

Cavendish Nuclear Limited
Annual report and financial statements
for the year ended 31 March 2025

Company Registration Number: 3975999

COMPANY INFORMATION

Current Directors	M T Abbott M R Gornall H AB Holt M D Lawton K A Thompson
Company Secretary	Babcock Corporate Secretaries Limited
Registered Number	3975999
Registered Office	33 Wigmore Street London United Kingdom W1U 1QX
Independent Auditor	Forvis Mazars LLP 8 th Floor, The Assembly Building C, Cheese Lane Bristol BS2 0JJ

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Cavendish Nuclear Limited

Strategic report for the year ended 31 March 2025

The Directors present their Strategic report on the Company for the year ended 31 March 2025.

Principal Activities

Cavendish Nuclear Limited provides nuclear engineering solutions across the Clean Energy, Civil Decommissioning and Defence markets:

Principal activities encompass:

- Clean energy: Support for the current UK reactor fleet, nuclear new build and nuclear fuel production infrastructure.
- Civil Decommissioning: First of a kind decommissioning projects, nuclear waste retrieval technologies, specialist laboratory and radiometric services.
- Defence: Equipment and facilities engineering for the nuclear deterrent, submarine maintenance and decommissioning support.

Business Review

	2025 £'000	2024 £'000
Revenue	355,879	290,722
Profit for the financial year	32,486	18,975

Over the course of the year, the Company's core business activities performed in line with internal expectations delivering significant year on year growth.

Major customers, in line with the prior year, included the Atomic Weapons Establishment (AWE), EDF & Sellafield.

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 new nuclear power station at Hinkley Point C. The company also continues to work towards establishing a presence on the Sizewell C Alliance. The business stream continues to provide services to EDF's generating fleet, including critical reactor core analysis, maintenance and outage support. There was also growth from nuclear fuel production infrastructure engineering design work. The business stream was successful in delivering requirements, part funded by government grants under the Future Nuclear Enabling Fund, to develop plans for Advanced Modular Reactors (AMRs) in the UK.

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 the Pile Fuel Cladding Silo project and Nuclear Restoration Services projects including Hinkley Point A Vault Retrievals which commenced towards the back end of the prior year. Specialist services support continues covering safety case, radiological protection, decommissioning planning, waste and fuels management, environmental assessment and structural engineering across a number of contracts within the Cavendish Nuclear portfolio.

The Defence business stream continues to deliver under the Process Partner & Equipment framework for AWE. The contract has seen further growth as design progresses, and the Defence business stream continues to deliver the Mensa programme for AWE. The Defence business stream also continues to support Devonport Royal Dockyard Limited activity for upgrade of dock facilities to meet future submarine programmes and to support submarine decommissioning, as well as continuing with delivering refurbishment and upgrade of critical infrastructure at HMNB Clyde.

Strategic report for the year ended 31 March 2025 (*continued*)

Business Review (*continued*)

Long-term business sustainability is a key priority for Cavendish Nuclear and the company focuses on five key priorities to deliver this:

- People: skilled workforce of c.1900 with a comprehensive skills agenda to support growth
- Engineering capability: Deep technical competence and experience as a nuclear site licence holder; supported by investment in leading edge technologies and capabilities including LEAN, AI and Digital Engineering.
- Assets and infrastructure: Manufacturing, testing and assembly facility in Leicester, and leveraging the Babcock group's advanced modular manufacturing capability including the facility at Rosyth.
- Credibility and reputation: Track record of long term integrated performance based output contracts and reputation within a highly regulated industry; built on a foundation of a focus on safe operations.
- Integration and collaboration: Focus on alliances collaboration and partnering. Strong independent brand with reach back into a wider Babcock group.

Principal risks and uncertainties

The Company's ultimate controlling parent is Babcock International Group PLC. Risks are managed at a group level in accordance with the risk management framework of Babcock International Group PLC. The principal risks and uncertainties of Babcock International Group PLC are discussed in its Annual Report for the year ended 31 March 2025, which does not form part of this report.

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

The key risks and uncertainties affecting the Company are considered to be:

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

Risk mitigation and control process:

- i) Health, safety and environmental performance is an absolute priority for the business and receives continuous attention and oversight at all levels in the business
- ii) Health, safety and environmental professionals are employed across the business
- iii) 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

d) Compliance with legislation and other regulatory requirements

Risk mitigation and control process:

- i) Compliance is essential for the industry in which we operate
- ii) The Company enforces internal policies, employs qualified personnel and external advisors
- iii) Promotion of ethical behaviour through Code of Conduct and training and encouraging whistleblowing

Strategic report for the year ended 31 March 2025 (*continued*)

Principal risks and uncertainties (*continued*)

e) *Exposure to the DB pension scheme*

Risk mitigation and control process:

- i) Senior management undertakes continuous strategic monitoring and evaluation of the assets and liabilities of the pension schemes
- ii) The pensions schemes mitigate the risk of liability increase by having investment strategies that hedge against interest rate and inflation risk by using longevity swaps to limit exposure to increasing life expectancy

Key performance indicators

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:

	2025	2024	
Revenue growth from continuing operations	22.4%	26.9%	Revenue has increased through growth across most areas of the business, but principally delivered through increased delivery partner support to AWE and growth in the support to Hinkley Point C new build.
Operating return on revenue from continuing operations	10.0%	9.9%	Improvement in return on revenue from continuing operations in the year driven by growth in revenue and control of overhead costs.
Total value of signed contracts at the end of the year £'000	209,512	317,542	The majority of Cavendish Nuclear revenue is earned from framework contracts. The business has a high degree of revenue visibility for the year to come.

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.

The Directors confirm that they, both individually and collectively, have acted in a way that they consider, in good faith, to be most likely to promote the long-term success of the Company for the benefit of the shareholders as a whole, while having regard for all stakeholders. 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 2025 (*continued*)

S172(1) statement and stakeholder engagement (*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:

- Health and Safety
- Operational excellence
- Affordability, Availability, Capability
- Integrated solutions
- Innovation
- Collaboration
- Deep understanding of their needs, both now and in the future
- Sustainability performance and agenda

How the Company engages:

- Regular ongoing relationship engagement at all levels
- Contract negotiation and execution
- Strategic Partnership programme
- Collaboration on joint initiatives
- Attendance at key industry events
- Provision of information on sustainability goals

Suppliers

Why they matter to us:

Our sustainable growth requires an efficient and highly effective supply chain. This means we need to foster trusted and collaborative relationships with suppliers who share our appetite to drive operational improvement through innovation and best practice. These partnerships allow us to ensure continuity of supply, minimise risk and bring integrated solutions to our customers.

What matters to them:

- Collaboration
- Fair treatment and respect
- Transparent communication
- Access to opportunities
- Prompt payment and predictable supplier cash flows

How the Company engages:

- Regular open and honest two-way communications
- Supplier Code of Conduct and Supplier's Guide
- Supplier conferences and workshops
- Supplier due diligence
- Implemented ESG ratings for our suppliers

Strategic report for the year ended 31 March 2025 (*continued*)

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

Regulators

Why they matter to us:

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
- Site-specific issues

How the Company engages:

- Regular engagement (national, local and official level)
- Briefing on key issues
- Dedicated compliance teams
- Response to direct queries
- Co-ordinated safety improvement programmes

Colleagues

Why they matter to us:

Colleague engagement is a primary focus for the Directors of the Company. Our people deserve an environment in which they can thrive – one that requires an unwavering commitment to their health, safety and wellbeing, and a culture where talent is recognised, supported and developed through meaningful action so that everyone can reach their full potential, united by our common Purpose.

What matters to them:

- Fair pay and reward
- Opportunities for career development
- Health, safety and wellbeing
- An empowering, inclusive culture with strong leadership
- Collaboration

How the Company engages:

- Employee forums and meetings
- Internal communication channels, including intranet and weekly senior management vlogs
- Access to the CEO via a dedicated email
- Weekly global news round-up videos
- Cascade briefings
- A dedicated onboarding app
- Apprentice and Graduate programmes
- Regular training programmes
- Senior management and board visits
- 'Safety Starts with Me' and Safety Stars programmes
- New colleague recognition Ignite Award scheme
- Free confidential employee support helpline

Strategic report for the year ended 31 March 2025 (*continued*)

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

Communities

Why they matter to us:

We seek to work in partnerships with the communities we serve so that we can thrive together. 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 to our ESG strategy. We aim to work with local suppliers, community groups and charities, through volunteering and STEM outreach.

What matters to them:

- Employment opportunities and economic contribution
- Health, safety and wellbeing
- Engagement in local education and STEM activities
- Sustainability and protection of the local environment
- Support for the armed forces community
- Broad Community engagement

How the Company engages:

- Sponsorship and donations
- Working with local SMEs to support local economies
- Colleague volunteering
- University and skills partnerships
- STEM outreach
- Employer of service leavers, veterans and reserves
- Engagement with and support for local community programmes

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. Since outlining the Group's ESG strategy in 2020 our ambition has grown, but the level and complexity of requirements placed on the business has also increased. Therefore, Babcock International Group PLC, of which this Company is a subsidiary, has undertaken a full review and refresh of our sustainability strategy, to prepare us for the years ahead, and the Company will focus on the following six strategic priorities:

1. Tackling climate change. We have a responsibility to reduce our emissions but must also have a mature understanding of how we will respond to the impacts of climate change.
2. Managing our resources responsibly. We have a responsibility to work with our suppliers and on our own sites to ensure we use resources effectively and efficiently.
3. Protecting the natural environment. Not only is it important to comply with laws and regulations, but where possible we want to enhance the environments we operate in, providing both ecological and social benefits.
4. Ensuring the health safety and wellbeing of our people. Our first duty as a business is to look after our own people. This is not just in relation to matters of safety, but also their physical and mental health. Doing so not only improves the quality of life of our workforce, but it makes us a more productive and successful business.
5. Building an inclusive, diverse and resilient workforce. Inclusion and diversity not only benefit our communities, but it also enables us to build a stronger, more innovative business. We want to nurture and support talent throughout people's careers, regardless of background.
6. Supporting our communities. We will provide positive benefits to the places in which we operate, not only through employment, but also by working with local suppliers, local community groups and charities, through volunteering and STEM outreach

Strategic report for the year ended 31 March 2025 (*continued*)

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

Sustainability and environment (*continued*)

Climate action remains a key focus, building on our Group wide climate-related risk management process. In 2021, we launched our decarbonisation strategy, Plan Zero 40, where we committed to delivery of a 2030 Science Based Target in line with a 1.5-degree pathway, delivering Net Zero across our own operations (Scope 1 and 2) by 2040 and delivering total Net Zero (Scope 1, 2 and 3) by 2050.

As part of our new sustainability strategy, we are reaffirming our commitment to our long-term emission reduction targets which are:

- Reduce absolute Scope 1 and 2 greenhouse gas emissions (GHG) 90% by 2040 from a 2021 base year.
- Reduce Net Zero greenhouse gas emissions across the value chain by 2050. We also remain committed to our short-term target.

The Company has taken advantage of the exemption granted under section 414(7) of the Companies Act 2006 from including climate related financial disclosures within these financial statements.

This report was approved by the board on 11th November 2025 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'K A Thompson', with a stylized, flowing script.

K A Thompson
Director

Cavendish Nuclear Limited

Directors report for the year ended 31 March 2025

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2025.

Dividends

No dividends were declared or paid in the year (2024: £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 T Abbott (appointed 15th November 2024)
S Doherty (resigned 30th September 2024)
J E Fulton (resigned 16th January 2025)
M R Gornall
H AB Holt
D J Kieran (resigned 9th October 2024)
M D Lawton
K A Thompson (appointed 16th January 2025)

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 revenue visibility and market opportunities.

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 £52.8m 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 respective other group companies agreeing 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 Marine Holdings (UK) Limited confirming this position. In completing this analysis, the Directors have considered the ability of Babcock Marine Holdings (UK) Limited to provide such finance.

Given the above assessment, the Directors have concluded that the Company has adequate resources to continue as a going concern for at least 12 months from the date of signing these financial statements. The Directors have not identified 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.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the long-term debt obligations with floating interest rates and the cash and cash equivalent balances, which are recognised as intercompany short-term loans due to the cash sweep arrangement.

Directors report for the year ended 31 March 2025 (*continued*)

Financial risk management (*continued*)

Interest rate risk is managed through the maintenance of a mixture of fixed and floating rate debt and interest rate swaps, each being reviewed on a regular basis to ensure the appropriate mix is maintained.

Currency risk

Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the operating activities, when revenue or expense is denominated in a foreign currency. The functional currency and presentation currency of the Company is GBP.

In order to mitigate the currency risk of adverse currency movements on foreign currency denominated transactions, the Company's policy is to hedge all foreign currency transactions greater than £10k, using financial instruments where appropriate. Currency transactions are recorded and monitored in the treasury management system.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations to the Company, which would result in a loss for the Company. Credit risk arises primarily from trade and other receivables and derivative financial instruments.

Credit risk management includes performing credit checks on non-government commercial customers and setting and only performing financial transactions with approved investment grade counterparties. The loss allowances for intercompany financial assets are based on assumptions on risk of default and expected loss rates. The Company recognises an allowance for expected credit losses based on the difference between contractual cashflows due in accordance with the contract and all the cash flows that the Company expects to receive.

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.

Diversity strengthens our business. It enables innovation, supports decision-making, and reflects the customers and communities we serve. We are embedding inclusion and diversity (I&D) across our operations by taking action throughout the colleague lifecycle, focusing on attraction, recruitment, career development, leadership and cultural change. This year, we continued to grow our eight colleague networks, which include B4ME (Babcock for Minority Ethnicities), the Gender Balance Network, the Disability & Carers Networks and Pride in Babcock, our colleague network that represents the LGBTQ+ community. All our networks play a vital role in amplifying colleague voices, shaping inclusive policy and fostering belonging.

Colleague wellbeing is embedded in our approach, with continued investment in initiatives such as our Employee Assistance Programme, mental health first aiders and proactive wellbeing support.

As part of our new sustainability strategy, a core priority remains increasing female representation.

While progress is evident, we recognise the need for continued focus to attract, retain and develop women at all levels of the organisation. To support this, we launched tailored initiatives. This included our 'Mentor Match', a digital platform designed to inspire and support the professional growth of our people. We piloted 'Illuminate', a women's empowerment and development programme designed to enhance confidence, capability and career mobility. We also sponsored the Women in Manufacturing event in Bristol and supported multiple industry forums aimed at increasing female participation in STEM.

We continue to build inclusive recruitment processes, including the use of diverse interview panels and targeted outreach to underrepresented communities. Our commitment extends to veterans, early careers, and individuals with disabilities. Engagement with employees has been considered in the Strategic Report on page 7.

Directors report for the year ended 31 March 2025 (*continued*)

Employment of disabled persons

As a Group we achieved Level 2 accreditation in the UK Government's Disability Confident scheme and are working towards Level 3, demonstrating our commitment to attracting, recruiting, on-boarding and retaining disabled people and those with caring responsibilities, and supporting them in the workplace to achieve their full potential.

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.

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 2025 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.

Political Donations

No donations were made during the year for political purposes. (2024: £nil).

Events after the reporting period

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

Qualifying third party indemnity provisions

Babcock International Group PLC provides protections for directors of companies within the Group against personal financial exposure they may incur in their capacity as such. These include qualifying third-party indemnity provisions (as defined by the Companies Act 2006) for the benefit of members of Babcock International Group PLC, including, where applicable, in their capacity as a director of the Company and other companies within the Group. These indemnities came into force in 2012 and remain in force.

Directors report for the year ended 31 March 2025 (continued)

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

Following appointment as Independent Auditor of the Company last year, Forvis Mazars LLP is willing to continue in office. A resolution to reappoint Forvis Mazars LLP as Independent Auditor has been proposed and approved by the Audit Committee.

Directors' responsibility statement

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). 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 Group's website, specifically regarding the entity of which they are a Director. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

This report was approved by the board on 11th November 2025 and signed on its behalf by:



K A Thompson
Director

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

Opinion

We have audited the financial statements of Cavendish Nuclear Limited (the 'company') for the year ended 31 March 2025 which comprise Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statements of Changes in Equity and notes to the financial statements, including material accounting policy information.

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

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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.

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.

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

Other information

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.

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.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 12, 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.

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

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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, and government contracting rules.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements, revenue recognition (which we pinpointed to the accuracy) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;

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

Auditor's responsibilities for the audit of the financial statements

- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit 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.



[Jon Barnard \(Nov 11, 2025 13:56:55 GMT\)](#)

Jonathan Barnard (Senior Statutory Auditor)
for and on behalf of Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
8th Floor, Assembly Building C,
Cheese Lane
Bristol
BS2 0JJ
11th November 2025

Cavendish Nuclear Limited

Income statement for the year ended 31 March 2025

	Note	2025 £'000	2024 £'000 *restated
Revenue	4	355,879	290,722
Cost of revenue		(289,288)	(231,909)
Gross profit		66,591	58,813
Administration and distribution expenses		(41,633)	(41,720)
Other income	5	10,756	11,562
Operating profit	6	35,714	28,655
Movement on provision for expected gain/(loss) on amount due from group undertaking		9,185	(632)
Income from joint ventures		944	261
Finance income	7	4,240	3,484
Finance costs	7	(2,628)	(1,788)
Profit before taxation		47,455	29,980
Tax	11	(14,969)	(11,005)
Profit for the financial year		32,486	18,975

The notes on pages 22 to 56 form part of these financial statements.

All of the above results derive from continuing operations.

In the year ended 31 March 2025, the Company restated the prior year financial information. Details of the restatement are contained in note 29.

Cavendish Nuclear Limited

Statement of comprehensive income for the year ended 31 March 2025

	Note	2025 £'000	2024 £'000
Profit for the financial year		32,486	18,975
Other comprehensive (expense)/income:			
<i>Items that will not be subsequently reclassified to income statement:</i>			
Loss on remeasurement of net defined benefit obligation	24	(13,824)	(21,805)
Tax on net defined benefit obligation	11	3,456	5,451
Total comprehensive income for the year		22,118	2,621

In the year ended 31 March 2025, the Company restated the prior year financial information. Details of the restatement are contained in note 29.

Cavendish Nuclear Limited

Statement of financial position as at 31 March 2025

	Note	2025 £'000	2024 £'000 *restated
Non-current assets			
Intangible assets	12	92,840	93,060
Property, plant and equipment	13	3,777	3,988
Right-of-use assets	14	5,989	10,713
Trade and other receivables	16	12,060	7,166
Retirement benefit surpluses	25	70,038	77,598
		184,704	192,525
Current assets			
Inventories	15	194	307
Trade and other receivables	16	80,412	91,459
Cash and cash equivalents	17	1,967	921
		82,573	92,688
Current liabilities			
Trade and other payables	18	(117,978)	(152,195)
Lease liabilities	14	(1,464)	(2,359)
Deferred tax liabilities	11	(15,844)	(16,743)
Other financial liabilities	20	(38)	(23)
Net current liabilities		(52,751)	(78,634)
Total assets less current liabilities		131,953	113,891
Non-current liabilities			
Lease liabilities	14	(3,756)	(6,465)
Other financial liabilities	20	-	(3)
Provision for liabilities	19	(3,528)	(4,871)
Net assets		124,669	102,552
Equity			
Share capital	21	50	50
Share premium account		50,000	50,000
Retained earnings		74,619	52,502
Total shareholders' funds		124,669	102,552

The notes on pages 22 to 56 are an integral part of these financial statements.

The financial statements on pages 18 to 56 were approved by the board on 11th November 2025 and signed on its behalf by:



K A Thompson
Director

Cavendish Nuclear Limited

Statement of changes in equity as at 31 March 2025

	Called up share capital £'000	Share premium account £'000	Retained earnings £'000	Total shareholders' funds £'000
Balance at 1 April 2023	50	50,000	49,880	99,930
Profit for the year	-	-	18,975	18,975
Other comprehensive expense	-	-	(16,354)	(16,354)
Balance at 31 March 2024	50	50,000	52,501	102,551
Profit for the year	-	-	32,486	32,486
Other comprehensive expense	-	-	(10,368)	(10,368)
Balance at 31 March 2025	50	50,000	74,619	124,669

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 31. 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 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.

These financial statements are prepared on a going concern basis, under the historical cost convention as modified by the revaluation of relevant financial assets and financial liabilities (including derivative instruments). 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 Limited 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.

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:
 - paragraph 79(a) (iv) of IAS 1 Share capital and reserves;
 - paragraph 73(e) of IAS 16 Property, plant and equipment; and paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period).
- i) 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.
- j) IAS 7, 'Statement of cash flows'

Cavendish Nuclear Limited

Notes to the financial statements (*continued*)

2 Summary of material accounting policies (*continued*)

Basis of preparation (*continued*)

- k) Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'.
- l) Paragraph 17 of IAS 24, 'Related party transactions' in respect of key management compensation.
- m) The requirements of IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- n) 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.

Adoption of new and revised standards

The following standards and amendments to IFRSs became effective for the annual reporting period beginning on 1 April 2024 and did not have a material impact on the financial statements:

- *Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements*: These amendments add disclosure objectives to IAS 7 about supplier finance arrangements that enable users to assess the effect of such arrangements on the Company's liabilities and cash flows. Additionally, the amendments revise IFRS 7 to add supplier finance arrangements as an example of liquidity risk within financial risk management. The Company does not currently participate in any supplier finance arrangements and therefore these amendments have had no impact on the current or prior period Income Statement or Statement of Financial Position.
- *Amendments to IAS 1 – Classification of Liabilities as Current or Non-current*: These amendments affect only the presentation of liabilities as current or non-current in the statement of financial position.
- *Amendments to IAS 1 – Non-current Liabilities with Covenants*: These amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current).
- *Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback*: These amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale.

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.

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 £52.8m 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 respective other group companies agreeing 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 Marine Holdings (UK) Limited confirming this position. In completing this analysis, the Directors have considered the ability of Babcock Marine Holdings (UK) Limited to provide such finance.

Given the above assessment, the Directors have concluded that the Company has adequate resources to continue as a going concern for at least 12 months from the date of signing these financial statements. The Directors have not identified 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.

Cavendish Nuclear Limited

Notes to the financial statements (*continued*)

2 Summary of material accounting policies (*continued*)

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 and allocation of contract price to performance obligations

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 (c) 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 reversal of cumulative revenue including such variable consideration is not considered to be highly probable.

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.

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.

(c) 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.

Cavendish Nuclear Limited

Notes to the financial statements (*continued*)

2 Summary of material accounting policies (*continued*)

(c) Revenue and profit recognition (*continued*)

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) exceeds 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 (g) 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.

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.

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.

Cavendish Nuclear Limited

Notes to the financial statements (*continued*)

2 Summary of material accounting policies (*continued*)

Revenue (*continued*)

Assessment of contract profitability (*continued*)

If a contract is deemed to be loss making, the present obligation is recognised and measured as provisions.

(d) 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 work 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).

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.

(e) 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.

Cavendish Nuclear Limited

Notes to the financial statements (*continued*)

2 Summary of material accounting policies (*continued*)

Revenue (*continued*)

(f) 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.

(g) 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.

Government grants and Research & Development Expenditure Credit (RDEC)

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received, and the Company complies with the attached conditions.

RDEC is accounted for as a government grant under IAS20. It is recognised at fair value where there is reasonable assurance that the grant will be received, and the Company complies with the attached conditions.

The credit is recognised in the period in which the qualifying expenditure is incurred and is presented as Other Income within the operating profit.

Other income

Other income represents income derived from non-core business activities and is recognised in the period to which it relates.

Finance income

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

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.

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.

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

Cavendish Nuclear Limited

Notes to the financial statements (*continued*)

2 Summary of material accounting policies (*continued*)

Employee benefits (*continued*)

(a) Pension obligations (*continued*)

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 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.

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.

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.

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.

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. Goodwill impairments are not subsequently reversed. On disposal of a subsidiary, joint venture or associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. 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.

Key assumptions are based on past experience and expectations of future changes in the market, expected outturn on in-progress significant contracts and pipeline reflecting prevailing economic forecasts, industry specific data, competitor activity and market dynamics.

Group have performed sensitivity analysis incorporating reasonably possible changes in the key assumptions. Sensitised cases all continue to show headroom and no required impairment as at 31 March 2025. The Company has not had any disposals therefore the valuation technique was measured only with value in use.

Key assumptions in relation to future cash flows included in the value-in-use models are set out below for the Nuclear sector's group of CGUs (Cash Generating Units):

- Continuing delivery of opportunities in the UK civil nuclear decommissioning programme together with maintenance of ongoing spend in provision of nuclear engineering services to operational power stations.

b) *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.

c) *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.

Cavendish Nuclear Limited

Notes to the financial statements (*continued*)

2 Summary of material accounting policies (*continued*)

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

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.

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'.

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.

Cavendish Nuclear Limited

Notes to the financial statements (*continued*)

2 Summary of material accounting policies (*continued*)

Leases (*continued*)

The Company as lessee (*continued*)

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.

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.

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.

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 statement of financial position 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 statement of financial position 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.

Cavendish Nuclear Limited

Notes to the financial statements (*continued*)

2 Summary of material accounting policies (*continued*)

Provisions for liabilities (*continued*)

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.

Provisions for onerous revenue contracts are recorded when it becomes probable that total remaining contract fulfilment costs will exceed total remaining revenue not yet recognised. Provisions for losses on contracts are recognised after impairment of any assets directly related to fulfilling the loss-making contract. Losses are determined based on estimated results on completion of contracts and are updated regularly.

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 27 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.

The fair values of financial instruments held at fair value has been determined based on available market information at the period end date. The fair values of forward foreign exchange contracts are calculated by discounting the contracted forward values and translating at the appropriate period end rates.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges or cash flow hedges are recorded in the income statement.

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.

Cavendish Nuclear Limited

Notes to the financial statements (*continued*)

2 Summary of material accounting policies (*continued*)

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 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:

Cavendish Nuclear Limited

Notes to the financial statements (*continued*)

3 Critical accounting estimates and judgements (*continued*)

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 25.

4 Revenue

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

	2025 £'000	2024 £'000
By area of activity:		
Sale of goods – transferred at a point in time	2,427	5,235
Sale of goods – transferred over time	2,200	2,393
Provision of services – transferred over time	351,252	283,094
	355,879	290,722
By geographical area:		
United Kingdom	355,879	290,394
Rest of world	-	328
	355,879	290,722

5 Other Income

	2025 £'000	2024 £'000 *restated
Research and development expenditure credit	9,495	11,562
Government grant	1,261	-
	10,756	11,562

In the year ended 31 March 2025, the Company restated the prior year financial information. Details of the restatement are contained in note 29.

6 Operating profit

Operating profit is stated after charging:

	Note	2025 £'000	2024 £'000
Depreciation of property, plant and equipment	13	963	988
Right of use depreciation	14	2,629	1,365
Amortisation of intangible assets	12	220	222
Foreign exchange (gains)/losses		(3)	118
Audit fees payable to the Company's auditor		379	191

Cavendish Nuclear Limited

Notes to the financial statements (*continued*)

6 Operating profit (*continued*)

Fees paid to the Company's auditors, Forvis Mazars LLP, and its associates, for services other than statutory audit of the Company, are disclosed on a consolidated basis in the financial statements of the ultimate parent undertaking, Babcock International Group PLC. Auditor fees of £379,000 (2024: £191,000).

7 Finance income and costs

	Note	2025 £'000	2024 £'000
Finance income:			
Bank interest income		246	123
Finance lease income		-	10
Retirement benefit interest	25	3,994	3,351
		<u>4,240</u>	<u>3,484</u>
Finance costs:			
Bank borrowings		(13)	(311)
Lease interest		(533)	(374)
Other charges		(2,082)	(1,103)
		<u>(2,628)</u>	<u>(1,788)</u>

8 Staff costs

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

	Note	2025 Number	2024 Number
By activity:			
Operations		1,734	1,383
Management and administration		201	174
		<u>1,935</u>	<u>1,557</u>
		£'000	£'000
Their aggregate remuneration comprised:			
Wages and salaries		121,200	87,198
Social security costs		12,348	8,950
Pension costs – defined contribution plans	25	5,052	8,508
Pension costs – defined benefit plans	25	5,019	6,284
Share based payments	10	942	248
		<u>144,561</u>	<u>111,188</u>

During the year the average number of employees recharged to other Babcock entities was 20 (2024: 20). The total cost recharged included in the above was £3,277,000 (2024: £2,797,000).

9 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:	2025 £'000	2024 £'000
Remuneration (including benefits in-kind)	767	664
Defined contribution pension scheme	35	29
	<u>802</u>	<u>693</u>

During the year none (2024: none) Directors remunerated by Cavendish Nuclear Limited exercised share options under long term incentive plans and one (2024: none) Directors were entitled to receive share options under long term incentive plans.

Cavendish Nuclear Limited

Notes to the financial statements (*continued*)

9 Directors' emoluments (*continued*)

Retirement benefits are accruing to no Directors (2024: 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:

	2025 £'000	2024 £'000
Remuneration (including benefits in-kind)	466	414

The highest paid Director did not exercise shares under long term incentive plans (2024: 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 2025 was £nil (2024: £nil) and £nil (2024: £nil), respectively.

10 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 Cavendish Nuclear 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 £942,000 (2024: £248,000) all of which related to equity-settled share-based payment transactions. After tax, the income statement charge was £707,000 (2024: £186,000).

All awards have an exercise price of £nil and as such the weighted average exercise price for shares granted, exercised, forfeited and outstanding are all £nil.

The vesting period and the expected life of PSP awards are between one and three years. The vesting period and expected life of DBP awards was one year for awards made in August 2022 and two years for previous, other than for Executives where the vesting period is 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.

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.

Cavendish Nuclear Limited

Notes to the financial statements (continued)

10 Share based payments (continued)

For PSP awards made in August to December 2024, 1,881,036 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 1,957,986 awards were made where the performance criteria is 30% against free cash flow, 30% underlying operating margin, 25% organic revenue growth and 15% ESG

There are no performance conditions attached to the DBP.

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 92,641 matching shares (2024: 116,711 matching shares) at a cost of £0.5 million (2024: £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 (2024: no matching shares) and 1,182 matching shares vested (2024: 2,192 matching shares) leaving a balance of 2,544 matching shares (2024: 3,726 matching shares).

The fair value per option granted and the assumptions used in the calculation are as follows:

Deferred Bonus Matching Plan (DBMP), Performance Share Plan (PSP) and Deferred Bonus Plan (DBP)

	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
2024 DBP	93,254	523	-	4.0	100.0%	-	523	-	01/08/24
2024 DBP	162,444	523	-	2.0	100.0%	-	523	-	01/08/24
2024 PSP	1,799,822	523	-	4.0	100.0%	-	523	-	01/08/24
2024 PSP	1,887,244	523	31.5%	4.0	100.0%	-	470	-	01/08/24
2024 PSP	70,742	523	31.5%	6.0	100.0%	-	470	-	01/08/24
2024 PSP	61,772	510	-	4.0	100.0%	-	510	-	02/12/24
2024 PSP	4,860	510	-	2.0	100.0%	-	510	-	02/12/24
2024 PSP	14,582	510	-	3.0	100.0%	-	510	-	02/12/24
2023 PSP	1,259,675	371	32.6%	4.0	100.0%	-	334	-	01/08/23
2023 PSP	1,234,901	371	-	4.0	100.0%	-	371	-	01/08/23
2023 PSP	737,280	371	32.6%	6.0	100.0%	-	334	-	01/08/23
2023 PSP	78,571	413	32.0%	6.0	100.0%	-	372	-	29/09/23
2023 PSP	822,036	413	-	6.0	100.0%	-	413	-	29/09/23
2023 PSP	42,077	385	-	3.0	100.0%	-	385	-	15/12/23
2023 PSP	127,553	385	-	4.0	100.0%	-	385	-	15/12/23
2023 PSP	131,707	385	32.0%	6.0	100.0%	-	347	-	15/12/23
2023 DBP	129,095	371	-	4.0	100.0%	-	371	-	01/08/23
2023 DBP	179,247	371	-	2.0	100.0%	-	371	-	01/08/23
2022 PSP	2,302,009	351	19.0%	4.0	100.0%	-	351	-	01/08/22
2022 PSP	613,078	351	19.0%	6.0	100.0%	-	316	-	01/08/22
2022 PSP	806,511	351	19.0%	6.0	100.0%	169	316	55.0%	01/08/22
2022 DBP	218,895	351	19.0%	4.0	100.0%	-	351	-	01/08/22
2022 DBP	551,420	351	19.0%	2.0	100.0%	-	351	-	01/08/22
2021 PSP	769,165	372	19.0%	6.0	100.0%	149	316	55.0%	24/08/21
2021 PSP	626,704	380	19.0%	6.0	100.0%	-	325	-	24/09/21
2021 PSP	1,780,849	380	19.0%	4.0	100.0%	-	380	-	24/09/21
2021 DBP	45,312	380	19.0%	4.0	100.0%	-	380	-	24/09/21
2020 PSP	695,458	350	19.0%	6.0	100.0%	-	305	-	01/12/20
2020 PSP	2,091,247	350	19.0%	4.0	100.0%	-	350	-	01/12/20
2020 PSP	1,341,477	350	19.0%	6.0	100.0%	137.9	305	55.0%	01/12/20
2020 DBP	118,320	289	19.0%	4.0	100.0%	-	289	-	03/08/20
2020 DBP	192,096	284	19.0%	4.0	100.0%	-	284	-	13/08/20

Cavendish Nuclear Limited
Notes to the financial statements (*continued*)

11 Tax

Income tax expense

	2025	2024
	£'000	£'000
Analysis of tax expense/(benefit) in the year		
Current tax		
• UK prior year expense	5,566	354
• Group relief for consideration	8,218	-
Deferred tax		
• UK current year expense	1,282	11,138
• UK prior year (benefit)	(97)	(133)
Total income tax expense	14,969	11,359

The tax for the year is higher (2024: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2025	2024
	£'000	£'000
Profit before tax	47,455	29,980
Profit on ordinary activities multiplied by rate of corporation tax in the UK of 25% (2024: 25%)	11,864	7,495
Effects of:		
Expenses not deductible for tax purposes	(2,364)	368
Group relief for nil consideration	-	3,275
Prior year adjustments	5,566	354
Adjustments in respect of deferred tax for prior years	(97)	(133)
Total income tax expense	14,969	11,359

In July 2023, the UK enacted legislation to introduce the 'Pillar Two' global minimum tax model rules of the OECD's Inclusive Framework on Base Erosion and Profit Shifting and a UK qualified domestic minimum top-up tax. The legislation applies to the Company with effect from 1 April 2024. Under the Pillar Two rules, a top-up tax liability arises where the effective tax rate of the Company and its fellow subsidiaries in the same jurisdiction is below 15%. The Company has applied the temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

The Company does not expect to have a Pillar Two tax liability for the period.

Deferred tax

Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax balances have been calculated at 25%.

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:

Cavendish Nuclear Limited
Notes to the financial statements (continued)

11 Tax (continued)

Deferred tax (continued)

	2025	2024
	£'000	£'000
Deferred tax asset	1,666	2,919
Deferred tax liability	(17,510)	(19,662)
	(15,844)	(16,743)

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 2024	583	(19,663)	2,337	(16,743)
Income statement (debit)	40	(1,303)	(5,488)	(6,751)
Transfer from corporation tax	-	-	4,194	4,194
Tax credit to Other comprehensive income/equity	-	3,456	-	3,456
At 31 March 2025	623	(17,510)	1,043	(15,844)
At 1 April 2023	658	(14,024)	803	(12,563)
Income statement credit/(debit)	(75)	(11,090)	162	(11,003)
Effect of changes in tax rates				
- Income statement	-	-	1,372	1,372
- Other comprehensive income/equity	-	5,451	-	5,451
At 31 March 2024	583	(19,663)	2,337	(16,743)

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.

The Directors are of the opinion that the Company will generate suitable taxable profits from which the future reversal of the timing difference can be deducted.

The Company has applied the temporary exemption from the accounting requirements for the deferred taxes in IAS12, so that the Company neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

Cavendish Nuclear Limited
Notes to the financial statements (continued)

12 Intangible assets

	Software and development costs £'000	Goodwill £'000	Total £'000
Cost			
At 1 April 2024	2,002	118,774	120,776
Additions	-	-	-
Disposals	-	-	-
At 31 March 2025	2,002	118,774	120,776
Accumulated amortisation and impairment			
At 1 April 2024	1,290	26,426	27,716
Amortisation of software	220	-	220
Disposals	-	-	-
At 31 March 2025	1,510	26,426	27,936
Net book value			
At 31 March 2025	492	92,348	92,840
At 31 March 2024	712	92,348	93,060

The goodwill arose on acquisition of the following:

Acquisition	Date	2025 £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 (2024: £5.9 million) against operating profit, and a reduction of £65.0 million (2024: £59.1 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)

13 Property, plant and equipment

	Freehold property £'000	Leasehold property £'000	Plant and equipment £'000	Office equipment £'000	Total £'000
Cost					
At 1 April 2024	3,073	8,844	2,496	1,821	16,234
Additions	-	-	574	-	574
Disposals	-	-	(31)	-	(31)
At 31 March 2025	3,073	8,844	3,039	1,821	16,777
Accumulated depreciation					
At 1 April 2024	1,087	7,479	1,860	1,820	12,246
Charge for the year	223	267	288	1	779
Disposals	-	-	(25)	-	(25)
At 31 March 2025	1,310	7,746	2,123	1,821	13,000
Net book value					
At 31 March 2025	1,763	1,098	916	-	3,777
At 31 March 2024	1,986	1,365	636	1	3,988

Capital expenditure contracted for but not provided for in full in the financial statements is £nil (2024: £nil).

14 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 2024	11,396	2,453	13,849
Additions	340	1,135	1,475
Terminations	(1,364)	(229)	(1,593)
Transfer to Group Company	-	(3,359)	(3,359)
At 31 March 2025	10,372	-	10,372
Accumulated depreciation			
At 1 April 2024	2,449	687	3,136
Charge for the year	1,952	677	2,629
Terminations	(18)	(158)	(176)
Transfer to Group Company	-	(1,206)	(1,206)
At 31 March 2025	4,383	-	4,383
Net book value			
At 31 March 2025	5,989	-	5,989
At 31 March 2024	8,947	1,766	10,713

Lease liabilities

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

	2025 £'000	2024 £'000
At 1 April	8,823	3,958
Additions	1,475	7,959
Modifications	(226)	226
Group transfer	(2,194)	(1,925)
Disposals	(586)	(202)
Interest charged	533	374
Payments	(2,605)	(1,567)
At 31 March	5,220	8,823

Cavendish Nuclear Limited

Notes to the financial statements (*continued*)

14 Leases (*continued*)

Lease liabilities (*continued*)

Discounted future minimum lease payments are as follows:

	2025 £'000	2024 £'000
Within one year	1,464	2,359
In more than one year, but not more than five years	2,882	5,471
After five years	874	993
Carrying value of liability	5,220	8,823

The Company had total cash outflows for leases of £2,604,000 for the year ended 31 March 2025 (2024: £1,567,000).

15 Inventories

	2025 £'000	2024 £'000
Raw materials	194	307

Inventories are stated after provisions for impairment of £119,000 (2024: £85,000).

The cost of inventory recognised as an expense and included in 'cost of revenue' amounted to £113,000 (2024: £44,000).

16 Trade and other receivables

	2025 £'000	2024 £'000
Amounts due after more than one year:		
Amounts due from group undertakings	10,018	6,179
Other receivables	2,042	987
	12,060	7,166

Amounts due from group undertakings, prior to any provision for expected credit losses, comprise of One (2024: Two) loan totalling £11,055,000 (2024: £14,912,000) bearing interest at LIBOR +/- a margin depending on the balance at the end of each day. Whilst it has a maturity date of 2029 it is still repayable on demand.

	2025 £'000	2024 £'000
Amounts falling due within one year:		
Trade receivables	26,669	29,755
Contract assets	37,133	22,507
Amounts due from group undertakings	14,164	37,237
Other receivables	1,775	1,492
Prepayments	671	468
	80,412	91,459

Trade receivables are stated after provisions for impairment of £nil (2024: £76,000). Prior year impairment has been reversed within the year.

The Group recognises that there is an inherent element of estimation uncertainty and judgement involved in assessing contract profitability, as disclosed in note 3. Management have taken a best estimate view of contract outcomes based on the information currently available, after allowing for contingencies, and have applied a constraint to the variable consideration within revenue resulting in a revenue estimate that is suitably cautious under IFRS 15.

Cavendish Nuclear Limited
Notes to the financial statements (continued)

16 Trade and other receivables (continued)

Significant changes in contract assets during the year are as follows:

	£'000
At 1 April 2024	22,507
Transfers from contract assets recognised at the beginning of the year to trade receivables	(21,157)
Increase due to work done not transferred from contract assets	35,783
At 31 March 2025	37,133
At 1 April 2023	18,983
Transfers from contract assets recognised at the beginning of the year to trade receivables	(18,046)
Increase due to work done not transferred from contract assets	21,570
At 31 March 2024	22,507

All other amounts due from group undertakings are unsecured and repayable on demand.

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.

17 Cash and cash equivalents

	2025 £'000	2024 £'000
Cash at bank and in hand	1,963	910
Short term security deposits	4	11
	1,967	921

Restricted Cash

The cash and cash equivalents disclosed above include £1,963,000 (2024: £639,000) which are held by a jointly controlled operation. These deposits are under the control of the joint operation and are therefore not available for general use by the Company.

18 Trade and other payables

	2025 £'000	2024 £'000
		*restated
Amounts falling due within one year:		
Trade payables	15,858	18,165
Contract liabilities	11,159	10,147
Amounts due to group undertakings	48,784	84,499
Amounts due to group undertakings - royalties	4,804	435
Other taxation and social security	6,747	6,665
Accruals	25,162	32,030
Other payables	5,464	256
	117,978	152,197

Significant changes in contract liabilities during the year are as follows:

	£'000
At 1 April 2024	10,147
Amount utilised	(5,056)
Amount accrued	6,067
At 31 March 2025	11,159
	*restated
At 1 April 2023	23,919
Amount utilised	(21,410)
Amount accrued	7,638
At 31 March 2024	10,147

Cavendish Nuclear Limited

Notes to the financial statements (*continued*)

18 Trade and other payables (*continued*)

In the year ended 31 March 2025, the Company restated the prior year financial information. Details of the restatement are contained in note 29.

Amounts owed to Group undertakings comprise the following:

- One (2024: one) loan totalling £29,917,000 (2024: £34,818,000) bearing interest at LIBOR +/- a margin depending on the balance at the end of each day. Whilst it has a maturity date of November 2028 it is still repayable on demand. Please refer to Note 30 regarding an amendment to the repayment terms of this loan post the balance sheet date.
- All other amounts due to group undertakings are unsecured and repayable on demand.

In the prior year, the Company had access to the Babcock International Group PLC overdraft facility, and along with fellow group undertakings has provided cross-guarantees in relation to this facility. These were cancelled in the period 31 March 2025 (note 27).

19 Provisions for liabilities

The Company had the following provisions during the year:

	Property £'000	Contract & Warranties £'000	Total £'000
At 1 April 2024	4,381	490	4,871
Charged to the income statement	-	1,147	1,147
Unused amounts reversed to the income statement	(894)	(1,097)	(1,991)
Utilised in the year	(499)	-	(499)
At 31 March 2025	2,988	540	3,528

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. Contract provisions include provisions for disposal of radioactive sources, the working life of a sealed source is estimated at 10 years.

20 Other financial assets and liabilities

Included in derivative financial instruments at fair value:

	2025 Assets £'000	Liabilities £'000	2024 Assets £'000	Liabilities £'000
Non-current:				
Forward FX contracts	-	-	-	(3)
Current:				
Forward FX contracts – cash flow hedges	-	(38)	-	(23)
	-	(38)	-	(26)

Cavendish Nuclear Limited revalued Euro Forward Purchase contracts held with maturity dates beyond 31 March 2025 totalling EURO 800,000 and YEN nil (2024: EURO 1,575,317 and YEN 47,912,500). The movement in exchange rates was not hedge accounted in 2025 (2024: 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.

Cavendish Nuclear Limited

Notes to the financial statements (*continued*)

21 Share capital

	2025 £	2024 £
Allotted, called up and fully paid		
15 Ordinary shares of £1 each (2024: 15)	15	15
50,000 Preference shares of £1 each (2024: 50,000)	50,000	50,000
	50,015	50,015

Ordinary shares

15 Ordinary shares of £1 each have attached full voting, dividend and capital distribution rights, they do not confer any rights or redemption.

Preference shares

50,000 Preference shares of £1 each have attached full voting, dividend and capital distribution rights, they do not confer any rights or redemption.

22 Dividends

No dividends were declared and paid in the year (2024: £nil). There are no plans for a final dividend.

23 Guarantees and financial commitments

a) Capital Commitments

At 31 March 2025 the Company had capital commitments of £nil (2024: £nil).

b) Lease Commitments

At 31 March 2025 the Company had lease commitments of £nil for leases not yet commenced (2024: £nil).

24 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 2025 are as follows:

	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 Limited	1,684	1,628	443	3,229

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

	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 Limited	1,042	2,936	443	1,052

Cavendish Nuclear Limited
Notes to the financial statements (continued)

25 Pension commitments

Defined Benefit Schemes

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

	2025	2024
	£'000	£'000
		*restated
Babcock International Group Pension Scheme		
Retirement benefits – share of scheme assets	662,600	733,536
Retirement benefits – share of scheme liabilities	(599,462)	(662,251)
	63,138	71,285
Babcock International Citrus Pension Scheme		
Retirement benefits – share of scheme assets	49,420	-
Retirement benefits – share of scheme liabilities	(47,924)	-
	1,496	-
Electricity Supply Pension Scheme		
Retirement benefits – scheme assets	45,734	51,711
Retirement benefits – scheme liabilities	(40,330)	(45,398)
	5,404	6,313
Total retirement benefits assets	70,038	77,598

In the year ended 31 March 2025, the Company restated the prior year financial information. Details of the restatement are contained in note 29.

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

	BIG pension scheme £'000	BIG Citrus pension scheme £'000	Electricity Supply pension scheme £'000	Total retirement benefit assets £'000
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	46,044
Actuarial gain recognised in the SOCI	(17,856)	-	(3,949)	(21,805)
At 31 March 2024	71,285	-	6,313	77,598
At 1 April 2024	71,285	-	6,313	77,598
Service cost and incurred expenses	(1,122)	(994)	(741)	(2,857)
Settlement	(2,689)	2,710	-	21
Net interest income	3,600	67	327	3,994
Employer contributions	2,291	1,352	1,463	5,106
Actuarial gain recognised in the SOCI	(10,227)	(1,639)	(1,958)	(13,824)
At 31 March 2025	63,138	1,496	5,404	70,038

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 three defined benefit schemes (the “Babcock International Group Pension Scheme”, (the “Babcock International Citrus 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.

Cavendish Nuclear Limited

Notes to the financial statements (*continued*)

25 Pension commitments (*continued*)

Defined Benefit Schemes (*continued*)

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. Therefore the Company's cash flow is not directly affected by the schemes.

BIG Pension Scheme

On 30 September 2024, future accrual of benefits in BIGPS ceased and the active members of the BIGPS were then included in a bulk transfer to the newly created Citrus BIG2024 scheme. The bulk transfer included all past service liabilities for these members and retained the salary link and future benefit accrual is provided on the same basis in the Citrus BIG2024. A transfer of assets was made as part of the bulk transfer. The bulk transfer has been treated as a settlement loss in BIGPS, and an equal and opposite gain in the Citrus BIG2024 scheme. This means that the overall Group level impact of this change is neutral. In addition on 30 September 2024 the salary link was severed for active employees whose benefit accrual ceased in 2019 – this resulted in a small past service gain.

The IAS 19 valuation has been updated at 31 March 2025 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 2022. The major assumptions used for the IAS 19 valuation were:

	2025 %	2024 %
Major assumptions		
Rate of increase in pensionable salaries	-	2.90
Rate of increase in pensions	-	3.07
Discount rate	5.70	4.80
Inflation rate (RPI) – year 1	3.10	2.60
Inflation rate (RPI) – thereafter	-	3.20
Inflation rate (CPI) – year 1	2.70	1.80
Inflation rate (CPI) – thereafter	-	2.70
Weighted average duration of cash flows (years)	11	11
Total life expectancy for current pensioners aged 65 (years) - male	21.1	21.1
Total life expectancy for current pensioners aged 65 (years) - female	23.8	23.7
Total life expectancy for future pensioners currently aged 45 (years) - male	22.1	22.1
Total life expectancy for future pensioners currently aged 45 (years) - female	24.9	24.9

The Group's cash contribution rates payable to the scheme have ceased and therefore no future rates are expected.

Cavendish Nuclear Limited

Notes to the financial statements (*continued*)

25 Pension commitments (*continued*)

BIG Pension Scheme (*continued*)

The changes to the Babcock International Group PLC balance sheet at March 2025 and the changes to the Babcock International Group PLC income statement for the year to March 2025, if the assumptions were sensitised by the amounts below, would be:

	Defined benefit obligations 2025 £'000	Projected income statement 2026 £'000
Initial assumptions	773,666	(2,416)
Discount rate assumptions increased by 0.5%	(35,622)	(2,610)
Discount rate assumptions decreased by 0.5%	38,869	2,424
Inflation rate assumptions increased by 0.5%	21,411	1,221
Inflation rate assumptions decreased by 0.5%	(20,794)	(1,185)
Total life expectancy increased by half a year	15,768	899
Total life expectancy decreased by half a year	(14,624)	(833)

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 2025 were:

	2025 £'000	2024 £'000
Fair value of plan of assets		
Equities	596	5,749
Property funds	670	94,489
High yield bonds/emerging market debt	-	6
Bonds	335,381	438,844
Matching assets	568,198	525,026
Longevity swaps	(49,700)	(50,000)
Total assets	855,145	1,014,114
Total defined benefit obligations	(773,666)	(919,661)
Net assets recognised in the statement of financial position	81,479	94,453

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.

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

	2025 £'000	2024 £'000
Current service cost	1,105	2,982
Incurred expenses	2,844	4,077
Past service cost	219	-
Total included within operating profit	4,168	7,059
Net interest (credit)	(7,072)	(3,837)
Total included within income statement	(2,904)	3,222

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 £1,026,000 for service cost (2024: £2,251,000), £315,000 for incurred expenses (2024: £3,077,000), £219,000 credit for past service cost (2024: £nil), £2,694,000 for settlement (2024: £nil), and net interest income of £3,600,000 (2024: cost £2,896,000).

Cavendish Nuclear Limited
Notes to the financial statements (*continued*)

25 Pension commitments (*continued*)

BIG Pension Scheme (*continued*)

Amounts recorded in the Group statement of comprehensive income

	2025	2024
	£'000	£'000
Assumptions gain net of liabilities and assets	84,673	63,833
Experience gain/(losses) arising on scheme liabilities	9,245	(6,768)
Other (losses)	(78,421)	(27,514)
	15,497	29,551

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 £10,227,000 (2024: loss £17,855,000).

Reconciliation of present value of scheme assets in Babcock International Group PLC

	2025	2024
	£000	£000
At 1 April	1,064,114	1,079,011
Interest income	46,583	51,156
Employee contributions	26	62
Employer contributions	5,240	59,101
Benefits paid	(68,844)	(57,516)
Actuarial (loss)	(87,399)	(67,700)
Settlement	(54,875)	-
At 31 March	904,845	1,064,114
Total Fair value of reimbursement rights	(49,700)	(50,000)

Reconciliation of present value of scheme liabilities

	2025	2024
	£000	£000
At 1 April	919,661	959,486
Service cost	1,324	2,982
Incurred expenses	2,844	4,077
Interest on liabilities	39,511	44,852
Employee contributions	26	62
Actuarial gain – demographics	(68,844)	(20,342)
Actuarial gain – financial	9,245	(7,172)
Experience (loss) / gains	(1,321)	(6,768)
Benefits paid	(77,100)	(57,516)
Past service cost	(282)	-
Settlement	(51,398)	-
At 31 March	773,666	919,661

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 £63,138,000 (2024: £71,285,000).

Cavendish Nuclear Limited

Notes to the financial statements (*continued*)

25 Pension commitments (*continued*)

BIG Citrus Pension Scheme

The IAS 19 valuation has been updated at 31 March 2025 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 2022. The major assumptions used for the IAS 19 valuation were:

	2025 %
Major Assumptions	
Rate of increase in pensionable salaries	2.90
Rate of increase in pensions	2.60
Discount rate	5.80
RPI inflation rate	3.10
Total life expectancy for current pensioners aged 65 (years) – male	21.1
Total life expectancy for future pensioners currently aged 45 (years) - male	22.1

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	£2.7m
Deficit contributions	-
Additional longevity swap payments	-
Expected employer cash costs for 2024/25	£2.7m
Expected salary sacrifice contributions	£0.4m
Expected total employer contributions	£3.1m

The changes to the Babcock International Group PLC balance sheet at March 2025 and the changes to the Babcock International Group PLC income statement for the year to March 2025, if the assumptions were sensitised by the amounts below, would be:

	Defined benefit obligations 2025 £'000	Projected income statement 2026 £'000
Initial assumptions	47,924	300
Discount rate assumptions increased by 0.5%	(3,692)	(423)
Discount rate assumptions decreased by 0.5%	4,019	420
Inflation rate assumptions increased by 0.5%	3,139	193
Inflation rate assumptions decreased by 0.5%	(3,062)	(189)
Total life expectancy increased by half a year	575	33
Total life expectancy decreased by half a year	(575)	(34)
Salary increase assumptions increased by 0.5%	2,380	149
Salary increase assumptions decreased by 0.5%	(2,279)	(144)

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 2025 were:

	2025 £'000
Fair value of plan of assets	
High yield bonds/emerging market debt	19,725
Bonds	5,103
Matching assets	25,016
Total assets	49,844
Total defined benefit obligations	(47,924)
Net assets recognised in the statement of financial position	1,920

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

Cavendish Nuclear Limited
Notes to the financial statements (continued)

25 Pension commitments (continued)

BIG Citrus Pension Scheme (continued)

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.

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

	2025 £'000
Current service cost	(2,244)
Incurred expenses	42
Total included within operating profit	(2,202)
Net interest (credit)	(86)
Total included within income statement	(2,288)

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 £961,000 for service cost (2024: £nil), £33,000 for incurred expenses (2024: £nil), £nil for past service cost (2024: £nil), £2,710,000 for settlement (2024: £nil), and net interest income of £67,000 (2024: cost £nil).

Amounts recorded in the Group statement of comprehensive income

	2025 £'000
Assumptions gain net of liabilities and assets	1,867

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 £1,639,000 (2024: nil).

Reconciliation of present value of scheme assets in Babcock International Group PLC	2025 £000
At 1 April	-
Interest income	1,371
Employer contributions	1,499
Benefits paid	(250)
Actuarial (loss) / gain	(7,651)
Settlement	54,875
At 31 March	49,844

Reconciliation of present value of scheme liabilities	2025 £000
At 1 April	-
Service cost	1,233
Incurred expenses	66
Interest on liabilities	1,285
Employee contributions	285
Actuarial gain – demographics	(54)
Actuarial gain – financial	(6,015)
Benefits paid	(274)
Settlement	51,398
At 31 March	47,924

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 £1,496,000 (2024: £nil).

Cavendish Nuclear Limited

Notes to the financial statements (*continued*)

25 Pension commitments (*continued*)

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 2025 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 2022. The major assumptions used for the IAS 19 valuation were:

	2025 %	2024 %
Major Assumptions		
Rate of increase in pensionable salaries	2.80	2.70
Rate of increase in pensions	2.60	3.13
Discount rate	5.80	4.90
RPI inflation rate	3.10	2.50
Total life expectancy for current pensioners aged 65 (years) – male	21.2	21.3
Total life expectancy for future pensioners currently aged 45 (years) - male	22.2	22.2

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

Future service contribution rate	48.0%
Future service cash contributions	£1.2m
Deficit contributions	-
Additional longevity swap payments	-
Expected employer cash costs for 2025/23	£1.2m
Expected salary sacrifice contributions	£0.2m
Expected total employer contributions	£1.4m

The changes to the Company balance sheet at March 2025 and the changes to the Company income statement for the year to March 2025, if the assumptions were sensitised by the amounts below, would be:

	Defined benefit obligations 2025 £'000	Projected income statement 2026 £'000
Initial assumptions	40,330	300
Discount rate assumptions increased by 0.5%	(2,984)	(304)
Discount rate assumptions decreased by 0.5%	2,984	248
Inflation rate assumptions increased by 0.5%	3,271	257
Inflation rate assumptions decreased by 0.5%	(3,041)	(238)
Total life expectancy increased by half a year	512	40
Total life expectancy decreased by half a year	(512)	(40)
Salary increase assumptions increased by 0.5%	613	61
Salary increase assumptions decreased by 0.5%	(613)	(61)

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 2025 were:

Cavendish Nuclear Limited
Notes to the financial statements (continued)

25 Pension commitments (continued)

Electricity Supply Pension Scheme (continued)

Fair value of plan of assets	2025	2024
	£'000	£'000
<i>Growth assets</i>		
Equities	10,795	13,945
Absolute return and multi-strategy funds	5,110	4,931
<i>Low-risk assets</i>		
Bonds	23,345	26,225
Matching assets	6,484	6,610
Fair value of assets	45,734	51,711
Total defined benefit obligations	(40,330)	(45,398)
Net assets recognised in the statement of financial position	5,404	6,313

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:

	2025	2024
	£'000	£'000
Current service cost	738	754
Incurred expenses	3	4
Total included within operating profit	741	758
Net interest (credit)	(327)	(455)
Total included within income statement	414	303

Amounts recorded in the statement of comprehensive income:

	2025	2024
	£'000	£'000
Assumptions (losses) net of liabilities and assets	(1,958)	(3,949)

Reconciliation of present value of scheme assets	2025	2024
	£'000	£'000
At 1 April	51,711	52,241
Interest on assets	2,512	2,513
Actuarial (loss) / gain on assets	(7,574)	(3,264)
Employer contributions	1,463	1,417
Benefits paid	(2,378)	(1,196)
At 31 March	45,734	51,711

Reconciliation of present value of scheme liabilities

	2025	2024
	£'000	£'000
At 1 April	45,398	43,093
Service cost	738	754
Incurred expenses	3	4
Interest cost	2,185	2,058
Experience (loss) / gain	67	2,611
Actuarial gain – demographics	(59)	(631)
Actuarial (gain) – financial	(5,624)	(1,295)
Benefits paid	(2,378)	(1,196)
At 31 March	40,330	45,398

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 £4,747,000 for the year (2024: £8,508,000).

Cavendish Nuclear Limited

Notes to the financial statements (*continued*)

26 Subsidiary, and associate and Joint Venture undertakings

All related undertakings for the Company are as listed below:

Company Name	Country	Address	Interest	Direct %
Cavendish Boccord Nuclear Limited	United Kingdom	33 Wigmore Street, London, W1U 1QX	51 Ordinary shares	51%
Cavendish Dounreay Partnership Limited	United Kingdom	33 Wigmore Street, London, W1U 1QX	50 Ordinary shares	50%
Cavendish Fluor Partnership Limited	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%

27 Contingent liabilities

The Company previously guaranteed or has joint and several liability for bank facilities that are shared across multiple Group companies, these were cancelled in the period 31 March 2025 (2024: £nil million).

28 Government grants

A grant was received from the Future Nuclear Enabling Fund (FNEF), administered by The Secretary of State for Energy Security and Net Zero, to enable Cavendish to undertake a UK readiness assessment to support deployment of the Xe-100 High Temperature Gas Reactor (HTGR). The grant sum offered was up to £3,343,637, for the purpose of contributing to costs incurred in relation to the delivery of specified funded activities, the achievement of specified deliverables, and other eligible expenditure. The offer was conditional on a number of additional pre-acceptance conditions, comprising a Project Delivery Plan (PDP) outlining the scope of proposed funded activities, demonstrating achievability of specified deliverables. The entity did not benefit directly from any other forms of government assistance.

29 Prior year restatements

In the year ended 31 March 2025, the Company restated the prior year financial information. The restatements are summarised below:

Impact on the Income Statement for the year ended 31 March 2024:

	Previously Published £'000	(i) RDEC £'000	Restated £'000
Revenue	290,722	-	290,722
Cost of revenue	(220,347)	(11,562)	(231,909)
Gross profit	70,375	(11,562)	58,813
Administration and distribution expenses	(41,720)	-	(41,720)
Other income	-	11,562	11,562
Operating profit	28,655	-	28,655
Movement on provision for expected gain/(loss) on amount due from group undertaking	(632)	-	(632)
Income from joint ventures	261	-	261
Finance income	3,484	-	3,484
Finance costs	(1,788)	-	(1,788)
Profit before taxation	29,980	-	29,980
Tax	(11,005)	-	(11,005)
Profit for the financial year	18,975	-	18,975

Cavendish Nuclear Limited
Notes to the financial statements (continued)

29 Prior year restatements (continued)

(i) RDEC

Research and Development income (RDEC) in prior periods was classified under cost of revenue. The RDEC income has been reclassified into other income, resulting in a reduction to gross profit of £11.6m. The restatements had no impact in the profits, retained earnings or net assets in the prior years.

Impact on the Statement of Financial Position for the year ended 31 March 2024:

	Previously Published £'000	(ii) Pension Admin Fee £'000	(iii) Contract Liabilities £'000	Restated £'000
Non-current assets				
Intangible assets	93,060			93,060
Property, plant and equipment	3,988			3,988
Right-of-use assets	10,713			10,713
Trade and other receivables	7,166			7,166
Retirement benefit surpluses	78,649	(1,051)		77,598
	193,576	(1,051)	-	192,525
Current assets				
Inventories	307			307
Trade and other receivables	91,459			91,459
Cash and cash equivalents	921			921
	92,688	-	-	92,688
Current liabilities				
Trade and other payables	(153,248)	1,051		(153,248)
Lease liabilities	(2,359)			(2,359)
Deferred tax liabilities	(16,743)			(16,743)
Other financial liabilities	(23)			(23)
Net current liabilities	(79,685)	1,051	-	(78,634)
Total assets less current liabilities	113,981	-	-	113,981
Non-current liabilities				
Lease liabilities	(6,465)			(6,465)
Other financial liabilities	(3)			(3)
Provision for liabilities	(4,871)			(4,871)
Net assets	102,552	-	-	102,552
Equity				
Share capital	50			50
Share premium account	50,000			50,000
Retained earnings	52,502			52,502
Total shareholders' funds	102,552	-	-	102,552

(ii) Pension Admin Fee Reclass

BIGPS Pension Admin Fee in the prior period was classified as a retirement benefit surplus. The admin fee has been reclassified into intercompany payables, resulting in a movement of £1m. The restatements had no impact in the profits, retained earnings or net assets in the prior years.

(iii) Contract Liabilities

Contract Liabilities in the prior year included a contract cost accrual value of £18.2m. The contract cost accrual has been reclassified into accrual. The restatements had no impact to the statement of financial position, the reclass is shown within note 18.

Cavendish Nuclear Limited

Notes to the financial statements (*continued*)

30 Events after the reporting period

Following the year end, the loan facility agreement was amended for the loan with the group treasury entity (Babcock Marine Holdings (UK) Limited). This amendment was to amend the repayment terms such that the lender (Babcock Marine Holdings (UK) Limited) would have to give greater than 1 year's notice for repayment of amounts drawn under the facility. If this amendment was made by the balance sheet date, this would have required the £29,917,000 drawings under the loan facility to be classified in non-current liabilities. Overall this would have reduced the current liability position from £135,324,000 to £105,407,000, and the net current liability position from £52,751,000 to £22,834,000.

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

31 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