PACIFIC NUCLEAR TRANSPORT LIMITED

Registered No. 1228109

ANNUAL REPORT AND ACCOUNTS

31 March 2009

DIRECTORS' REPORT

The Directors present their report and consolidated accounts for the year ended 31 March 2009.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £2,446,000 (2008: £1,022,000). A dividend of £1,000,000 was proposed and paid in the financial year (2008: £1,000,000). As stated in note 9 to the Accounts, since the balance sheet date of 31 March 2009, a dividend of £2,400,000 has been declared which will be paid during the financial year ended 31 March 2010.

On 1 April 2008 the shares in the Company's immediate parent undertaking, International Nuclear Services Limited, held by the Company's intermediate parent undertaking, Sellafield Limited, were transferred to the NDA. As at 31 March 2008 the NDA owned 49% of the shares in International Nuclear Services Limited; following the transfers the NDA owns 100% of the shares in International Nuclear Services Limited.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company's principal activities during the year continued to be the transport of nuclear materials between Japan and Europe. The Company's trading income for the financial year ended 31 March 2009 was derived mainly from the provision of transport services for MOX fuel and high level waste (HLW) between Japan and Europe, accounting for 85% of total turnover (2008: 89%). Income from flask hire, decommissioning and miscellaneous transport services represent the remaining 15% (2008: 11%).

During the financial year the Company took delivery of the Pacific Heron, a new purpose built MOX vessel, replacing the Pacific Teal. Pacific Heron and Pacific Pintail both successfully completed a number of sea trials in preparation of the commencement of MOX voyages from France in the year. Prior to the end of the financial year two vessels departed for Japan, with a total of 8 flasks, made up of PWR and BWR MOX fuel. This voyage successfully arrived in Japan early in the new financial year ended 31 March 2010.

Pacific Sandpiper also completed one voyage to France, collecting a TN28 flask for the first Japanese HLW return from the UK, scheduled for the financial year ended 31 March 2010.

The Company's subsidiary undertaking, Seabird KK did not trade during the year.

Key performance indicators

	Actual (£m)	*Target (£m)*
Turnover	*£19.8*	*£25.5*
Retained profit	*£2.4*	*£2.6*
Capital expenditure	*£35.7*	*£17.0*

Whilst retained profit was broadly in line with expectations, turnover was £5.7m lower than expected. Turnover is derived from the intermediate parent undertaking, International Nuclear Services Limited, as costs are charged by the Company at cost plus a management fee. Thus the drop in turnover is driven by cost reductions, some of which are as a result of cost saving initiatives during the year and some relating to lower than budgeted depreciation costs as a result of capitalising fixed assets later in the year than planned and a review of useful economic lives in the year. The Company's management team will continue to adopt the strategy of cost reduction where possible, whilst maintaining the highest standards of safety, efficiency, effectiveness and delivery to customers. Capital expenditure was higher in relation to 2 new ships and flasks for MOX transportation and was in line with revised programmes agreed with customers.

DIRECTORS' REPORT (continued)

FUTURE DEVELOPMENTS
A significant capital expenditure programme is planned for the forthcoming financial year, including continuing expenditure on two new ships currently under construction and purchases of new flasks for MOX transportation.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company has established a risk review team that meets regularly and which evaluates the key risks facing the Company and the action required to mitigate these risks. Key risks and uncertainties facing the Company can be broadly grouped as asset/route availability risk, legislative and financial instrument risk.

Legislative risk
Existing legislation requires package licences to be obtained from the competent authorities prior to shipment. If package licences are delayed this would result in a delay to the shipment until the licence is obtained. A dedicated team is responsible for reviewing and identifying all licence requirements. Any risks in relation to obtaining licences are identified with appropriate mitigating action taken where required as far as is possible given the external regulatory influences.

Asset/route availability risks
The nature of the business means that the Company requires the appropriate access to a number of international shipping routes and the appropriate assets (both existing and new assets) to enable safe and effective transportation. If routes are blocked, existing assets have technical failures or new assets are unable to be procured at the appropriate time then the Company's ability to meet transport requirements may be at risk. This risk is managed by reviewing on a regular basis all assets and routes required to meet transportation requirements. Any risks to meeting these requirements are identified with appropriate mitigating action taken where required.

Financial instrument risks
The investment policy of the Company is to hold funds in bank deposits which are invested on a short-term basis in the money market. Liquidity is managed by preparing short and medium-term cash flow forecasts against which the maturity of bank deposits is timed. The Company does not use any other financial instruments to manage financial risk.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The Company has continued its commitment to the Prompt Payers Code of Practice drawn up by the Confederation of British Industry (CBI) with rigorous monitoring of payment performance. Copies of the Code are available from CBI, Centre Point, 103 New Oxford Street, London, WC1A 1DU. The Company's main payment terms are net monthly. Suppliers are made aware of the terms of payment, with terms settled on agreement of the details of each transaction. The average age of invoices outstanding at 31 March 2009 was 35 days (2008: 19 days).

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company maintains directors' and officers' liability insurance covering the defence costs of civil legal proceedings and the damages resulting from the unsuccessful defence of such proceedings except, in each case, to the extent that a Director or Officer acted fraudulently or dishonestly.

DIRECTORS' REPORT (continued)

DIRECTORS

The Directors who served during the year were as follows:

J S Clarke (Chairman)
A L Greaves (A L Lamprell to 16 May 2009)
Capt. M L Miller
J Edwards (appointed 16 July 2009)
M C Jervis (appointed 23 July 2008)
A A Brown (appointed 23 July 2008)
M Mochizuki (appointed 23 July 2008)
K Kuwahara (appointed 23 July 2008)
C Weber-Guevera (appointed 12 February 2009)
H Morimoto (resigned 23 July 2008)
J L Andrieux (resigned 12 February 2009)
H Murano (resigned 23 July 2008)
M G Robinson (resigned 23 July 2008)

DONATIONS

There were no political donations made in the year. Charitable donations were £5,600 (2008: £3,747).

AUDITORS

In accordance with section 234A of the Companies Act 1985, each of the above Directors (excluding those who have resigned during the financial year)

- is not aware of any relevant audit information of which the Company's auditors are unaware; and
- has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

A resolution to re-appoint Ernst & Young LLP as the Company auditor will be put at the forthcoming Annual General Meeting.

On behalf of the Board

A Greaves
Director

2 September 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PACIFIC NUCLEAR TRANSPORT LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Pacific Nuclear Transport Limited for the year ended 31 March 2009 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Parent Balance Sheets, the Consolidated Cash Flow Statement, and the related notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PACIFIC NUCLEAR TRANSPORT LIMITED continued

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2009 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Manchester
3 September 2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2009

	Notes	2009 £000	2008 £000
TURNOVER from continuing operations	2	**19,836**	18,338
Net operating costs and expenses	3	**(18,229)**	(17,254)
OPERATING PROFIT from continuing operations		**1,607**	1,084
Profit on sale of tangible fixed assets		**1,250**	-
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		**2,857**	1,024
Interest receivable and similar income	6	**2,821**	3,422
Interest payable and similar charges	7	**(3,229)**	(3,482)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**2,449**	1,024
Tax on profit on ordinary activities	8	**(3)**	(2)
PROFIT FOR THE FINANCIAL YEAR		**2,446**	1,022

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2009

	2009 £000	2008 £000
Profit for the financial year	**2,446**	1,022
Actual return less expected return on scheme assets	**(5,350)**	(2,967)
Experience gains and losses on liabilities	**687**	2,255
Changes in assumptions underlying the present value of pension scheme liabilities	**4,186**	(372)
Movement in amount recoverable from immediate parent undertaking in relation to pension liabilities	**477**	1,084
Currency translation differences on net investments	**20**	7
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	**2,466**	1,029

CONSOLIDATED AND PARENT BALANCE SHEETS
at 31 March 2009

		Group		Parent	
		2009	2008	**2009**	2008
	Notes	**£000**	£000	**£000**	£000
FIXED ASSETS					
Tangible assets	10	**187,983**	154,165	**187,983**	154,165
Investments	11	**-**	-	**62**	62
		187,983	154,165	**188,045**	154,227
CURRENT ASSETS					
Debtors	13	**96**	625	**96**	625
Amount recoverable from immediate parent undertaking relating to pension liabilities	22	**10,002**	9,437	**10,002**	9,437
Investments (short term deposits)	14	**17,200**	25,500	**17,200**	25,500
Cash at bank and in hand		**610**	17,931	**538**	17,879
		27,908	53,493	**27,836**	53,441
CREDITORS: Amounts falling due within one year	15	**(42,308)**	(40,994)	**(42,308)**	(40,994)
NET CURRENT ASSETS		**(14,400)**	12,499	**(14,472)**	12,447
TOTAL ASSETS LESS CURRENT LIABILITIES		**173,583**	166,664	**173,573**	166,674
CREDITORS: Amounts falling due after more than one year	16	**(102,054)**	(101,028)	**(102,054)**	(101,028)
PROVISIONS FOR LIABILITIES AND CHARGES	17	**(54,725)**	(50,863)	**(54,725)**	(50,863)
NET ASSETS EXCLUDING PENSION LIABILITIES		**16,804**	14,773	**16,794**	14,783
PENSION LIABILITIES	22	**(10,002)**	(9,437)	**(10,002)**	(9,437)
NET ASSETS INCLUDING PENSION LIABILITIES		**6,802**	5,336	**6,792**	5,346
CAPITAL AND RESERVES					
Called up share capital	18	**2,000**	2,000	**2,000**	2,000
Profit and loss account	19	**4,802**	3,336	**4,792**	3,346
SHAREHOLDERS' FUNDS – EQUITY	20	**6,802**	5,336	**6,792**	5,346

These accounts were approved and authorised for issue by the Board of Directors on 2 September 2009 and were signed on its behalf by:

A Greaves

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2009

	Notes	2009 £000	2008 £000
Net cash inflow from operating activities	i	**9,021**	33,436
Returns on investment and servicing of finance	ii	**37**	1,156
Capital expenditure and financial investment	iii	**(33,697)**	(24,409)
Equity dividends paid	iv	**(1,000)**	(1,000)
Taxation		**(2)**	(2)
Net cash (outflow)/ inflow before use of liquid resources and financing		**(25,641)**	9,181
Management of liquid resources	v	**8,300**	5,900
(Decrease)/increase in cash in year		**(17,341)**	15,081

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2009

Analysis of the changes in net funds

	At 1 April 2008 £000	Currency translation differences £000	Cash flow £000	**At 31 March 2009 £000**
Cash at bank and in hand	17,931	20	(17,341)	**610**
Deposits repayable after 24 hours	25,500	-	(8,300)	**17,200**
	43,431	20	(25,641)	**17,810**

Reconciliation of net cash flow to movement in net funds

	2009 £000	2008 £000
(Decrease)/increase in cash in the year	**(17,341)**	15,081
Transfer from investments and deposits	**(8,300)**	(5,900)
Currency translation differences	**20**	7
Movement in net funds in the year	**(25,621)**	9,188
Opening net funds	**43,431**	34,243
Closing net funds	**17,810**	43,431

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 31 March 2009

Reconciliation of operating profit to net cash inflow from operating activities

	2009	2008
	£000	£000
Operating profit	**1,607**	1,084
Depreciation charges	**5,750**	7,546
Increase/(decrease) in provisions	**2**	(4)
Decrease in debtors/accrued income	**328**	2,601
Increase/(decrease) in creditors/accruals	**1,745**	(1,100)
Increase in advance payments	**328**	23,508
Movement on FRS 17 pension liability	**(739)**	(199)
i. Net cash inflow from operating activities	**9,021**	33,436

Analysis of cash flows for headings netted in the cash flow statement

	2009	2008
	£000	£000
Returns on investment and servicing of finance:		
Interest received	**1,508**	1,753
Interest paid	**(1,471)**	(597)
ii. Net cash inflow for returns on investments and servicing of finance	**37**	1,156
Capital expenditure and financial investment:		
Purchase of tangible fixed assets	**(34,947)**	(24,409)
Receipts from sale of tangible fixed assets	**1,250**	-
iii. Net cash outflow for capital expenditure and financial investment	**(33,697)**	(24,409)
Equity dividends paid:		
Dividends paid to shareholders	**(1,000)**	(1,000)
iv. Net cash outflow on equity dividends	**(1,000)**	(1,000)
Management of liquid resources:		
v. Cash withdrawn from short term deposits	**8,300**	5,900

Liquid resources are short-term deposits repayable after more than 24 hours but within one year.

NOTES TO THE ACCOUNTS
at 31 March 2009

1. ACCOUNTING POLICIES

Basis of preparation and change in accounting policy
The accounts are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

In preparing the financial statements for the current year, the group has adopted the amendment to FRS 17 'Retirement Benefits'. The adoption of the amendment to FRS 17 has resulted in a change in accounting policy for the valuation of quoted securities included in plan assets. The fair values of these securities are now based on the current bid price, rather than the mid market value as previously used by the Group. The additional charge on restatement of pension scheme assets has been dealt with as a charge in the current year and a prior year adjustment to restate prior periods has not been made as overall the adjustment in not material to the financial statements.

The Company has also adopted FRS 25 'Financial Instruments: Presentation', FRS 26 'Financial Instruments: Recognition and Measurement' and FRS 29 'Financial Instruments: Disclosures'. Adoption of these statements has not resulted in any restatement of comparative figures.

Group accounts
The consolidated accounts include the accounts of Pacific Nuclear Transport Limited and its subsidiary company Seabird KK, both of which are made up to 31 March. No profit and loss account is presented for Pacific Nuclear Transport Limited as permitted by section 230 of the Companies Act 1985.

Tangible fixed assets
Tangible fixed assets are stated in the balance sheet at cost (including decontamination and disposal costs, where appropriate) less accumulated depreciation. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. Accumulated depreciation includes additional charges made where necessary to reflect impairment in values. Assets in the course of construction are stated at cost and not depreciated until brought into commission. Depreciation is calculated to write off the historical cost less residual value of assets evenly over their useful lives of between 5 and 15 years.

Investments in subsidiaries
Investments in subsidiaries are stated at cost less provision for any impairment.

Liquid resources
Liquid resources comprise current asset investments and short term deposits excluding deposits repayable by demand.

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Exchange differences are taken to the profit and loss account.

The accounts of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken to reserves. All other translation differences are taken to profit and loss account.

NOTES TO THE ACCOUNTS
at 31 March 2009

1. ACCOUNTING POLICIES (continued)

Deferred taxation
Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, with the following exceptions:

- Deferred tax assets are recognised only if it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted; and
- Provision is made for gains on disposals of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets.

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

Derivatives and other financial instruments
Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Financial assets
Financial assets are classified as either financial assets 'at fair value through profit or loss' (FVTPL) or loans and receivables. Financial assets are initially recognised at fair value plus transaction costs, except for those assets classified as at fair value through profit or loss, which are initially recognised at fair value (transaction costs are expensed in the profit and loss account).

Financial assets at FVTPL
Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling in the near future or it is a derivative that is not designated and effective as a hedging instrument. A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise or it forms part of a contract containing one or more embedded derivatives, and FRS 26 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL. Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Loans and receivables
Trade and other debtors, short term deposits and cash at bank and in hand, that have fixed or determinable payments that are not quoted in an active market, are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying value of the financial asset.

NOTES TO THE ACCOUNTS
at 31 March 2009

1. **ACCOUNTING POLICIES (continued)**

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade debtors, where the carrying amount is reduced through the use of an allowance account. When a trade debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets
Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Financial liabilities
Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' (FVTPL) or other financial liabilities.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if it is a derivative that is not designated and effective as a hedging instrument. A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if it forms part of a contract containing one or more embedded derivatives, and FRS 26 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities
Other financial liabilities, including trade and other creditors, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period, to the net carrying value of the financial liability.

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled or they expire.

NOTES TO THE ACCOUNTS
at 31 March 2009

1. ACCOUNTING POLICIES (continued)

Capital advance payments
Capital advance payments reflect cash receipts from the immediate parent undertaking in relation to capital projects and are released to the consolidated income statement as those assets are utilised in the business.

Flask decontamination and disposal provisions
Provisions are made for the costs of decontamination and disposal of flasks. Provisions are recognised in full and the costs are capitalised as part of the costs of the asset and depreciated accordingly. To the extent that costs are recoverable from third parties, they are treated as residual values of the assets concerned and depreciation is adjusted accordingly. Changes in estimates are treated as adjustments to the assets concerned. The provisions are stated in the balance sheet at current price levels discounted at an appropriate real rate of return to take into account the timing of the payments. Each year the financing charges in the profit and loss account include a revalorisation charge which reflects the need to remove one years discount from provisions made in prior years and the restatement of these provisions to current price levels. To the extent that this charge is recoverable from customers, it is capitalised.

Pensions
The Company participates in two industry wide defined benefit pension schemes, the Merchant Navy Officers' Pension Fund and the Merchant Navy Ratings' Pension Fund, both of which require contributions to be made to separately administered funds. The schemes are funded by payments determined by periodic calculations prepared for the trustees to the schemes by the schemes' professionally qualified actuaries. These contributions are designed to secure the benefits set out in the rules.

Having reviewed all the available information regarding the Company's liability to fund the deficits in the schemes, the Directors have concluded that the "defined benefit" accounting treatment under FRS 17 is appropriate for these schemes.

For the purposes of producing appropriate figures for inclusion in the accounts in accordance with the requirements of FRS 17, a professionally qualified actuary was appointed by the Company. The figures have been based on the actuarial calculations which were prepared for the trustees to the schemes and then adjusted to allow for the proportions of the assets and liabilities which the Company has been informed are attributable to it and to allow for the differences between the actuarial assumptions used for funding purposes those which are compliant with FRS 17.

The deficits recognised in full on the balance sheet represent the present values of the defined benefit obligations at the balance sheet date, less the fair value of the scheme assets, to the extent that they are attributable to the Company. The defined benefit obligations represent the estimated amount of future benefits that employees have earned in return for their services in current and prior periods, calculated using the projected unit method and discounted at a rate representing the yield on a high quality bond at the balance sheet date, denominated in the same currency as the obligations and having the same terms to maturity as the related pension liability, applied to the estimated future cash outflows arising from these obligations. As the resulting deficit is fully recoverable from the immediate parent undertaking, International Nuclear Services Limited, under the Company's contractual arrangements, a matching debtor has also been recognised on the balance sheet. Movements in the schemes' deficits are split between operating charges, financing charges and actuarial gains and losses, the latter of which are recorded within the Statement of Total Recognised Gains and Losses.

The Company also participates in two industry wide money purchase pension schemes which require contributions to be made to a separately administered fund. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

NOTES TO THE ACCOUNTS (continued)
at 31 March 2009

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to the intermediate parent undertaking. Turnover is attributable to two main activities, the transport of nuclear materials between Japan and Europe and secondly decommissioning and related services. Turnover and operating profit materially arises from sources and destinations in the UK.

3. NET OPERATING COSTS AND EXPENSES

Net operating costs and expenses include:

	2009 £000	2008 £000
Employee costs (see note 4)	**4,883**	4,294
Depreciation – owned fixed assets	**5,750**	7,546
Increase/(decreases) in provisions	**2**	(4)
Auditors' remuneration - audit of the group financial statements	**18**	16
Auditors' remuneration - pension contributions audit	**2**	2
Directors' emoluments (see note 5)	**19**	19
Other charges	**7,555**	5,381
	18,229	17,254

4. EMPLOYEE INFORMATION (excluding Executive Directors)

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

	2009 No.	2008 No.
Officers and crew	**108**	114

Employee costs during the year were as follows:

	2009 £000	2008 £000
Wages and salaries	**4,155**	3,618
Social security costs	**388**	344
Pension costs	**340**	332
	4,883	4,294

All executive and administrative functions are undertaken by employees of International Nuclear Services Limited.

NOTES TO THE ACCOUNTS (continued)
at 31 March 2009

5. DIRECTORS' EMOLUMENTS

	2009	2008
	£000	£000
Emoluments	19	19

No pension contributions were made on behalf of Directors.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2009	2008
	£000	£000
Expected return on pension scheme assets	1,514	1,808
Bank interest	1,307	1,614
	2,821	3,422

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2009	2008
	£000	£000
Gross top-up adjustment to opening provisions	1,929	3,223
Less: amounts capitalised as recoverable from customers	(1,927)	(3,220)
	2	3
Interest on pension scheme liabilities	2,253	2,007
Interest payable to immediate parent undertaking	972	1,469
Bank loans and overdrafts	2	3
	3,229	3,482

NOTES TO THE ACCOUNTS (continued)
at 31 March 2009

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2009 £000	2008 £000
Corporation tax	**3**	2
	3	2

The tax assessed on the profit on ordinary activities for the year is different from the standard rate of corporation tax in the UK of 28%. The differences are reconciled below:

	2009 £000	2008 £000
Profit on ordinary activities before taxation	**2,449**	1,024
Tax on profit at 28% (2008: 30%)	**686**	307
Effect of non taxable income	**(683)**	(305)
	3	2

The Company has no deferred tax liability in 2009 (2008: £Nil). From 1 April 2001 onwards the Company has been taxable under Section 82 of the Finance Act 2000. Deferred tax is not provided for on the basis that the Company will continue to be taxed on the same basis for the foreseeable future.

9. EQUITY DIVIDENDS

	2009 £000	2008 £000
Dividends on equity shares		
Paid in the year	**1,000**	1,000

Since the balance sheet date of 31 March 2009, a dividend of £2,400,000 has been declared which will be paid during the financial year ended 31 March 2010.

NOTES TO THE ACCOUNTS (continued)
at 31 March 2009

10. TANGIBLE FIXED ASSETS

Group and Parent	Equipment	Assets in course of construction	Total
	£000	£000	£000
Cost at 1 April 2008	203,852	82,537	286,389
Additions excluding capitalised decommissioning costs	780	34,928	35,708
Disposals	(14,784)	-	(14,784)
Top-up on capitalised decommissioning costs	1,927	-	1,927
Cost / programme changes to capitalised decommissioning costs	3,913	-	3,913
Capitalisations	46,168	(46,168)	-
Amounts recovered from customers	(1,980)	-	(1,980)
Cost at 31 March 2009	**239,876**	**71,297**	**311,173**
Depreciation at 1 April 2008	132,224	-	132,224
Charge for year	5,750	-	5,750
Disposals	(14,784)	-	(14,784)
Depreciation at 31 March 2009	123,190	-	123,190
Net book value at 31 March 2009	**116,686**	71,297	**187,983**
Net book value at 31 March 2008	71,628	82,537	154,165

Included within fixed assets above is an amount of £54,676,000 (2008: £50,816,000) relating to capitalised decommissioning costs.

NOTES TO THE ACCOUNTS (continued)
at 31 March 2009

11. INVESTMENTS

Investment in subsidiary undertaking:	**Parent** **£000**
Cost and net book value at 31 March 2008 and 31 March 2009	**62**

Details of the investment are as follows:

Name	*Country of Incorporation*	*Holding*	*Proportion Held*	*Nature of Business*
Seabird KK	Japan	Ordinary shares	100%	Non-trading

12. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting classification of each category of financial instruments, and their carrying values, are set out below:

	Group		**Parent**	
	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
Financial assets – loans and receivables:				
Amount recoverable from immediate parent undertaking in relation to pension liabilities	**10,002**	9,437	**10,002**	9,437
Debtors excluding prepayments (a)	**35**	325	**35**	325
Cash	**610**	17,931	**538**	17,879
Current asset investments	**17,200**	25,500	**17,200**	25,500
	27,847	53,193	**27,775**	53,141
Financial liabilities – other financial liabilities:				
Creditors falling due within one year excluding corporation tax and capital advance payments (b)	**32,019**	30,008	**32,019**	30,008

(a) Prepayments and VAT are excluded as this analysis is required only for financial instruments.

(b) Corporation tax and capital advance payments are not classified as financial instruments for this analysis.

Generally, financial assets and financial liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the company in undertaking its activities. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which profits and losses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1.

The fair value of financial instruments represents the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. The directors consider that the carrying amount of loans and receivables and other financial liabilities approximates their fair value.

NOTES TO THE ACCOUNTS (continued)
at 31 March 2009

13. DEBTORS

	Group and Parent	
	2009	2008
	£000	£000
Amounts owed by ultimate parent undertaking	**26**	-
Accrued income	**9**	210
Other debtors	**-**	115
	35	325
Prepayments	**-**	91
VAT	**61**	209
	96	625

As at 31 March 2009 no balances owed were overdue. All balances have been recovered in full following the end of the financial year.

14. CURRENT ASSET INVESTMENTS

	Group and Parent	
	2009	2008
	£000	£000
Short-term deposits	**17,200**	25,500

Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the company, and earn interest at the respective short term deposit rates.

15. CREDITORS: amounts falling due within one year

	Group and Parent	
	2009	2008
	£000	£000
Trade creditors	**285**	7,881
Amounts owed to Group Undertakings	**2,020**	545
Other creditors and accruals	**29,714**	21,582
	32,019	30,008
Capital advance payments	**10,286**	10,984
Corporation tax	**3**	2
	42,308	40,994

NOTES TO THE ACCOUNTS (continued)
at 31 March 2009

16. CREDITORS: amounts falling due after more than one year

	Group and Parent	
	2009	2008
	£000	£000
Capital advance payments	**102,054**	101,028

17. PROVISIONS FOR LIABILITIES AND CHARGES

	Group and Parent
	Flask decontamination & disposal
	£000
At 1 April 2008	50,863
Revalorisation	1,929
Increase in the year	3,913
Discharge of liabilities	(1,980)
At 31 March 2009	**54,725**
Analysed as follows:	
Amounts due within one year	1,548
Amounts due after one year	53,177
	54,725

The flask decontamination and disposal provisions are reassessed each year. The amounts can be subject to change, depending on latest cost estimates and timing of disposal. All costs associated with this decontamination except £49,000 are contractually recoverable from customers. The costs will be incurred over the next 20 years.

18. SHARE CAPITAL

	2009	2008
	£000	£000
Authorised:		
2,000,000 ordinary shares of £1 each	**2,000**	2,000
Allotted, called up and fully paid:		
2,000,000 ordinary shares of £1 each	**2,000**	2,000

NOTES TO THE ACCOUNTS (continued)
at 31 March 2009

19. RESERVES

	Profit and loss account	
	Group	Parent
	£000	£000
At 1 April 2008	3,336	3,346
Profit for the year	2,446	2,446
Dividends declared and paid	(1,000)	(1,000)
Actual return less expected return on scheme assets	(5,350)	(5,350)
Experience gains and losses on liabilities	687	687
Changes in assumptions underlying the present value of pension scheme liabilities	4,186	4,186
Movement in amount recoverable from immediate parent undertaking relating to pension liabilities	477	477
Other recognised losses	20	-
At 31 March 2009	**4,802**	**4,792**

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Parent	
	2009	2008	**2009**	2008
	£000	£000	**£000**	£000
Profit for the year	**2,446**	1,022	**2,446**	1,022
Dividends	**(1,000)**	(1,000)	**(1,000)**	(1,000)
Actual return less expected return on scheme	**(5,350)**	(2,967)	**(5,350)**	(2,967)
Experience gains and losses on liabilities	**687**	2,255	**687**	2,255
Changes in assumptions underlying the present value of pension scheme liabilities	**4,186**	(372)	**4,186**	(372)
Movement in amount recoverable from immediate parent undertaking relating to pension liabilities	**477**	1,084	**477**	1,084
Other recognised losses	**20**	7	**-**	-
Net addition to shareholders' funds	**1,466**	29	**1,446**	22
Opening shareholders' funds	**5,336**	5,307	**5,346**	5,324
Closing shareholders' funds	**6,802**	5,336	**6,792**	5,346

21. CAPITAL EXPENDITURE AUTHORISED

	2009	2008
	£000	£000
Contracted for but not provided for	**114,943**	90,122

NOTES TO THE ACCOUNTS (continued)
at 31 March 2009

22. PENSIONS

The Company participates in two industry wide defined contribution schemes: the Merchant Navy Officers' Pension Plan (MNOPP) and the Merchant Navy Ratings' Pension Plan (MNRPP). The Company also participates in two industry wide defined benefit pension schemes: The Merchant Navy Officers' Pension Fund (MNOPF) and the Merchant Navy Ratings' Pension Fund (MNRPF).

The amounts in the financial statements for the year ended 31 March 2009, relating to pensions are based on a full actuarial valuation dated 31 March 2006. Scheme assets are stated at their market value, at the respective balance sheet dates. The market value applied for 2009 is based on the current bid price as per the FRS 17 amendment rather than the mid market value as previously used by the company. The additional charge on restatement of pension scheme assets has been dealt with as a charge in the current year and a prior year adjustment to restate prior periods not been made as overall the adjustment is not material to the financial statements.

a) MNOPP and MNRPP

The MNOPP is available to officers who are not eligible for the MNOPF but wish to participate in an industry scheme. The MNRPP was set up on closure of the MNRPF and is available to all ratings who wish to participate in an industry scheme. The Company's contributions to the MNOPP and MNRPP for the year were £22,000 and £34,000 respectively (2008: £18,000 and £33,000 respectively). Contributions totalling £2,000 were outstanding for the MNOPP and £3,000 for the MNRPP as at the balance sheet date (2008: £1,000 and £2,000 respectively).

b) MNOPF

The MNOPF Old section was closed in April 1978 and replaced by the New section which has subsequently been closed to new members from 1 November 1996. Benefits for the Old section were capped in April 1978 and those for existing employees of the New section continue to accrue with increasing years in service. The scheme is funded by payments to trusts, which are independent of the participating employers.

The Company's contributions to the MNOPF for the year totalled £715,000 (2008: £759,000). Agreed contribution rates for this scheme are currently 11.9%. The shortfall in the scheme is expected to be recovered in 2014. The estimated amounts of contributions expected to be paid to the MNOPF scheme during the financial year ending 31 March 2010 is £860,000.

The pension costs are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method. The latest actuarial valuation at 31 March 2006, indicated that the MNOPF New section was underfunded by £151m with recovery expected by 2014. At 31 March 2006, the MNOPF, New and Old sections were 93% and 107% funded respectively (previously 86% and 115%).

The results of the actuarial valuation as at 31 March 2009 were not available on signature of these accounts. The results of the 31 March 2006 valuation were as follows:

	New	Old
Rate of increase in salaries (% per annum)	4.5	Nil
Rate of increase in pension payments (% p.a.)	3.0	3.0
Discount rate (% p.a.)	7.0	4.5
Market value of scheme's assets (£million)	1,931	1,473

NOTES TO THE ACCOUNTS (continued)
at 31 March 2009

22. PENSIONS *continued*

c) MNRPF

The MNRPF was closed from 31 May 2001. The liabilities of the scheme have been capped at the level of benefits accrued to employees at the closure date, subject to adjustment for future actuarial valuations. The scheme is funded by payments to trusts, which are independent of the participating employers. The Company's contributions to the MNRPF for the year totalled £220,000 (2008: £220,000). The estimated amounts of contributions expected to be paid to the MNRPF scheme during the financial year ending 31 March 2010 is £220,000.

The pension costs are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method. The latest actuarial valuation at 31 March 2005 indicated that the scheme was 86% funded (previously 84%) with underfunding of £94m. £1.2m has been paid since 2001, with the deficit expected to be fully funded by 2014.

The results of the actuarial valuation as at 31 March 2008 were not available on signature of these accounts. The results of the 31 March 2005 valuation were as follows:

	MNRPF
Rate of increase in salaries (% per annum)	4.2
Rate of increase in pension payments (% p.a.)	Nil to 2.7
Discount rate (% p.a.)	5.5
Market value of scheme's assets (£million)	592

d) FRS 17 valuations for MNOPF (New section) and MNRPF

i) The valuations for each of the schemes have been updated on a basis consistent with FRS 17. As outlined in note 1, an independent professionally qualified actuary was appointed by the Company to prepare FRS 17 calculations. The figures have been based on the actuarial calculations which were prepared for the trustees to the schemes and then adjusted to allow for the proportions of the assets and liabilities which the Company has been informed are attributable to it and to allow for the differences between the actuarial assumptions used for funding purposes and those which are compliant with FRS 17. The nature of this process means that the calculations and the resulting deficits are estimates only. However, in the opinion of the Directors, the deficits recognised are the best estimates based on information available at the date of approving these Accounts.

The table below summarises the FRS 17 valuations as at 31 March 2009.

	MNOPF (New) £000	MNRPF £000	**Total £000**
Present value of defined benefit obligations	(21,641)	(12,140)	**(33,781)**
Fair value of scheme assets	14,579	9,200	**23,779**
Deficit in scheme	(7,062)	(2,940)	**(10,002)**
Amount recoverable from immediate parent undertaking	7,062	2,940	**10,002**

The table below summarises the FRS 17 valuations as at 31 March 2008.

	MNOPF (New) £000	MNRPF £000	**Total £000**
Present value of defined benefit obligations	(23,182)	(14,290)	**(37,472)**
Fair value of scheme assets	17,542	10,493	**28,035**
Deficit in scheme	(5,640)	(3,797)	**(9,437)**
Amount recoverable from immediate parent undertaking	5,640	3,797	**9,437**

NOTES TO THE ACCOUNTS (continued)
at 31 March 2009

22. PENSIONS *continued*

The major financial assumptions used for the MNOPF scheme are:

	2009	2008	2007
	%	%	%
Rate of increase in salaries	**4.9**	5.1	4.6
Rate of increase in pensions	**3.4**	3.6	3.1
Inflation assumption	**3.4**	3.6	3.1
Discount rate	**6.7**	6.1	5.2
Post retirement mortality			
Male pensioner aged 65 (years)	**22.5**	22.0	17.5
Male non pensioner currently aged 45 from age 65 (years)	**24.3**	23.1	17.5

The major financial assumptions used for the MNRPF scheme are:

	2009	2008	2007
	%	%	%
Rate of increase in salaries	**4.8**	5.1	4.6
Rate of increase in pensions	**3.3**	3.6	3.1
Inflation assumption	**3.3**	3.6	3.1
Discount rate	**6.8**	6.1	5.2
Post retirement mortality			
Male pensioner aged 65 (years)	**22.5**	22.0	17.5
Male non pensioner currently aged 45 from age 65 (years)	**24.3**	23.1	17.5

d) FRS 17 valuations for MNOPF (New section) and MNRPF (continued)

ii) The fair value of the Company's share of the assets for each of the schemes are as follows:

	MNOPF (New)			MNRPF		
	2009	2008	2007	**2009**	2008	2007
	£000	£000	£000	**£000**	£000	£000
Equities	**7,208**	9,572	13,770	**1,859**	2,424	2,878
Fixed interest gilts	**4,939**	4,780	1,516	**2,015**	2,539	1,823
Corporate bonds	**1,426**	1,506	2,153	**4,627**	4,460	5,179
Property	**992**	1,368	1,703	**515**	703	778
Cash	**14**	316	213	**184**	367	456
Market value of assets	**14,579**	17,542	19,355	**9,200**	10,493	11,114

* In line with existing contractual arrangements, all costs incurred by the Company are recoverable from the immediate parent undertaking International Nuclear Services Limited (Sellafield Limited prior to 1 April 2008), hence an equal recoverable amount is recognised to offset the pension deficit.

NOTES TO THE ACCOUNTS (continued)
at 31 March 2009

22. PENSIONS *continued*

iii) The expected rates of return for the schemes are as follows:

	2009	2008	2007
	%	%	%
Equities	**8.0**	7.5	7.5
Fixed interest gilts	**4.0**	4.6	4.7
Corporate bonds	**6.0**	6.1	5.4
Property	**7.0**	6.5	6.5
Cash	**0.5**	5.25	5.25

d) FRS 17 valuations for MNOPF (New section) and MNRPF (continued)

iv) The movements in the year ended 31 March 2009 are as follows:

	MNOPF	MNRPF	**Total**
	£000	£000	**£000**
Movements in the present value of defined benefit obligations:			
At 1 April 2008	(23,182)	(14,290)	**(37,472)**
Current service cost	(284)	-	**(284)**
Interest cost	(1,397)	(856)	**(2,253)**
Employee contributions	(116)	-	**(116)**
Actuarial gains	2,362	2,511	**4,873**
Benefits (refunded)/paid	976	495	**1,471**
At 31 March 2009	(21,641)	(12,140)	**(33,781)**
Movements in the fair value of scheme assets:			
At 1 April 2008	17,542	10,493	**28,035**
Employer contributions	715	220	**935**
Employee contributions	116	-	**116**
Actuarial losses	(3,808)	(1,542)	**(5,350)**
Benefits refunded/(paid)	(976)	(495)	**(1,471)**
Expected return on plan assets	990	524	**1,514**
At 31 March 2009	14,579	9,200	**23,779**

iv) The movements in the year ended 31 March 2008 are as follows:

	MNOPF	MNRPF	**Total**
	£000	£000	**£000**
Movements in the present value of defined benefit obligations:			
At 1 April 2007	(25,585)	(13,736)	**(39,321)**
Current service cost	(281)	-	**(281)**
Interest cost	(1,304)	(703)	**(2,007)**
Employee contributions	(118)	-	**(118)**
Actuarial gains/(losses)	3,217	(305)	**2,912**
Benefits (refunded)/paid	889	454	**1,343**
At 31 March 2008	(23,182)	(14,290)	**(37,472)**
Movements in the fair value of scheme assets:			
At 1 April 2007	19,355	11,114	**30,469**
Employer contributions	759	220	**979**
Employee contributions	118	-	**118**
Actuarial losses	(3,044)	(952)	**(3,996)**
Benefits refunded/(paid)	(889)	(454)	**(1,343)**
Expected return on plan assets	1,243	565	**1,808**
At 31 March 2008	17,542	10,493	**28,035**

NOTES TO THE ACCOUNTS (continued)
at 31 March 2009

22. PENSIONS *continued*

e) Impact on the Group's primary statements

	2009 **£000**	2008 £000
Analysis of amount charged to net operating expenses		
Current service cost	**284**	281
Net operating charge	**284**	281

	2009 **£000**	2008 £000
Analysis of amount credited/(charged) to other finance income		
Expected return on pension scheme assets	**1,514**	1,808
Interest on pension scheme liabilities	**(2,253)**	(2,007)
Net expense	**(739)**	(199)

	2009 **£000**	Restated 2008 £000
Analysis of amount recognised in STRGL		
Actual return less expected return on scheme assets	**(5,350)**	(3,996)
Experience gains and losses on liabilities	**687**	3,284
Changes in assumptions underlying the present value of pension scheme liabilities	**4,186**	(372)
Movement in amount recoverable from immediate parent undertaking	**477**	1,084
Actuarial gain recognised in STRGL	**-**	-

f) History of experience gains and losses

The history of experience gains and losses, excluding the impact of the amount recoverable from the immediate parent undertaking, are shown below:

i) MNOPF (New section)

	2009	2008	2007	2006	2005
Experience gains and losses on assets	**(3,808)**	(3,044)	3,436	2,099	424
Percentage of scheme assets	**26%**	17%	18%	14%	3%
Experience gains and losses on liabilities	**-**	3,284	(4,105)	-	-
Percentage of scheme liabilities	**-**	14%	16%	-	-
Total amount recognised in STRGL	**(1,446)**	173	(1,572)	727	59
Percentage of scheme liabilities	**7%**	1%	6%	4%	-

ii) MNRPF

	2009	2008	2007	2006	2005
Experience gains and losses on assets	**(1,542)**	(952)	(318)	972	444
Percentage of scheme assets	**17%**	9%	3%	9%	4%
Experience gains and losses on liabilities	**687**	-	-	-	-
Percentage of scheme liabilities	**6%**	-	-	-	-
Total amount recognised in STRGL	**969**	(1,257)	(883)	39	188
Percentage of scheme liabilities	**8%**	9%	6%	-	2%

NOTES TO THE ACCOUNTS (continued)
at 31 March 2009

23. FINANCIAL RISK MANAGEMENT

Capital risk
The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to shareholders through the maximisation of profit. The Company's overall strategy remains unchanged from the previous year. The capital structure of the Company consists of equity attributable to equity holders of the immediate parent and minority interests, comprising issued capital and reserves.

Gearing ratio
The Company does not have a target gearing ratio (the proportion of net debt to equity). The Company and its immediate parent undertaking review the capital structure of the Company on a regular basis.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The directors do not consider market risk exposure to be material.

Liquidity risk
Liquidity risk (also referred to as funding risk) is the risk that an entity will encounter difficulty in realising assets or otherwise raising funds to meet commitments associated with financial instruments. The Company is primarily financed through its trading with the immediate parent undertaking and receives funds in advance for capital payments. As a result liquidity risk is considered to be low. The Company has surplus funds which it invests to earn interest revenue. The investment policy of the Company is to hold funds in bank deposits which are invested on a short-term basis in the money market. Liquidity is managed by preparing short and medium-term cash flow forecasts against which the maturity of bank deposits is timed.

Credit risk
Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As the Company's key customer is the immediate parent undertaking, the directors consider the risk of contractual default to be remote and accordingly the Company's exposure to credit risk is low.

There are no significant concentrations of credit risk within the Company. The maximum credit risk exposure relating to financial assets is represented by the carrying value of the trade debtors at the balance sheet date. The Company has established procedures to minimise the risk of default by customers. Historically, these procedures have proved effective in minimising the level of impaired and past due debt.

NOTES TO THE ACCOUNTS (continued)
at 31 March 2009

24. RELATED PARTY TRANSACTIONS

The following table summarises the disclosures required by FRS 8 regarding transactions with related parties:

2008/09

				Due from related party	Amount recoverable in relation to	Due to related party	
	Turnover £000	Purchases £000	Interest payable £000	Trading £000	Pension liability £000	Trading £000	Advance Payments £000
International Nuclear Services Ltd	19,836	592	972	-	10,002	2,020	112,340
Nuclear Decommissioning Authority	-	307	-	26	-	-	-

2007/08

				Due from related party	Amount recoverable in relation to	Due to related party	
	Turnover £000	Purchases £000	Interest payable £000	Trading £000	Pension liability £000	Trading £000	Advance Payments £000
Sellafield Limited	18,338	1,334	1,469	-	9,437	545	112,012
Nuclear Decommissioning Authority	-	191	-	-	-	-	-

25. PARENT UNDERTAKING AND CONTROLLING PARTY

In the Directors' opinion, the Company's ultimate controlling party is Her Majesty's Government.

The immediate parent undertaking of Pacific Nuclear Transport Limited is International Nuclear Services Limited. The ultimate parent Company as at the 31 March 2009 was Nuclear Decommissioning Authority. Copies of their published consolidated financial statements may be obtained from its registered office Herdus House, Westlakes Science and Technology Park, Moor Row, Cumbria, CA24 3HU.