 Summary of material accounting policies (continued)

Revenue (continued)

(b) Determination of contract price (continued)

Variable consideration may be included in the total transaction price or, in certain circumstances, may be allocated to a specific time period. Where variable consideration is allocated to a specific time period this will typically be in relation to performance related deductions.

(c) Allocation of contract price to performance obligations

Given the bespoke nature of many of the goods and services the Company provides, standalone selling prices are generally not observable and, in these circumstances, the Company allocates the contract price to performance obligations based on cost plus margin. This amount would be the standalone selling price of each performance obligation if contracted with a customer separately.

(d) Revenue and profit recognition

Performance obligations are satisfied, and revenue recognised, as control of goods and services is transferred to the customer. Control can be transferred at a point in time or over time and the Company determines, for each performance obligation, whether it is satisfied over time or at a point in time.

Revenue recognised over time

Performance obligations are satisfied over time if any of the following criteria are satisfied:

- the customer simultaneously receives and consumes the benefits of the Company's performance as it performs; or
- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for work done; or
- the Company's performance creates or enhances an asset controlled by the customer.

Typical performance obligations in the Company's contracts that are recognised over time include the delivery of services (such as maintenance, engineering and training), as the customer simultaneously receives and consumes the benefits of the Company's performance as it performs the services. Revenue from the design, manufacture and enhancement of bespoke assets is also recognised over time, as the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date, being recovery of costs incurred in satisfying the performance obligation plus a reasonable profit margin.

Where the Company satisfies performance obligations over time, the Company primarily uses an input method to measure satisfaction of each performance obligation based on costs incurred compared to total estimated contract costs. For the majority of the Company's contracts, this is deemed to be the most appropriate method to measure Babcock's effort in satisfying the applicable performance obligations. Costs are included in the measurement of progress towards satisfying the performance obligation to the extent that there is a direct relationship between the input and satisfaction of the performance obligation. For contracts where costs incurred is not deemed to be the most appropriate measure, the Company uses time elapsed to measure satisfaction of the performance obligation.

Under most of the Company's contracts, the customer pays in accordance with a pre-arranged payment schedule or once milestones have been met. If the amount of revenue recognised by the Company (as measured by the methods described above) exceed the amount of cash received from the customer then the difference will be held on the statement of financial position. This will typically be comprised of a mixture of contract assets and trade receivables. If the amount of cash collected together with amounts due under the contract but uncollected exceeds the amount of revenue recognised then the difference is also held on the statement of financial position as a contract liability. See section (h) for further details on how contract assets and liabilities are recognised.

Revenue recognised at a point in time

If control of the goods or services is not transferred to the customer over time, then revenue is recognised at the point in time that control is transferred to the customer.

Point in time recognition mainly applies to sale of goods. Control typically transfers to the customer when the customer has legal title to the goods and this is usually coincident with delivery of the goods to the customer and right to receive payment by the Company.

Cavendish Nuclear Limited

Notes to the financial statements (*continued*)

2 Summary of material accounting policies (*continued*)

Revenue (*continued*)

Assessment of contract profitability

Profit is recognised to the extent that the final outcome on contracts can be reliably assessed. Contract outturn assessments are carried out on a contract-by-contract basis, including consideration of technical and other risks, by suitably qualified and experienced personnel and the assessments of all significant contracts are subject to review and challenge.

Estimating contract revenues can involve judgements around whether the Company will meet performance targets and earn incentives, as well as consideration as to whether it is necessary to constrain variable revenues to meet the highly probable not to significantly reverse test set out in paragraph 56 of IFRS 15. When considering variations, claims and contingencies, the Company analyses various factors including the contractual terms, status of negotiations with the customer and historical experience with that customer and with similar contracts. Estimates of costs include assessment of contract contingencies arising out of technical, commercial, operational and other risks. The assessments of all significant contract outturns are subject to review and challenge and estimation uncertainty is resolved on a contract-by-contract basis as contracts near the end of the project lifecycle.

If a contract is deemed to be loss-making the present obligation is recognised and measured as a provision. Further detail is included in the Provisions accounting policy.

(e) Contract modifications

Claims and variations

The Company's contracts are often amended for changes in the customers' requirements. Contract modifications can relate to changes in both contract scope and price arising in the ordinary course of delivering contracts, which are referred to as contract variations. Such variations may arise as a result of customer requests or instructions or from requests from the Company in response to matters arising during the delivery of contracts. For example, some contracts include the requirement to conduct surveys and to report on or to recommend additional work as required. Some contracts may require the Company to proceed with variations and to agree pricing subsequently. See further detail on accounting for contract modifications below.

Contract modifications can also refer to changes in price only, with no change in scope, where there is a difference of view or dispute in relation to interpretation of contracts.

These contract claims and variations are modifications as described in paragraph 18 of IFRS 15.

Accounting for contract modifications

The Company accounts for contract modifications in one of three ways, based on the facts and circumstances of the contract modification:

1. Prospectively, as an additional, separate contract;
2. Prospectively, as a termination of the existing contract and creation of a new contract; or
3. As part of the original contract using a cumulative catch-up.

The Company recognises contract variations, which impact both scope and price, when they are approved in accordance with IFRS 15. The Company's preferred approach is to approve contract modifications by formal contract amendment. However, the approval of contract modifications often requires to be carried out at pace and other mechanisms, informed by established customer relationships and local working arrangements, can be used to achieve approval of contract modifications. In approving contract modifications in these circumstances, the Company considers the scope of the contract modification in the context of the contract scope and contract terms. Contract variations where the formal contract amendment has not been received but which are, in management's judgement, approved are accounted for as a contract modification in accordance with IFRS 15 paragraph 18. Revenue from these contract variations is treated as variable consideration and subject to constraint as outlined in section (b) above, until the pricing is agreed.

Contract claims are also considered to be contract modifications in accordance with IFRS 15, and revenue is subject to constraint as outlined in section (b).

Cavendish Nuclear Limited

Notes to the financial statements (continued)

2 Summary of material accounting policies (continued)

Revenue (continued)

Claims and variations which are not deemed to be contract modifications

Claims can also be raised by the Company against third-party sub-contractors or suppliers to the Company. As these do not relate to contracts with customers, but rather relate to contracts with suppliers, they are not accounted for under IFRS 15. The Company's accounting policy is to account for such claims in accordance with the contingent asset guidance per IAS 37. Income in relation to these claims will only be recognised once it is virtually certain.

(f) Costs of obtaining a contract

Directly attributable costs to obtain a contract with a customer that the Company would not have incurred if the contract had not been won are recognised as an asset and amortised on a straight-line basis. Costs to obtain a contract that would have been incurred regardless of whether the contract was won or lost are recognised as an expense when incurred.

(g) Costs to fulfil a contract

Costs to fulfil a contract which do not fall within the scope of another standard are recognised under IFRS 15 as an asset in capitalised contract costs where they meet all of the following criteria:

- i. the costs relate directly to a contract or to an anticipated contract that can be specifically identified;
- i. the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- ii. the costs are expected to be recovered.

Costs of recruiting or training staff are expensed as incurred.

Capitalised contract costs are amortised to cost of revenue on a straight-line basis consistent with the transfer to the customer of the goods and services to which the asset relates.

(h) Contract assets and liabilities

Contract assets represent amounts for which the Company has a conditional right to consideration in exchange for goods or services that the Company has transferred to the customer. Contract liabilities represent the obligation to transfer goods or services to a customer for which consideration has been received, or consideration is due, from the customer.

Payment terms are set out in the contract and reflect the timing and performance of service delivery. For substantially all contracts the payment terms are broadly in line with satisfaction of performance obligations, and therefore recognition of revenue, such that each contract has either a contract asset or contract liability, however these are not overly material in the context of the contract.

Finance costs

Finance costs are recognised as an expense in the period in which they are incurred unless they are attributable to an asset under construction, in which case finance costs are capitalised.

Finance income

Finance income is recognised in the period to which it relates using the effective interest rate method.

Employee benefits

(a) Pension obligations

The Company participates in a defined benefit scheme that shares risks between entities under common control. The defined benefit scheme defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The cost of providing benefits is determined using the projected unit credit actuarial valuation method. The total service cost and associated administration costs of the pension scheme are charged to operating profit. In addition, a retirement benefit interest charge on the net pension deficit is charged to the income statement as a finance cost. Actuarial gains and losses are recognised directly in equity through the statement of comprehensive income so that the Company's statement of financial position reflects the IAS 19 measurement of the schemes' surpluses or deficits at the statement of financial position date.

Cavendish Nuclear Limited

Notes to the financial statements (continued)

2 Summary of material accounting policies (continued)

Employee benefits (continued)

(a) Pension obligations (continued)

The fair value of plan assets is measured in accordance with the FRS 101 fair value hierarchy using appropriate valuation techniques.

The extent to which the Company recognises its share of the income statement charge, the assets and liabilities of the scheme, and the actuarial gain or loss is determined by the proportion of active members of the scheme that it employs.

The scheme's liability is the present value of the defined benefit obligation at the end of the reporting date less the fair value of the plan assets at the reporting date.

The Company participates in a defined contribution scheme. Obligations for contributions to the defined contribution pension plan are recognised as an expense in the income statement.

(b) Share based compensation

The Group operates equity-settled, share-based compensation plans of which the Company is a member. The economic cost of awarding shares and share options to employees is recognised as an expense in the income statement equivalent to the fair value of the benefit awarded. The fair value is determined by reference to option pricing models. The charge is recognised in the income statement over the vesting period of the award.

(c) Holiday pay

Paid holidays are regarded as an employee benefit and as such are charged to the income statement as the benefits are earned.

Taxation

(a) Current income tax

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(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 consolidated 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 substantively enacted, by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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. Deferred tax assets are recognised where deferred tax liabilities exist and are expected to reverse in the same period as the deferred tax asset or in periods into which a loss arising from a deferred tax asset can be carried forward or back.

Cavendish Nuclear Limited

Notes to the financial statements (continued)

2 Summary of material accounting policies (continued)

Taxation (continued)

(b) Deferred income tax (continued)

In the absence of sufficient deferred tax liabilities, deferred tax assets are recognised where it is probable that there will be future taxable profits from other sources against which a loss arising from the deferred tax asset can be offset. In assessing the availability of future profits, the Company uses profit forecasts consistent with those used for goodwill impairment testing. Profits forecast beyond the Company's five-year budget cycle are risk-weighted to reflect commercial uncertainties.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

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.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation. The intangible assets are amortised on a straight-line basis as follows:

a) Goodwill

Goodwill relating to acquisitions prior to transition date is maintained at its net book value on the date of transition to FRS 101.

Goodwill is reviewed annually for impairment. The company does not amortise goodwill in accordance with the requirements of IFRS as applied under FRS 101. Instead, an annual impairment test is performed and any impairment that is identified is recognised in the income statement. The non-amortisation of goodwill conflicts with paragraph 22 of Schedule 1 to 'The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410), which requires acquired goodwill to be written off over its useful economic life. As such, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view, from the requirement of paragraph 22 of Schedule 1 to the Regulations.

b) Acquired intangibles

Acquired intangibles are the estimated fair value of customer relationships and brands which are in part contractual, represented by the value of the acquired order book, and in part non-contractual, represented by the risk adjusted value of future orders expected to arise from the relationships.

The carrying value of the contracted element is amortised straight-line over the remaining period of the orders that are in process or the future period in which the orders will be fulfilled, as the case may be. The amortisation periods, reflecting the lengths of the various contracts, are mainly in the range one year to five years, with a minority of contracts and hence amortisation periods, up to fifteen years.

The carrying value of the non-contracted element is amortised over the period in which it is estimated that the relationships are likely to bring economic benefit via future orders. The method of amortisation is tailored to the expectations of the timing of the receipt of specific future orders and therefore the charge to the income statement matches the timing of value likely to be generated in those years.

Relationships are valued on a contract by contract and customer by customer basis and the pattern of amortisation reflects the expected pattern of benefit in each case.

The amortisation profile is determined on a case-by-case basis and in all cases results in a front-loaded profile, reflecting the greater certainty of future orders in the near term compared with the longer term. The amortisation period is in the range one year to fifteen years.

The carrying value of the brands are amortised over the period in which it is estimated that the particular brands are likely to bring economic benefit via future orders. The maximum amortisation period for existing acquired brands is five years.

Cavendish Nuclear Limited

Notes to the financial statements *(continued)*

2 Summary of material accounting policies *(continued)*

Intangible assets *(continued)*

(c) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditure is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have been capitalised are amortised from the date the product is available for use on a straight-line basis over the period of its expected benefit but not exceeding seven years.

(d) 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.

Property, plant and equipment

Property, plant and equipment is shown at cost less subsequent depreciation and impairment, except for land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is provided on a straight-line basis to write off the cost of property, plant and equipment over the estimated useful lives to their estimated residual value (reassessed at each balance sheet date) at the following annual rates:

Freehold property	2%
Leasehold property	Lease term
Plant and equipment / Office equipment	6.6% to 33.3%

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount exceeds the higher of an asset's fair value less cost to sell or value in use.

Leases

(a) The Company as lessee

For all leases in which the Company is a lessee (other than those meeting the criteria detailed below), the Company recognises a right of use asset and corresponding lease liability at commencement of the lease.

The lease liability is the present value of future lease payments discounted at the rate implicit in the lease, if available, or the applicable incremental borrowing rate. The incremental borrowing rate is determined at lease inception based on a number of factors including asset type, lease currency and lease term. Lease payments include fixed payments and variable lease payments dependent on an index or rate, initially measured using the index or rate at the commencement date. The lease term reflects any extension or termination options that the Company is reasonably certain to exercise.

The lease liability is subsequently measured at amortised cost using the effective interest rate method, with interest on the lease liability being recognised as a finance expense in the income statement. The lease liability is remeasured, with a corresponding adjustment to the right of use asset, if there is a change in future lease payments, for example resulting from a rent review, change in a rate/index or change in the Company's assessment of whether it is reasonably certain to exercise an extension, termination or purchase option.

The right of use asset is initially recorded at cost, being equal to the lease liability, adjusted for any initial direct costs, lease payments made prior to commencement date, lease incentives received and any dilapidation costs. Depreciation of right of use assets is recognised as an expense in the income statement on a straight-line basis over the shorter of the asset's useful life or expected term of the lease.

Right of use assets arising from sale and leaseback transactions are measured at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Company. Gains arising on sale and leaseback transactions are recognised to the extent that they relate to the rights transferred to the buyer-lessor whilst losses arising on sale and leaseback transactions are recognised in full.

Cavendish Nuclear Limited

Notes to the financial statements (continued)

2 Summary of material accounting policies (continued)

Leases (continued)

(a) The Company as lessee (continued)

Right of use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, with the impairment expense being recognised in the income statement. Where a lease is terminated early, any termination fees or gain or loss relating to the release of right of use asset and lease obligation are recognised as a gain or loss through the income statement.

Payments in respect of short-term leases not exceeding 12 months in duration or low-value leases are expensed straight line to the income statement as permitted by IFRS 16, 'Leases'.

(b) The Company as lessor

As a lessor, the Company classifies lessor arrangements as finance or operating leases. Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. All lessor arrangements in the Company meet the criteria for a finance lease.

Amounts due from lessees under a finance lease are held on the statement of financial position as a financial asset at an amount equal to the Company's net investment in the lease. The finance lease payments received are treated as finance income and a repayment of principal including initial direct costs. Finance income is allocated over the lease term, with the gross receivable being reviewed for impairment on a regular basis.

Investments

Fixed asset investments are stated at cost less accumulated impairment losses.

Investments in Joint Ventures

Investment in Joint ventures have been accounted for using Equity Method.

Impairment of non-current assets

Goodwill and indefinite life intangibles are reviewed for impairment at least annually. For all other non-financial non-current assets (including acquired intangible assets, capitalised development costs, software assets, property, plant and equipment and right of use assets) the Company performs impairment testing where indicators of impairment are identified. Impairment testing is performed at the individual asset level. Where an asset does not generate cash flows that are separately identifiable from other assets, the Company estimates the recoverable amount of the CGU (Cash-Generating Unit) to which the asset belongs.

The recoverable amount is the higher of fair value less costs of disposal, and value-in-use. When the recoverable amount is less than the carrying amount, an impairment loss is recognised immediately in the Company income statement.

Where an impairment loss on other non-financial non-current assets subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised in prior years. Goodwill impairments are not subsequently reversed.

Inventory

Inventory is valued at the lower of cost and net realisable value, being the estimated selling price of the assets in the ordinary course of business less estimated costs of completion and costs of sale. In the case of finished goods and work in progress, cost comprises direct material and labour and an appropriate proportion of overheads.

Spare parts that are consumed in the sale of goods or in the rendering of services are classified as inventory.

Cash and cash equivalents

Company cash and cash equivalents consist of cash at bank and cash in hand, together with short-term deposits with an original maturity of three months or less and money market funds.

Cavendish Nuclear Limited

Notes to the financial statements (*continued*)

2 Summary of material accounting policies (*continued*)

Trade and other receivables

Trade and other receivables are stated at their cost less provision for bad debts. A provision for bad debts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

The Company writes off a trade receivable when there is objective evidence that the debtor is in significant financial difficulty and there is no realistic prospect of recovery.

Trade and other receivables (including amounts due from group undertakings) are also stated at their cost less expected credit losses. A provision for expected credit losses is established under IFRS 9 when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

The Group measures the provision at an amount equal to lifetime expected credit losses, estimated by reference to past experience and relevant forward-looking factors.

Forward-looking factors are applied to homogenous groups of receivables which share characteristics and are based on an estimate of how corporate failure rates may change relative to historic levels given the current economic environment.

Current intercompany trade receivables are expected to be settled in the Company's usual operating cycle of 12 months or less and relate to balances due in the normal course of business.

Amounts due from group undertakings in relation to intercompany loans are recorded on the statement of financial position in line with settlement terms on underlying loan agreements. Inter-company loans receivable at the balance sheet date that are settled within twelve months are recorded as current assets.

Trade and other payables

Trade and other payables are stated at actual cost, or estimated cost in respect of accruals.

Current intercompany trade payables are expected to be settled in the Company's usual operating cycle of 12 months or less and relate to balances due in the normal course of business.

Amounts due to group undertakings in relation to intercompany loans are recorded on the statement of financial position in line with settlement terms on underlying loan agreements. Inter-company loans payable at the balance sheet date that are settled within twelve months are recorded as current liabilities.

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.

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been publicly announced. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. A provision for warranties is recognised on completed contracts and disposals when there is a realistic expectation of the Company incurring further costs.

Such provisions are recorded as write downs of contract balances 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 contract assessments are updated regularly. A provision is made where operating leases are deemed to be onerous.

Cavendish Nuclear Limited

Notes to the financial statements (continued)

2 Summary of material accounting policies (continued)

Provisions for liabilities (continued)

A provision for deferred consideration on acquisitions is recognised when the Company has a realistic expectation of the expense based on the Purchase and Sale Agreement. A provision for employee benefits is recognised when there is a realistic expectation of the liability.

A provision for the contractual maintenance, overhaul and repair requirements of right of use aircraft and specific associated aircraft components arising from return condition obligations in aircraft lease contracts is recognised as the obligation to perform contractual maintenance arises with each hour flown. Where lease contracts contain contractual penalties in the event that the Company returns leased aircraft in a condition that does not meet the contractual return condition obligation, the associated provision is measured at the lower of the restoration cost and the detriment penalty in the lease. When maintenance of a leased aircraft component is performed, if the component's remaining flying hours are greater than the return condition outlined in the lease contract then a leasehold improvement asset is recognised in proportion to the excess flying hours above the contractual return condition. Maintenance provisions are not recognised in respect of aircraft components which are maintained under Power-by-the-hour maintenance arrangements, instead the associated payments to the maintenance provider are expensed as incurred. Any additional payments made to or received from maintenance providers at the conclusion of Power-by-the-hour maintenance arrangements are recognised as an expense or as income at the time at which they are incurred or received.

Contingent liabilities

A contingent liability is a possible obligation arising from past events whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the Company's control, or a present obligation that is not recognised because it is not probable that an outflow of economic benefits will occur, or the value of such outflow cannot be measured reliably. A provision is recognised for any amounts that the Directors consider may become payable. See note 25 for details of contingent liabilities.

Financial instruments

(a) Financial assets and liabilities at amortised cost

Cash and cash equivalents, trade receivables, amounts due from related parties and other receivables are classified as financial assets held at amortised cost as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. Trade receivables, contract assets and lease receivables include a provision for expected credit losses. The Company measures the provision at an amount equal to lifetime expected credit losses, estimated by reference to past experience and relevant forward-looking factors. For all other financial assets carried at amortised cost, including loans to joint ventures and associates and other receivables, the Company measures the provision at an amount equal to 12-month expected credit losses.

Trade and other payables, amounts due to related parties, other payables, accruals and bank loans and overdrafts are classified as financial liabilities held at amortised cost.

(b) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative is entered into and are subsequently remeasured at fair value. The Company designates certain derivative instruments within its portfolio to be hedges of the fair value of recognised assets or liabilities or unrecognised firm commitments.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

For derivatives that qualify as cash flow hedges, fair value gains or losses are deferred in equity until the underlying transaction is recognised.

Cavendish Nuclear Limited

Notes to the financial statements (*continued*)

2 Summary of material accounting policies (*continued*)

Fair value measurement

The fair value of an asset or liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the year end date. Fair value measurements are used on a recurring basis except where used in the acquisition of assets and liabilities through a business combination.

The fair values of derivative financial instruments are determined by the use of valuation techniques based on assumptions that are supported by observable market prices or rates. The fair values of non-financial assets and liabilities are based on observable market prices or rates.

The carrying values of financial assets and liabilities which are not held at fair value in the Company balance sheet are assumed to approximate to fair value due to their short-term nature, with the exception of fixed rate bonds. There have been no changes to the valuation techniques used during the year.

Dividends

Dividends are recognised as a liability in the Company's financial statements in the period in which they are approved. Interim dividends are recognised when paid.

Foreign currencies

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Sterling, which is the Company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional 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 reporting date of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

3 Critical accounting estimates and judgements

In the course of preparation of the financial statements judgements and estimates have been made in applying the Company's accounting policies that have had a material effect on the amounts recognised in the financial statements. The application of the Company's accounting policies requires the use of estimates and the inherent uncertainty in certain forward-looking estimates may result in a material adjustment to the carrying amounts of assets and liabilities in the next financial year. Critical accounting estimates are subject to continuing evaluation and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable in light of known circumstances. Critical accounting estimates and judgements in relation to these financial statements are considered below.

Critical accounting judgements

Critical accounting judgements, apart from those involving estimations, that are applied in the preparation of the consolidated financial statements are discussed below. Detail of the Company's key judgements involving estimates are included in the Key sources of estimation uncertainty section.

Revenue and profit recognition

A number of the Company's contracts include promises in relation to procurement activity undertaken on behalf of customers at low or nil margin, sub-contractor arrangements, and other pass-through costs. Management is required to exercise judgement on these revenue streams in considering whether the Company is acting as principal or agent. This is based on an assessment as to whether the Company controls the relevant goods or services under the performance obligations prior to transfer to customers. Factors that influence this judgement include the level of responsibility the Company has under the contract for the provision of the goods or services, the extent to which the Company is incentivised to fulfil orders on time and within budget, either through gain share arrangements or KPI deductions in relation to the other performance obligations within the contract, and the extent to which the Company exercises responsibility in

Cavendish Nuclear Limited
Notes to the financial statements (continued)

3 Critical accounting estimates and judgements (continued)

Revenue and profit recognition (continued)

determining the selling price of the goods and services. Taking all factors into consideration, the Company then comes to a judgement as to whether it acts as principal or agent on a performance obligation-by-performance obligation basis. Note that any changes in this judgement would not have a material impact on profit, although there may be a material impact to revenue and cost of revenue.

Key sources of estimation uncertainty

The key sources of estimation uncertainty at the reporting period end that may result in significant risk of material adjustment to the carrying amount of assets and liabilities within the next financial year are set out below:

Revenue and profit recognition

The Company's revenue recognition policies require management to make an estimate of the cost to complete for long-term contracts. Management estimates outturn costs on a contract-by-contract basis and estimates are carried out by suitably qualified and experienced personnel. Estimates of cost to complete include assessment of contract contingencies arising out of technical, commercial, operational and other risks. The assessments of all significant contract outturns are subject to review and challenge, and judgements and estimates are reviewed regularly throughout the contract life based on latest available information and adjustments are made where necessary. As contracts near completion, often less judgement is required to determine the expected outturn.

Defined benefit pension schemes obligations

The Company's defined benefit pension schemes are assessed annually in accordance with IAS 19 and the valuation of the defined benefit pension obligations is sensitive to the inflation and discount rate actuarial assumptions used. There is a range of possible values for the assumptions and small changes to the assumptions may have a significant impact on the valuation of the defined benefit pension obligations. In addition to the inflation and discount rate estimates, management is required to make an accounting judgement relating to the expected availability of future accounting surpluses under IFRIC 14. Further information on the key assumptions and sensitivities is included in note 23.

Key sources of estimation uncertainty - Calculation of Expected Credit Loss

IFRS 9 requires lifetime expected credit losses to be recognised when there are significant increases in credit risk since initial recognition. Expected credit losses are estimated and updated at each reporting date for new information and changes in expectations even if there has not been a significant increase in credit risk.

The Company measures a provision for expected credit losses at an amount equal to lifetime expected credit losses, which is estimated based on reference to past experience and relevant forward-looking factors. For all other assets the loss allowance is measured using 12-months expected credit losses unless there was a significant increase in credit risk since initial recognition. Forward-looking factors are applied to homogenous groups of receivables which share characteristics and are based on an estimate of how corporate failure rates may change relative to historic levels given the current economic environment.

4 Revenue

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

	2024	2023
	£'000	£'000
By area of activity:		
Sale of goods – transferred at a point in time	5,235	4,051
Sale of goods – transferred over time	2,393	153
Provision of services – transferred over time	283,094	224,875
	290,722	229,079
By geographical area:		
United Kingdom	290,394	227,224
Rest of world	328	1,855
	290,722	229,079

Cavendish Nuclear Limited
Notes to the financial statements (continued)

5 Operating profit

Operating profit is stated after charging/(crediting):

	Note	2024 £000	2023 £000
Depreciation of property, plant and equipment	12	988	1,451
Right of use depreciation	13	1,364	748
Amortisation of intangible assets	11	223	272
Operating lease charges – short term leases	13	114	100
Operating leases charges – low value leases	13	51	24
Subleasing income		(71)	(276)
Foreign exchange losses/(gains)		118	(64)
Audit fees payable to the Company's auditor		191	191

The auditors' remuneration for the current (£191,000) and prior year (£191,000) Fees paid to the company's auditors, Deloitte LLP and its associates are disclosed on a consolidated basis in the financial statements of the ultimate parent undertaking, Babcock International Group PLC.

6 Finance income and costs

	2024 £'000	2023 £'000
Finance income:		
Bank interest income	123	11
Finance lease income	10	32
Retirement benefit interest	3,351	3,914
	<u>3,484</u>	<u>3,957</u>
Finance costs:		
Bank borrowings	(311)	(118)
Lease interest	(385)	(212)
Other charges	(1,092)	(95)
	<u>(1,788)</u>	<u>(425)</u>

7 Staff costs

The average monthly number of employees (including directors) employed by the Company during the year was as follows:

	2024 Number	2023 Number
By activity:		
Operations	1,383	1,232
Management and administration	174	177
	<u>1,557</u>	<u>1,409</u>

Cavendish Nuclear Limited
Notes to the financial statements (continued)

7 Staff costs (continued)

Their aggregate remuneration comprised:

	Note	2024 £'000	2023 £'000
Wages and salaries		87,198	76,170
Social security costs		8,950	8,307
Pension costs – defined contribution plans	23	8,508	7,830
Pension costs – defined benefit plans	23	6,284	5,339
		110,940	97,646

During the year the average number of employees recharged to other Babcock entities was 20 (2023: 17). The total cost recharged included in the above was £2,797,000 (2023: £2,660,000).

8 Directors' emoluments

The emoluments of the Directors, including pension contributions, paid in respect of services provided to the Company were as follows:

The emoluments of the directors which was paid by the Company was as follows:	2024 £'000	2023 £'000
Remuneration (including benefits in-kind)	664	604
Defined contribution pension scheme	29	26
	693	630

During the year nil (2023: nil) Directors remunerated by Cavendish Nuclear Limited exercised share options under long term incentive plans and nil (2023: nil) Directors were entitled to receive share options under long term incentive plans.

Retirement benefits are accruing to no Directors (2023: none) under company pension schemes.

Some 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.

The above amounts include the following in respect of the highest paid Director:

The emoluments of the directors which was paid by the Company was as follows:	2024 £'000	2023 £'000
Remuneration (including benefits in-kind)	414	368

The highest paid Director did not exercise shares under long term incentive plans (2023: did not exercise shares under long term incentive plans).

The highest paid Director's defined benefit accrued pension and accrued lump sum at 31 March 2024 was £nil (2023: £nil) and £nil (2023: £nil), respectively.

Cavendish Nuclear Limited
Notes to the financial statements (continued)

9 Share based payments

The charge to the income statement is based on the amount charged from Babcock International Group PLC. This charge represents an allocation of the total charge based on the proportion which relates to Babcock Integrated Technology Limited. The total charge has been based on the assumptions below and is based on the binomial model as adjusted, allowing for a closed form numerical-integrated solution, which makes it analogous to the Monte Carlo simulations, including performance conditions. The detailed description of the plans below is included within the Remuneration report in the Babcock International Group PLC Annual Report and Accounts, which does not form part of this report.

During the year the total charge relating to employee share-based payment plans was £78,443 (2023: £894,000) all of which related to equity-settled share-based payment transactions. After tax, the income statement charge was £58,832 (2023: £745,000).

The fair value per option granted and the assumptions used in the calculation are as follows:
Performance Share Plan (PSP):

	Options awarded Number	Share price at grant or modification date Pence	Expected volatility %	Option life Years	Expectations of meeting performance criteria – non-market conditions %	Fair value per option – TSR Pence	Fair value per option – non-market conditions Pence	Correlation %	Grant or modification date
2023 PSP	2,302,009	351.4	19.0%	4.0	100%	-	351.4	55%	01/08/22
2023 PSP	613,079	351.4	19.0%	6.0	100%	-	316.3	55%	01/08/22
2023 PSP	806,511	351.4	19.0%	6.0	100%	168.7	316.3	55%	01/08/22
2023 DBP	218,895	351.4	19.0%	4.0	100%	-	351.4	55%	01/08/22
2023 DBP	551,420	351.4	19.0%	2.0	100%	-	351.4	55%	01/08/22
2022 PSP	769,165	371.6	19.0%	6.0	100%	148.6	315.9	55%	24/08/21
2022 PSP	626,704	380.2	19.0%	6.0	100%	-	325.0	55%	24/09/21
2022 PSP	1,780,849	380.2	19.0%	4.0	100%	-	380.2	55%	24/09/21
2022 DBP	45,312	380.2	19.0%	4.0	100%	-	380.2	55%	24/09/21
2020 PSP	695,458	350.0	19.0%	6.0	100%	-	305.2	55%	01/12/20
2020 PSP	2,091,247	350.0	19.0%	4.0	100%	-	350.0	55%	01/12/20
2020 PSP	1,341,477	350.0	19.0%	6.0	100%	137.9	305.2	55%	01/12/20
2020 DBP	118,320	289.0	19.0%	4.0	100%	-	289.0	55%	03/08/20
2020 DBP	146,306	289.0	19.0%	3.0	100%	-	289.0	55%	03/08/20
2020 DBP	192,096	284.2	19.0%	4.0	100%	-	284.2	55%	13/08/20
2020 DBP	8,474	284.2	19.0%	3.0	100%	-	284.2	55%	13/08/20
2019 PSP	1,370,671	472.8	11.0%	6.0	-	70.9	472.8	45%	13/06/19
2019 PSP	3,019,033	472.8	11.0%	4.0	-	70.9	472.8	45%	13/06/19
2019 DBP	313,909	472.8	11.0%	4.0	100%	-	472.8	45%	13/06/19
2019 DBP	93,430	472.8	11.0%	3.0	100%	-	472.8	45%	13/06/19
2018 DBP	187,433	856.0	14.0%	4.0	100%	-	856.0	56%	13/06/18
2018 DBP	90,777	856.0	14.0%	3.0	100%	-	856.0	56%	13/06/18

Both the vesting period and the expected life of all PSP awards are three years. The holders of all awards receive dividends.

For PSP awards made in December 2020, 2,786,705 were made via the use of restricted shares with a three-year vesting period. There are no performance conditions attached. A further 1,341,477 awards were made where the performance criteria is 50% against free cash flow and 50% TSR.

PSP awards made in August 2021 of 769,165 shares include performance criteria weighted to 50% against free cash flow targets and 50% against TSR performance.

PSP awards made in September 2021 of 2,407,553 shares were made via the use of restricted shares with a three-year vesting period. There are no performance conditions attached.

For PSP awards made in August 2022, 3,318,343 were made via the use of restricted shares with a three-year vesting period. There are no performance conditions attached. A further 403,255 awards were made where the performance criteria is 50% against free cash flow and 50% TSR.

Cavendish Nuclear Limited
Notes to the financial statements (continued)

9 Share based payments (continued)

For PSP awards made in August to December 2023, 3,611,764 were made via the use of restricted shares with a three-year to five year vesting period. There are no performance conditions attached. A further 822,036 awards were made where the performance criteria is 30% against free cash flow, 30% underlying operating margin, 25% organic revenue growth and 15% ESG.

The expected volatility is based on historical volatility over the last one to three years. The expected life is the average expected period to exercise. The risk-free rate of return is the yield on zero-coupon government bonds of a term consistent with the assumed option life.

The Group also operates the Babcock Employee Share Plan which allows employees to contribute up to £150 per month to the fund, which then purchases shares on the open market on the employees' behalf. The Group provides matching shares, purchased on the open market, of one share for every 10 purchased by the employee. During the year the Group bought 116,711 matching shares (2023: 140,340 matching shares) at a cost of £0.4 million (2023: £0.4 million).

The Group also operates the Babcock Employee Share Plan International which reflects the structure of the UK Plan. During the year no matching shares were purchased on the open market (2023: no matching shares) and 2,192 matching shares vested (2023: 1,055 matching shares) leaving a balance of 3,726 matching shares (2023: 5,918 matching shares).

10 Tax

Income tax expense

	2024	2023
	£'000	£'000
Analysis of tax expense/(benefit) in the year		
Current tax		
• UK prior year (benefit)	354	-
Deferred tax		
• UK current year expense	11,138	4,641
• UK prior year expense	(133)	209
• Impact of changes in tax rates	-	13
Total income tax expense	11,359	4,863

The tax for the year is higher (2023: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2024	2023
	£'000	£'000
Profit before tax	29,981	23,217
Profit on ordinary activities multiplied by rate of corporation tax in the UK of 25% (2023: 19%)	7,495	4,411
Effects of:		
Expenses not deductible for tax purposes	368	424
Group relief for nil consideration	3,275	(194)
Prior year adjustments	354	-
Adjustments in respect of deferred tax for prior years	(133)	209
Impact of change in UK tax rate	-	13
Total income tax expense	11,359	4,863

Cavendish Nuclear Limited
Notes to the financial statements (continued)

10 Tax (continued)

In 2020 budget, it was announced that the decrease in the UK rate of corporation tax from 19% to 17% was cancelled. On 24 May 2022, the Finance Act 2022 was substantively enacted, increasing the main rate of UK corporation tax from 19% to 25% with effect from 1 April 2023. Deferred tax balances as at 31 March 2023 that are expected to reverse after 1 April 2023 have been calculated at 25%.

Deferred tax

Deferred tax assets and deferred tax liabilities have been offset if, and only if, there is a legally enforceable right in that jurisdiction to set off corporation tax assets and corporation tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same Taxation Authorities:

	2024	2023
	£'000	£'000
Deferred tax asset	2,919	657
Deferred tax liability	(19,662)	(13,219)
	(16,743)	(12,562)

The movements in deferred tax assets and liabilities during the year are shown below:

	Tangible assets £'000	Retirement benefit obligations £'000	Other £'000	Total £'000
At 1 April 2023	658	(14,024)	803	(12,563)
Income statement (debit)	(75)	(11,090)	162	134
Tax (debit)/credit to other comprehensive income/equity	-	-	-	-
Effect of changes in tax rates				
- Income statement	-	5,451	-	5,451
- Other comprehensive income/equity	-	-	1,372	1,372
At 31 March 2024	582	(19,663)	2,337	(16,743)
At 1 April 2022	756	(36,191)	966	(34,469)
Income statement credit/(debit) as restated	(37)	(4,601)	(2)	(4,640)
Prior year adjustment as restated	(49)	-	(160)	(209)
Effect of changes in tax rates				
- Income statement	(12)	5,320	(1)	5,308
- Other comprehensive income/equity	-	21,448	-	21,448
At 31 March 2023	658	(14,024)	803	(12,563)

Deferred tax assets have been recognised in respect of tangible assets and other timing differences.

Deferred tax liabilities have been recognised in respect of retirement benefit obligations.

Cavendish Nuclear Limited
Notes to the financial statements (continued)

11 Intangible assets

	Software and development costs £'000	Goodwill £'000	Total £'000
Cost			
At 1 April 2023	2,002	118,774	120,776
Additions	-	-	-
Disposals	-	-	-
At 31 March 2024	2,002	118,774	120,776
Accumulated amortisation and impairment			
At 1 April 2023	1,068	26,426	27,494
Amortisation of software	222	-	222
Disposals	-	-	-
At 31 March 2024	1,290	26,426	27,717
Net book value			
At 31 March 2024	712	92,348	93,060
At 31 March 2023	934	92,348	93,282

The goodwill arose on acquisition of the following:

Acquisition	Date	2024 £000
Trade and assets of Lemsew Limited	8 May 2006	33,609
Trade and assets of INS Innovation Limited	28 June 2008	36,418
Nuclear business of Strachan and Henshaw Limited	30 January 2009	23,468
UK trade and assets of Babcock Nuclear Limited	1 April 2012	25,279
		118,774

The Company does not amortise goodwill in accordance with the requirements of IFRS as applied under FRS 101. Instead an annual impairment test is performed and any impairment that is identified is recognised in the income statement. The non-amortisation of goodwill conflicts with paragraph 22 of Schedule 1 to 'The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410), which requires acquired goodwill to be written off over its useful economic life. As such, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view, from the requirement of paragraph 22 of Schedule 1 to the Regulations.

It is not possible to quantify the effect of the departure from the Companies Act, because a finite life for the goodwill has not been identified. However, the effect of amortising over a useful life of 20 years would be a charge of £5.9 million (2023: £5.9 million) against operating profit, and a reduction of £59.1 million (2023: £53.2 million) in the carrying value of goodwill in the balance sheet.

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

Cavendish Nuclear Limited
Notes to the financial statements (continued)

12 Property, plant and equipment

	Freehold property £'000	Leasehold property £'000	Plant and equipment £'000	Office equipment £'000	Total £'000
Cost					
At 1 April 2023	3,055	8,844	2,462	1,821	16,182
Reclassifications	-	-	-	-	-
Additions	18	-	34	-	52
Disposals	-	-	-	-	-
At 31 March 2024	3,073	8,844	2,496	1,821	16,234
Accumulated depreciation					
At 1 April 2023	903	6,822	1,679	1,776	11,180
Reclassifications	(1)	79	-	-	78
Charge for the year	185	577	181	44	988
Disposals	-	-	-	-	-
At 31 March 2024	1,087	7,479	1,860	1,820	12,246
Net book value					
At 31 March 2024	1,986	1,365	636	1	3,988
At 31 March 2023	2,152	2,022	783	45	5,002

Capital expenditure contracted for but not provided for in full in the financial statements is £nil (2023: £52,000).

13 Leases

Right-of-use assets

The Company leases property and vehicles under non-cancellable lease arrangements.

	Property £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 April 2023	4,077	1,561	5,638
Additions	6,632	1,323	7,956
Modifications	825	-	825
Terminations	(138)	(431)	(569)
At 31 March 2024	11,396	2,453	13,850
Accumulated depreciation			
At 1 April 2023	1,761	382	2,143
Charge for the year	828	537	1,365
Terminations	(140)	(232)	(370)
At 31 March 2024	2,449	687	3,136
Net book value			
At 31 March 2024	8,947	1,765	10,713
At 31 March 2023	2,316	1,179	3,495

Cavendish Nuclear Limited
Notes to the financial statements (continued)

13 Leases (continued)

Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2024	2023
	£'000	£'000
At 1 April	3,958	3,415
Additions	7,959	1,447
Modifications	226	(60)
Group transfer	(1,925)	-
Disposals	(202)	(87)
Interest charged	374	181
Payments	(1,567)	(938)
At 31 March	8,823	3,958

Discounted future minimum lease payments are as follows:

	2024	2023
	£'000	£'000
Within one year	2,359	861
In more than one year, but not more than five years	5,471	2,691
After five years	993	406
Carrying value of liability	8,823	3,958

The Company had total cash outflows for leases of £1,567,000 for the year ended 31 March 2024 (2023: £938,000).

The following are the amounts recognised in profit or loss:

	2024	2023
	£'000	£'000
Expense relating to short-term leases	114	100
Expense relating to leases of low-value assets	51	24
	165	124

14 Inventories

	2024	2023
	£'000	£'000
Raw materials	307	351

Inventories are stated after provisions for impairment of £85,000 (2023: £195,000).

15 Trade and other receivables

	2024	2023
	£'000	£'000
Amounts due after more than one year:		
Amounts due from group undertakings	6,179	71,842
Other receivables	987	1,865
	7,166	73,707

Cavendish Nuclear Limited
Notes to the financial statements (continued)

15 Trade and other receivables (continued)

	2024 £'000	2023 £'000
Amounts falling due within one year:		
Trade receivables	29,755	18,479
Contract assets	22,507	18,983
Amounts due from group undertakings	37,237	24,070
Other receivables	1,492	2,662
Prepayments	468	562
	91,459	64,756

Trade receivables are stated after provisions for impairment of £76,000 (2023: £303,000).

Amounts due from Group undertakings comprises the following:

- Two (2023: eight) loans totalling £14,912 (2023: £82,774,000) are repayable on demand, with no interest charge.
- All other amounts due from group undertakings are unsecured and repayable on demand.

Current intercompany receivables are expected to be settled in the company's usual operating cycle of 12 months or less.

16 Trade and other payables

	2024 £'000	2023 £'000
Amounts falling due within one year:		
Trade payables	18,165	12,606
Contract liabilities	28,309	23,919
Amounts due to group undertakings	85,550	118,541
Amounts due to group undertakings - royalties	435	3,067
Other taxation and social security	6,665	6,598
Accruals	13,868	11,460
Other payables	256	395
	153,248	176,586

Amounts due to parent and group undertakings are unsecured, bearing interest at LIBOR +/- a margin depending on the balance at the end of each day and repayable on demand.

The Company has access to the Babcock International Group PLC overdraft facility. The Company along with fellow group undertakings has provided cross-guarantees in relation to this facility (note 24).

17 Provisions for liabilities

The company had the following provisions during the year:

	Pension £'000	Property £'000	Contract & Warranties £'000	Total £'000
At 1 April 2023	1,490	1,773	455	3,718
Charged to the income statement	-	2,550	102	2,652
Reclassification	(1,490)	944	-	(546)
Unwinding of discount	-	(149)	(8)	(157)
Utilised in the year	-	(737)	(59)	(796)
At 31 March 2024	-	4,381	490	4,871

Cavendish Nuclear Limited
Notes to the financial statements (continued)

17 Provisions for liabilities (continued)

Property provision

The provision is for the cost of returning leasehold buildings to their original pre-lease state. The provision is expected to be utilised as and when various short term property leases expire and are not renewed.

Contract provisions

Warranties provision includes amounts provided in respect of contractual warranty periods of completed contracts, and provisions for costs on existing contracts. These are generally short term provisions that are utilised within one year, they relate to the EDF Lifetime Enterprise Agreement (LEA). Contract provisions include provisions for disposal of radioactive sources, the working life of a sealed source is estimated at 10 years. The contract provisions relate to the Radiological Services for Sellafield.

18 Other financial assets and liabilities

Included in derivative financial instruments at fair value:

	2024		2023	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Non-current:				
Finance leases	-	-	335	(335)
Forward FX contracts	-	(3)	-	(3)
	-	(3)	335	(338)
Current:				
Finance leases	-	-	255	(255)
Forward FX contracts – cash flow hedges	-	(23)	16	(17)
	-	(23)	271	(272)
	-	(26)	606	(610)

Cavendish Nuclear Limited revalued Euro Forward Purchase contracts held with maturity dates beyond 31 March 2024 totalling EURO 1,575,317 and YEN 47,912,500 (2023: EURO 1,575,317 and YEN 47,912,500). The movement in exchange rates was not hedge accounted in 2024 (2023: resulted in a (£nil) reserve).

The Company has taken advantage of the exemptions within FRS 101 not to disclose all IFRS 7 and IFRS 13 requirements, 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 with compliance to IFRS.

19 Share capital

	2024	2023
	£	£
Allotted, called up and fully paid		
15 Ordinary shares of £1 each (2023: 15)	15	15
50,000 Preference shares of £1 each (2023: 50,000)	50,000	50,000
	50,015	50,015

20 Dividends

No dividends were declared and paid in the year (2023: £Nil). There are no plans for a final dividend.

21 Guarantees and financial commitments

a) Capital Commitments

At 31 March 2024 the Company had capital commitments of £nil (2023: £52,000).

b) Lease Commitments

At 31 March 2024 the Company had lease commitments of £nil for leases not yet commenced (2023: £nil).

Cavendish Nuclear Limited
Notes to the financial statements (continued)

22 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.

Transactions entered into and trading balances outstanding at 31 March 2024 are as follows:

Related party	Sales to related party £'000	Purchases from related party £'000	Amounts owed by related party £'000	Amounts owed to related party £'000
Alkali Metal Processing	243	1,052	243	1,052

23 Pension commitments

Defined Benefit Schemes

Statement of financial position assets and liabilities recognised are as follows:

Babcock International Group Pension Scheme	2024 £'000	2023 £'000
Retirement benefits – funds in surplus	733,536	708,146
Retirement benefits – funds in deficit	(662,251)	(661,200)
	<u>71,285</u>	<u>46,946</u>

Electricity Supply Pension Scheme	2024 £'000	2023 £'000
Retirement benefits – funds in surplus	51,711	52,241
Retirement benefits – funds in deficit	(45,398)	(43,093)
	<u>6,313</u>	<u>9,148</u>
Total retirement benefits assets	<u>77,598</u>	<u>56,094</u>

Movements in amounts recognised in defined benefits schemes in the year were as follows:

	BIG pension scheme £'000	Electricity Supply pension scheme £'000	Total retirement benefit assets £'000
At 1 April 2022	121,666	23,097	144,763
Service cost and incurred expenses	(5,286)	(1,276)	(6,562)
Net interest income	3,290	624	3,914
Employer contributions	25,518	1,347	26,865
Actuarial gain recognised in the SOCI	(98,242)	(14,644)	(112,886)
At 31 March 2023	<u>46,946</u>	<u>9,148</u>	<u>56,094</u>
At 1 April 2023	46,946	9,148	56,094
Service cost and incurred expenses	(5,328)	(758)	(6,086)
Net interest income	2,896	455	3,351
Employer contributions	44,627	1,417	46,043
Actuarial gain recognised in the SOCI	(17,856)	(3,949)	(21,805)
At 31 March 2024	<u>71,285</u>	<u>6,313</u>	<u>77,597</u>

Cavendish Nuclear Limited
Notes to the financial statements (continued)

23 Pension commitments (continued)

The Company accounts for pension costs in accordance with IAS 19. The Company contributes to a defined contribution scheme in the UK in respect of a number of its employees. The Company is also a contributing employer to two defined benefit schemes (the "Babcock International Group Pension Scheme" and the "Electricity Supply Pension Scheme").

The Company is severally liable, along with the other participating employers, for the assets and liabilities of the scheme. The allocation of the assets and liabilities of the scheme and which has been recognised in these financial statements are detailed in this note.

The nature of the defined benefit schemes are that the employees contribute to the schemes with the employer paying the balance of the cost required. The contributions required and the assessment of the assets and the liabilities that have accrued to members and any deficit recovery payments required are agreed by the Group with the trustees of each schemes who are advised by independent, qualified actuaries.

The key risks relate primarily to longevity, the expected inflation rate in the future which impacts on pension increases and indirectly salary increases and the discount rate used to value the liabilities. The schemes have mitigated some of these risks by taking out longevity swaps in respect of pensioners and their spouses, through a common investment committee we have significantly hedged the interest rate and inflation risk through derivative instruments and introduced benefit changes impacting future service benefits which included capping of pensionable salaries, capping pension increases, increased normal retirement age in line with state pension ages and increased the level of member contributions.

The defined benefit schemes are prudently funded by payments to legally separate trustee-administered funds. The trustees of each scheme are required by law to act in the best interests of each scheme's members. In addition to determining future contribution requirements (with the agreement of the Group), the trustees are responsible for setting the schemes' investment strategy (subject to consultation with the Group). All the schemes have at least one independent trustee and member nominated trustees. The schemes are subject to regulation under the funding regime set out in Part III of the Pensions Act 2004.

BIG Pension Scheme

The IAS 19 valuation has been updated at 31 March 2024 by an independent qualified actuary using revised assumptions that are consistent with the requirements of IAS 19. The date of the last full actuarial valuation was 31 March 2019. The major assumptions used for the IAS 19 valuation were:

	2024 %	2023 %
Major assumptions		
Rate of increase in pensionable salaries	2.9	3.0
Rate of increase in pensions	3.07	3.15
Discount rate	4.8	4.8
Inflation rate (RPI) – year 1	2.6	6.9
Inflation rate (RPI) – thereafter	3.2	3.3
Inflation rate (CPI) – year 1	1.8	4.7
Inflation rate (CPI) – thereafter	2.7	2.8
Weighted average duration of cash flows (years)	11	12
Total life expectancy for current pensioners aged 65 (years) - male	21.1	21.3
Total life expectancy for current pensioners aged 65 (years) - female	23.7	23.9
Total life expectancy for future pensioners currently aged 45 (years) - male	22.1	21.8
Total life expectancy for future pensioners currently aged 45 (years) - female	24.9	24.4

Cavendish Nuclear Limited
Notes to the financial statements (continued)

23 Pension commitments (continued)

BIG Pension Scheme (continued)

The Group's cash contribution rates payable to the scheme are expected to be as follows:

Future service contribution rate	30.3%
Future service cash contributions	£3.0m
Deficit contributions	-
Additional longevity swap payments	-
Expected employer cash costs for 2023/24	<u>£3.0m</u>
Expected salary sacrifice contributions	<u>£0.4m</u>
Expected total employer contributions	<u>£3.4m</u>

The changes to the Babcock International Group PLC balance sheet at March 2024 and the changes to the Babcock International Group PLC income statement for the year to March 2024, if the assumptions were sensitised by the amounts below, would be:

	Defined benefit obligations 2024 £'000	Projected income statement 2025 £'000
Initial assumptions	919,661	1,068
Discount rate assumptions increased by 0.5%	(47,943)	(3,266)
Discount rate assumptions decreased by 0.5%	52,825	3,029
Inflation rate assumptions increased by 0.5%	28,224	1,587
Inflation rate assumptions decreased by 0.5%	(27,216)	(1,519)
Total life expectancy increased by half a year	19,183	952
Total life expectancy decreased by half a year	(17,756)	(883)
Salary increase assumptions increased by 0.5%	2,299	216
Salary increase assumptions decreased by 0.5%	(2,187)	(205)

The fair value of the assets, the present value of the liabilities and the expected rates of return of the scheme at the balance sheet date of 31 March 2024 were:

Fair value of plan of assets	2024 £'000	2023 £'000
Equities	5,749	569
Property funds	94,489	101,475
High yield bonds/emerging market debt	6	5
Bonds	438,844	450,971
Matching assets	525,026	525,991
Longevity swaps	(50,000)	(51,400)
Total assets	<u>1,014,114</u>	<u>1,027,611</u>
Total defined benefit obligations	<u>(919,661)</u>	<u>(959,486)</u>
Net assets recognised in the statement of financial position	<u>94,453</u>	<u>68,125</u>

The scheme does not invest directly in assets or share of Babcock International Group PLC.

The longevity swaps have been valued in line with assumptions that are consistent with the requirements of IFRS 13 using Level 3 inputs. The key inputs to the valuation are the discount rate and mortality assumptions.

Cavendish Nuclear Limited
Notes to the financial statements (continued)

23 Pension commitments (continued)

BIG Pension Scheme (continued)

The amounts recognised in the Group income statement are as follows:

	2024 £'000	2023 £'000
Current service cost	2,982	5,172
Incurred expenses	4,077	2,499
Total included within operating profit	7,059	7,671
Net interest (credit)	(3,837)	(4,774)
Total included within income statement	3,222	2,897

The amounts charged to the income statement in these financial statements, based on the Company's allocation of the total Babcock International Group PLC charge, included £2,251,000 for service cost (2023: £3,564,000), £3,077,000 for incurred expenses (2023: £1,722,000), £nil for past service cost (2023: £nil), £nil for settlement (2023: £nil), and net interest income of £2,896,000 (2023: cost £3,290,000).

Amounts recorded in the Group statement of comprehensive income

	2024 £'000	2023 £'000
Assumptions gain/(losses) net of liabilities and assets	63,833	(114,297)
Experience (losses) arising on scheme liabilities	(6,768)	(18,000)
Other gains	(27,514)	16,176
	29,551	(116,121)

The actuarial loss recognised in the SOCI in these financial statements, based on the Company's allocation of the total Babcock International Group PLC movement, was £17,855,000 (2023: loss £97,059,000).

Reconciliation of present value of scheme assets in Babcock International Group PLC	2024 £000	2023 £000
At 1 April	1,079,011	1,523,032
Interest cost	51,156	40,389
Employee contributions	62	71
Employer contributions	59,101	12,977
Benefits paid	(57,516)	(68,359)
Actuarial (loss) / gain	(67,700)	(429,099)
At 31 March	1,064,114	1,079,011
Total Fair value of reimbursement rights	(50,000)	(51,400)

Cavendish Nuclear Limited
Notes to the financial statements (continued)

23 Pension commitments (continued)

BIG Pension Scheme (continued)

	2024 £000	2023 £000
Reconciliation of present value of scheme liabilities		
At 1 April	959,486	1,283,066
Service cost	2,982	5,172
Incurred expenses	4,077	2,499
Interest on liabilities	44,852	33,839
Employee contributions	62	71
Actuarial gain – demographics	(20,342)	(8,864)
Actuarial gain – financial	(7,172)	(305,938)
Experience (loss) / gains	(6,768)	18,000
Benefits paid	(57,516)	(68,359)
Past service cost	-	-
At 31 March	919,661	959,486

The surplus recognised in these financial statements, based on the Company's allocation of the total Babcock International Group PLC assets and liabilities for this scheme, was £71,285,000 (2023: £46,946,000).

Electricity Supply Pension Scheme

The Company also operates a defined benefit pension scheme (the "Electricity Supply Pension Scheme") for the benefit of its employees. The full details of this scheme are disclosed below.

The IAS 19 valuation has been updated at 31 March 2024 by an independent qualified actuary using revised assumptions that are consistent with the requirements of IAS 19. The date of the last full actuarial valuation was 31 March 2019. The major assumptions used for the IAS 19 valuation were:

	2024 %	2023 %
Major Assumptions		
Rate of increase in pensionable salaries	2.70	2.70
Rate of increase in pensions	3.13	3.23
Discount rate	4.90	4.80
RPI inflation rate	2.50	2.70
Total life expectancy for current pensioners aged 65 (years) – male	21.3	21.4
Total life expectancy for future pensioners currently aged 45 (years) - male	22.2	22.4

The Company's cash contribution rates payable to the schemes are expected to be as follows:

Future service contribution rate	-
Future service cash contributions	£2.5m
Deficit contributions	£1.6m
Additional longevity swap payments	-
Expected employer cash costs for 2024/23	£4.1m
Expected salary sacrifice contributions	£0.7m
Expected total employer contributions	£4.8m

Cavendish Nuclear Limited
Notes to the financial statements (continued)

23 Pension commitments (continued)

Electricity Supply Pension Scheme (continued)

The changes to the Company balance sheet at March 2024 and the changes to the Company income statement for the year to March 2024, if the assumptions were sensitised by the amounts below, would be:

	Defined benefit obligations 2024	Projected income statement 2025
	£'000	£'000
Initial assumptions	45,398	459
Discount rate assumptions increased by 0.5%	(3,808)	(342)
Discount rate assumptions decreased by 0.5%	3,808	285
Inflation rate assumptions increased by 0.5%	4,218	302
Inflation rate assumptions decreased by 0.5%	(3,878)	(275)
Total life expectancy increased by half a year	652	47
Total life expectancy decreased by half a year	(652)	(46)
Salary increase assumptions increased by 0.5%	692	65
Salary increase assumptions decreased by 0.5%	(692)	(65)

The fair value of the assets, the present value of the liabilities and the expected rates of return of the scheme at the balance sheet date of 31 March 2024 were:

Fair value of plan of assets	2024	2023
	£'000	£'000
Growth assets		
Equities	13,945	12,864
Absolute return and multi-strategy funds	4,931	4,679
Low-risk assets		
Bonds	26,225	27,581
Matching assets	6,610	7,117
Fair value of assets	51,711	52,241
Total defined benefit obligations	45,398	43,043
Net assets recognised in the statement of financial position	6,313	9,198

The scheme does not invest directly in assets or shares of Babcock International Group PLC.

The amounts recognised in the income statement are as follows:

	2024	2023
	£'000	£'000
Current service cost	754	1,273
Incurred expenses	4	3
Total included within operating profit	758	1,276
Net interest (credit)	(455)	(624)
Total included within income statement	303	652

Cavendish Nuclear Limited
Notes to the financial statements (continued)

23 Pension commitments (continued)

Electricity Supply Pension Scheme (continued)

Amounts recorded in the statement of comprehensive income

	2024 £'000	2023 £'000
Assumptions gain/(losses) net of liabilities and assets	(3,949)	(11,796)
Experience gains arising on scheme liabilities	-	(2,848)
	<u>(3,949)</u>	<u>(14,644)</u>

Analysis of movement in the Group statement of financial position:

	2024 £'000	2023 £'000
Fair value of plan assets		
At 1 April	52,241	87,447
Interest on assets	2,513	2,360
Actuarial (loss) / gain on assets	(3,264)	(37,497)
Employer contributions	1,417	1,347
Benefits paid	(1,196)	(1,416)
At 31 March	<u>51,711</u>	<u>52,241</u>
Present value of benefit obligations		
At 1 April	43,093	64,350
Service cost	754	1,273
Incurred expenses	4	3
Interest cost	2,058	1,736
Experience (loss) / gain	2,611	2,848
Actuarial gain – demographics	(631)	(1,206)
Actuarial (gain) – financial	(1,295)	(24,495)
Benefits paid	(1,196)	(1,416)
At 31 March	<u>45,398</u>	<u>43,093</u>
Net surplus at 31 March	<u>(6,313)</u>	<u>9,148</u>

The Company also contributes to a defined contribution scheme in the UK in respect of a number of its employees. Contributions to the scheme amounted to £8,508,000 for the year (2023: £7,830,000).

24 Subsidiary, and associate and Joint Venture undertakings

All related undertakings for the Company are as listed below:

Company Name	Country	Address	Interest	Direct %
Cavendish Bocard Nuclear Limited	United Kingdom	33 Wigmore Street, London, W1U 1QX	51 Ordinary shares	51%
Cavendish Dounreay Partnership Limited ¹	United Kingdom	33 Wigmore Street, London, W1U 1QX	50 Ordinary shares	50%
Cavendish Fluor Partnership Limited ¹	United Kingdom	33 Wigmore Street, London, W1U 1QX	65 Ordinary shares	65%
Cavendish Nuclear Japan KK	Japan	GYB Akihabra Room 405, Kandasuda-cho-2-25, Chiyoda-ku, Tokyo	2 Ordinary shares	100%
Alkali Metal Processing Limited	United Kingdom	33 Wigmore Street, London, W1U 1QX	50 Ordinary shares	50%

¹ Equity accounted joint ventures

Cavendish Nuclear Limited
Notes to the financial statements (continued)

25 Contingent liabilities

As at the year end date the Company had not guaranteed or had joint or several liability for any bank overdrafts. (31 March 2023: The Company had guaranteed or had joint several liability for bank overdraft facilities that were shared across multiple group companies with utilisation of £21.0m)

26 Post balance sheet events

There have been no significant events affecting the Company since the year end.

27 Immediate and ultimate parent undertakings

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