PACIFIC NUCLEAR TRANSPORT LIMITED

Registered No. 1228109

ANNUAL REPORT AND ACCOUNTS

31 March 2008

17

DIRECTORS' REPORT

The Directors present their report and consolidated accounts for the year ended 31 March 2008

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,022,000 (2007 £1,005,000) A dividend of £1,000,000 was proposed and paid in the financial year (2007 £950,000) As stated in note 9 to the Accounts, since the balance sheet date of 31 March 2008, a dividend of £1,000,000 has been declared which will be paid during the financial year ended 31 March 2009

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 2008 was derived mainly from the provision of transport services for MOX fuel and high level waste (HLW) between Japan and Europe, accounting for 89% of total turnover (2007 84%) Income from flask hire, decommissioning and miscellaneous transport services represent the remaining 11% (2007 16%)

PNTL vessel, Pacific Sandpiper successfully completed two voyages in the year one return voyage to Japan on the outward journey shipping 6 full HLW flasks and one vitrified residue transport flask for commissioning to Japan and on the return delivering 10 empty HLW flasks, 2 full materials test reactor flasks and one vitrified residue transport flask, the second being a return voyage to France shipping 7 empty HLW flasks The Company's subsidiary undertaking, Seabird KK did not trade during the year

Key performance indicators

	Actual (£m)	***Target (£m)***
Turnover	*£18 3*	*£19 9*
Profit before dividends	*£1 0*	*£1 2*
Capital expenditure	*£39 4*	*£46 0*

Whilst profit before dividends was in line with expectations, turnover was £1 6m lower than expected Turnover is derived from the intermediate parent undertaking, Sellafield 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 expenditure delayed to the next financial year driven by operations 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, although behind target, was in line with customer requirements Work continued on the new ship, the Pacific Heron, during the year, culminating in the successful delivery of the ship shortly after the year end

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

DIRECTORS' REPORT (continued)

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

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 2008 was 19 days (2007 35 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

The Directors who served during the year were as follows

H Morimoto
J L Andrieux
Capt M L Miller
H Murano
J J R Rycroft (resigned 1 December 2007)
M G Robinson
A L Lamprell
J S Clarke

DIRECTORS' REPORT (continued)

DONATIONS

There were no political donations made in the year Charitable donations were £3,747 (2007 £500)

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 Lamprell
Director

30 September 2008

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,
- 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 2008 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 23 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 2008 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

1 October 2008

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2008

	Notes	2008 £000	Restated 2007 £000
TURNOVER from continuing operations	2	**18,338**	16,794
Net operating costs and expenses	3	**(17,254)**	(15,782)
OPERATING PROFIT from continuing operations		**1,084**	1,012
Interest receivable and similar income	6	**3,422**	2,194
Interest payable and similar charges	7	**(3,482)**	(2,199)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**1,024**	1,007
Tax on profit on ordinary activities	8	**(2)**	(2)
PROFIT FOR THE FINANCIAL YEAR	17 & 18	**1,022**	1,005

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2008

	2008 £000	2007 £000
Profit for the financial year	**1,022**	1,005
Actual return less expected return on scheme assets	**(2,967)**	(33)
Experience gains and losses on liabilities	**2,255**	(954)
Changes in assumptions underlying the present value of pension scheme liabilities	**(372)**	(1,468)
Movement in amount recoverable from Sellafield Limited	**1,084**	2,455
Currency translation differences on net investments	**7**	(6)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	**1,029**	999

CONSOLIDATED AND PARENT BALANCE SHEETS
at 31 March 2008

		Group		Parent	
		2008	2007	**2008**	2007
	Notes	**£000**	£000	**£000**	£000
FIXED ASSETS					
Tangible assets	10	**154,165**	122,796	**154,165**	122,796
Investments	11	-	-	**62**	62
		154,165	122,796	**154,227**	122,858
CURRENT ASSETS					
Debtors	12	**625**	2,771	**625**	2,771
Amount recoverable from related party relating to pension liabilities	20	**9,437**	8,852	**9,437**	8,852
Investments (short term deposits)		**25,500**	31,400	**25,500**	31,400
Cash at bank and in hand		**17,931**	2,843	**17,879**	2,798
		53,493	45,866	**53,441**	45,821
CREDITORS: Amounts falling due within one year	13	**(40,994)**	(22,349)	**(40,994)**	(22,349)
NET CURRENT ASSETS		**12,499**	23,517	**12,447**	23,472
TOTAL ASSETS LESS CURRENT LIABILITIES		**166,664**	146,313	**166,674**	146,330
CREDITORS: Amounts falling due after more than one year	14	**(101,028)**	(80,773)	**(101,028)**	(80,773)
PROVISIONS FOR LIABILITIES AND CHARGES	15	**(50,863)**	(51,381)	**(50,863)**	(51,381)
NET ASSETS EXCLUDING PENSION LIABILITIES		**14,773**	14,159	**14,783**	14,176
PENSION LIABILITIES	20	**(9,437)**	(8,852)	**(9,437)**	(8,852)
NET ASSETS INCLUDING PENSION LIABILITIES		**5,336**	5,307	**5,346**	5,324
CAPITAL AND RESERVES					
Called up share capital	16	**2,000**	2,000	**2,000**	2,000
Profit and loss account	17	**3,336**	3,307	**3,346**	3,324
SHAREHOLDERS' FUNDS – EQUITY	18	**5,336**	5,307	**5,346**	5,324

These accounts were approved and authorised for issue by the Board of Directors on 30th September 2008 and were signed on its behalf by
A Lamprell

A Lamprell

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2008

	Notes	2008 £000	2007 £000
Net cash inflow from operating activities	i	**33,436**	46,345
Returns on investment and servicing of finance	ii	**1,156**	497
Capital expenditure and financial investment	iii	**(24,409)**	(24,946)
Equity dividends paid	iv	**(1,000)**	(950)
Taxation		**(2)**	(18)
Net cash inflow before use of liquid resources and financing		**9,181**	20,928
Management of liquid resources	v	**5,900**	(18,400)
Increase in cash in year		**15,081**	2,528

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2008

Analysis of the changes in net funds

	At 1 April 2007 £000	Currency translation differences £000	Cash flow £000	**At 31 March 2008 £000**
Cash at bank and in hand	2,843	7	15,081	**17,931**
Deposits repayable after 24 hours	31,400	-	(5,900)	**25,500**
	34,243	7	9,181	**43,431**

Reconciliation of net cash flow to movement in net funds

	2008 £000	2007 £000
Increase in cash in the year	**15,081**	2,528
Transfer (from)/to investments and deposits	**(5,900)**	18,400
Currency translation differences	**7**	(6)
Movement in net funds in the year	**9,188**	20,922
Opening net funds	**34,243**	13,321
Closing net funds	**43,431**	34,243

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)
for the year ended 31 March 2008

Reconciliation of operating profit to net cash inflow from operating activities

		2008 £000	Restated 2007 £000
	Operating profit	**1,084**	1,012
	Depreciation charges	**7,546**	6,450
	(Decrease)/increase in provisions	**(4)**	1
	Decrease/(increase) in debtors/accrued income	**2,601**	(976)
	(Decrease)/increase in creditors/accruals	**(1,100)**	1,410
	Increase in advance payments	**23,508**	38,684
	Movement on FRS 17 pension liability	**(199)**	(236)
i	Net cash inflow from operating activities	**33,436**	46,345

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

		2008 £000	2007 £000
	Returns on investment and servicing of finance:		
	Interest received	**1,753**	499
	Interest paid	**(597)**	(2)
ii	Net cash inflow for returns on investments and servicing of finance	**1,156**	497
	Capital expenditure and financial investment:		
	Purchase of tangible fixed assets	**(24,409)**	(24,946)
iii	Net cash outflow for capital expenditure and financial investment	**(24,409)**	(24,946)
	Equity dividends paid:		
	Dividends paid to shareholders	**(1,000)**	(950)
iv	Net cash outflow on equity dividends	**(1,000)**	(950)
	Management of liquid resources:		
v	Cash withdrawn from/(deposited in) short term deposits	**5,900**	(18,400)

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

NOTES TO THE ACCOUNTS
at 31 March 2008

1. ACCOUNTING POLICIES

Accounting convention
The accounts are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

Changes in accounting policy
The restatement of the prior year's profit and loss account and notes to the cash flow statement relate to the classification of capital financing charges from the intermediate parent undertaking These were previously recorded as reductions in turnover, however management have considered the most appropriate presentation which is to recognise such charges as interest payable The resulting impact for prior year is to increase turnover and operating profit by £594,000, with a corresponding increase in interest payable There is no resulting impact on net profit or net assets Consequential changes have been reflected in the sub-headings within the consolidated cash flow statement

There have been no other changes in accounting policy in the financial year ended 31 March 2008

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 10 years

Investments
Fixed asset investments are shown at cost less provision for impairment in value Current asset investments are shown at the lower of cost and estimated net realisable value

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 (continued)
at 31 March 2008

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

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

NOTES TO THE ACCOUNTS (continued)
at 31 March 2008

1. ACCOUNTING POLICIES (continued)

Pensions (continued)

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 intermediate parent undertaking, Sellafield 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

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

	2008	2007
	£000	£000
Employee costs (see note 4)	**4,294**	4,371
Depreciation – owned fixed assets	**7,546**	6,450
(Decrease)/increase in provisions	**(4)**	1
Auditors' remuneration - audit of the group financial statements	**16**	21
Auditors' remuneration - pension contributions audit	**2**	2
Directors' emoluments (see note 5)	**19**	20
Other charges	**5,381**	4,917
	17,254	15,782

NOTES TO THE ACCOUNTS (continued)
at 31 March 2008

4. EMPLOYEE INFORMATION (including Executive Directors)

The average weekly number of employees during the year was as follows

	2008 No.	2007 No
Officers and crew	114	112

Employee costs during the year were as follows

	2008 £000	2007 £000
Wages and salaries	3,618	3,610
Social security costs	344	340
Pension costs	332	421
	4,294	4,371

All executive and administrative functions are undertaken by employees of Sellafield Limited

5. DIRECTORS' EMOLUMENTS

	2008 £000	2007 £000
Emoluments	19	20

No pension contributions were made on behalf of Directors

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2008 £000	2007 £000
Expected return on pension scheme assets	1,808	1,364
Bank interest	1,614	830
	3,422	2,194

NOTES TO THE ACCOUNTS (continued)
at 31 March 2008

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £000	Restated 2007 £000
Gross top-up adjustment to opening provisions	**3,223**	3,255
Less amounts capitalised as recoverable from customers	**(3,220)**	(3,252)
	3	3
Interest on pension scheme liabilities	**2,007**	1,600
Interest payable to parent undertaking	**1,469**	594
Bank loans and overdrafts	**3**	2
	3,482	2,199

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2008 £000	2007 £000
Corporation tax	**2**	2
	2	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 30% The differences are reconciled below

	2008 £000	2007 £000
Profit on ordinary activities before taxation	**1,024**	1,007
Tax on profit at 30% (2007 30%)	**307**	302
Effect of non taxable income	**(305)**	(300)
	2	2

The Company has no deferred tax liability in 2008 (2007 £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

	2008 £000	2007 £000
Dividends on equity shares		
Paid in the year	**1,000**	950

Since the balance sheet date of 31 March 2008, a dividend of £1,000,000 has been declared which will be paid during the financial year ended 31 March 2009

NOTES TO THE ACCOUNTS (continued)
at 31 March 2008

10. TANGIBLE FIXED ASSETS

Group and Parent	Equipment £000	Assets in course of construction £000	Total £000
Cost at 1 Aprıl 2007	224,195	43,763	267,958
Addıtions excludıng capıtalısed decommıssıonıng costs	658	38,774	39,432
Dısposals	(20,484)	-	(20,484)
Top-up on capıtalısed decommıssıonıng costs	3,220	-	3,220
Cost / programme changes to capıtalısed decommıssıonıng costs	(1,450)	-	(1,450)
Amounts recovered from customers	(2,287)	-	(2,287)
Cost at 31 March 2008	**203,852**	**82,537**	**286,389**
Depreciatıon at 1 Aprıl 2007	145,162	-	145,162
Charge for year	7,546	-	7,546
Dısposals	(20,484)	-	(20,484)
Depreciatıon at 31 March 2008	132,224	-	132,224
Net book value at 31 March 2008	**71,628**	82,537	**154,165**
Net book value at 31 March 2007	79,033	43,763	122,796

Included wıthın fixed assets above ıs an amount of £50,816,000 (2007 £51,333,000) relatıng to capıtalısed decommıssıonıng costs

11. INVESTMENTS

Investment ın subsıdıary undertakıng	**Parent £000**
Cost and net book value at 31 March 2007 and 31 March 2008	**62**

Detaıls of the ınvestment are as follows

Name	*Country of Incorporatıon*	*Holdıng*	*Proportıon Held*	*Nature of Busıness*
Seabırd KK	Japan	Ordınary shares	100%	Non-tradıng

NOTES TO THE ACCOUNTS (continued)
at 31 March 2008

12. DEBTORS

	Group and Parent	
	2008	2007
	£000	£000
Amounts owed by Group Undertakings	**-**	2,015
Prepayments and accrued income	**301**	631
Other debtors	**324**	125
	625	2,771

13. CREDITORS: amounts falling due within one year

	Group and Parent	
	2008	2007
	£000	£000
Trade creditors	**7,881**	5,130
Amounts owed to Group Undertakings	**545**	-
Capital advance payments	**10,984**	7,731
Corporation tax	**2**	2
Other creditors and accruals	**21,582**	9,486
	40,994	22,349

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

	Group and Parent	
	2008	2007
	£000	£000
Capital advance payments	**101,028**	80,773

NOTES TO THE ACCOUNTS (continued)
at 31 March 2008

15. PROVISIONS FOR LIABILITIES AND CHARGES

	Group and Parent Flask decontamination & disposal £000
At 1 April 2007	51,381
Revalorisation	3,223
Decrease in the year	(1,454)
Discharge of liabilities	(2,287)
At 31 March 2008	**50,863**
Analysed as follows	
Amounts due within one year	1,743
Amounts due after one year	49,120
	50,863

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 £47,000 are contractually recoverable from customers The costs will be incurred over the next 20 years

16. SHARE CAPITAL

	2008 £000	2007 £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

17. RESERVES

	Profit and loss account	
	Group £000	Parent £000
At 1 April 2007	3,307	3,324
Profit for the year	1,022	1,022
Dividends declared and paid	(1,000)	(1,000)
Actual return less expected return on scheme assets	(2,967)	(2,967)
Experience gains and losses on liabilities	2,255	2,255
Changes in assumptions underlying the present value of pension scheme liabilities	(372)	(372)
Movement in amount recoverable from Sellafield Limited	1,084	1,084
Other recognised losses	7	-
At 31 March 2008	**3,336**	**3,346**

NOTES TO THE ACCOUNTS (continued)
at 31 March 2008

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Parent	
	2008	2007	**2008**	2007
	£000	£000	**£000**	£000
Profit for the year	**1,022**	1,005	**1,022**	1,005
Dividends	**(1,000)**	(950)	**(1,000)**	(950)
Actual return less expected return on scheme	**(2,967)**	(33)	**(2,967)**	(33)
Experience gains and losses on liabilities	**2,255**	(954)	**2,255**	(954)
Changes in assumptions underlying the present value of pension scheme liabilities	**(372)**	(1,468)	**(372)**	(1,468)
Movement in amount recoverable from Sellafield Limited	**1,084**	2,455	**1,084**	2,455
Other recognised losses	**7**	(6)	**-**	-
Net addition to shareholders' funds	**29**	49	**22**	55
Opening shareholders' funds	**5,307**	5,258	**5,324**	5,269
Closing shareholders' funds	**5,336**	5,307	**5,346**	5,324

19. CAPITAL EXPENDITURE AUTHORISED

	2008	2007
	£000	£000
Contracted for but not provided for	**90,122**	44,951

20. 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)

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 £18,000 and £33,000 respectively (2007 £19,000 and £37,000 respectively) Contributions totalling £1,000 were outstanding for the MNOPP and £2,000 for the MNRPP as at the balance sheet date (2007 £2,000 and £2,000 respectively)

NOTES TO THE ACCOUNTS (continued)
at 31 March 2008

20. PENSIONS *continued*

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 £759,000 (2007 £410,000) Agreed contribution rates for this scheme are currently 11 9% The shortfall in the scheme is expected to be recovered in 2014 The Company's annual contribution to fund its share of the deficit is expected to be £555,000

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 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

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 (2007 £219,000)

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 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

NOTES TO THE ACCOUNTS (continued)
at 31 March 2008

20. PENSIONS *continued*

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 2008

	MNOPF (New) £000	MNRPF £000	**Total £000**
Net deficit	(5,640)	(3,797)	**(9,437)**
Amount recoverable from Sellafield Limited	5,640	3,797	**9,437**
Net pension liability	-	-	-

The major financial assumptions used for both schemes are

	2008 %	2007 %	2006 %
Rate of increase in salaries	**5.1**	4 6	4 4
Rate of increase in pensions	**3.6**	3 1	2 9
Inflation assumption	**3.6**	3 1	2 9
Discount rate	**6.1**	5 2	4 9

NOTES TO THE ACCOUNTS (continued)
at 31 March 2008

20. PENSIONS *continued*

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

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

	MNOPF (New)			MNRPF		
	2008	2007	2006	**2008**	2007	2006
	£000	£000	£000	**£000**	£000	£000
Equities	**9,572**	13,770	10,080	**2,424**	2,878	2,827
Fixed interest gilts	**4,780**	1,516	1,077	**2,539**	1,823	1,609
Corporate bonds	**1,506**	2,153	1,216	**4,460**	5,179	5,419
Property	**1,368**	1,703	1,169	**703**	778	681
Cash	**316**	213	1,847	**367**	456	636
Market value of assets	**17,542**	19,355	15,389	**10,493**	11,114	11,172
Actuarial value of liability	**(23,182)**	(25,585)	(19,995)	**(14,290)**	(13,736)	(12,991)
Net deficit	**(5,640)**	(6,230)	(4,606)	**(3,797)**	(2,622)	(1,819)
Amount recoverable from Sellafield Limited	**5,640**	6,230	4,606	**3,797**	2,622	1,819
Net pension liability	**-**	-	-	**-**	-	-

In line with existing contractual arrangements, all costs incurred by the Company are recoverable from the intermediate parent undertaking Sellafield Limited, hence an equal recoverable amount is recognised to offset the pension deficit

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

	2008	2007	2006
	%	%	%
Equities	**7.5**	7 5	7 0
Fixed interest gilts	**4.6**	4 7	4 3
Corporate bonds	**6.1**	5 4	4 9
Property	**6.5**	6 5	6 0
Cash	**5.25**	5 25	4 5

NOTES TO THE ACCOUNTS (continued)
at 31 March 2008

20. PENSIONS *continued*

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

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

	MNOPF (New) £000	MNRPF £000	**Total £'000**	Amount recoverable from Sellafield Limited £000
Opening (deficit in scheme)/amount recoverable	(6,230)	(2,622)	**(8,852)**	8,852
Current service cost	(281)	-	**(281)**	281
Contributions	759	220	**979**	(979)
Expected return on scheme assets	1,243	565	**1,808**	(1,808)
Interest on scheme liabilities	(1,304)	(703)	**(2,007)**	2,007
Actuarial gains/(losses)				
Actual return less expected return on assets	(2,015)	(952)	**(2,967)**	2,967
Experience gains and losses on liabilities	2,255	-	**2,255**	(2,255)
Changes in assumptions underlying the present value of pension scheme liabilities	(67)	(305)	**(372)**	372
Closing (deficit in scheme)/amount recoverable	**(5,640)**	**(3,797)**	**(9,437)**	**9,437**

The movements in the deficit in the year ended 31 March 2007 are as follows

	MNOPF (New) £000	MNRPF £000	**Total £'000**	Amount recoverable from Sellafield Limited £000
Opening (deficit in scheme)/amount recoverable	(4,606)	(1,819)	**(6,425)**	6,425
Current service cost	(365)	-	**(365)**	365
Contributions	410	219	**629**	(629)
Expected return on scheme assets	877	487	**1,364**	(1,364)
Interest on scheme liabilities	(974)	(626)	**(1,600)**	1,600
Actuarial gains/(losses)				
Actual return less expected return on assets	285	(318)	**(33)**	33
Experience gains and losses on liabilities	(954)	-	**(954)**	954
Changes in assumptions underlying the present value of pension scheme liabilities	(903)	(565)	**(1,468)**	1,468
Closing (deficit in scheme)/amount recoverable	**(6,230)**	**(2,622)**	**(8,852)**	**8,852**

NOTES TO THE ACCOUNTS (continued)
at 31 March 2008

20. PENSIONS *continued*

e) Impact on the Group's primary statements

	2008 £000	2007 £000
Analysis of amount charged to net operating expenses		
Current service cost	**281**	365
Net operating charge	**281**	365

	2008 £000	2007 £000
Analysis of amount credited/(charged) to other finance income		
Expected return on pension scheme assets	**1,808**	1,364
Interest on pension scheme liabilities	**(2,007)**	(1,600)
Net expense	**(199)**	(236)

	2008 £000	2007 £000
Analysis of amount recognised in STRGL		
Actual return less expected return on scheme assets	**(2,967)**	(33)
Experience gains and losses on liabilities	**2,255**	(954)
Changes in assumptions underlying the present value of pension scheme liabilities	**(372)**	(1,468)
Movement in amount recoverable from Sellafield Limited	**1,084**	2,455
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 Sellafield Limited, are shown below

i) MNOPF (New section)

	2008	2007	2006	2005	2004
Actual return less expected return on scheme assets (£000)	**(2,015)**	285	2,099	424	1,449
Percentage of scheme assets	**(11%)**	1%	14%	3%	12%
Experience gains and losses on liabilities	**2,255**	(954)	-	-	-
Percentage of scheme liabilities	**(10%)**	4%	-	-	-
Total amount recognised in STRGL (£000)	**173**	(1,572)	727	59	1,360
Percentage of scheme liabilities	**1%**	6%	4%	-	8%

ii) MNRPF

	2008	2007	2006	2005	2004
Actual return less expected return on scheme assets (£000)	**(952)**	(318)	972	444	522
Percentage of scheme assets	**(9%)**	(3%)	9%	4%	6%
Total amount recognised in STRGL (£000)	**(1,257)**	(883)	39	188	454
Percentage of scheme liabilities	**9%**	6%	-	2%	4%

NOTES TO THE ACCOUNTS (continued)
at 31 March 2008

21. CONTINGENT LIABILITIES

At 31 March 2008 the company had £400,000 of contingent liabilities incurred in the ordinary course of business arising out of bank guarantees in respect of which, in the opinion of the directors, no material losses are expected to arise

22. RELATED PARTY TRANSACTIONS

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

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	-	-	-	-	-

2006/7 restated

				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	16,794	957	594	2,015	8,852	-	88,504
Nuclear Decommissioning Authority	-	165	-	-	-	525	-

NOTES TO THE ACCOUNTS (continued)
at 31 March 2008

23. 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 2008 was British Nuclear Fuels plc (Company registration no 5027024), which is incorporated in England and Wales Copies of their published consolidated financial statements may be obtained from its registered office at 1100 Daresbury Park, Daresbury, Warrington, WA4 4GB

As a result of the contractual arrangements arising from the Energy Act 2004, in accordance with Financial Reporting Standard 2 'Accounting for Subsidiary Undertakings', the Company and its subsidiary are treated as subsidiaries of the Nuclear Decommissioning Authority (the "NDA") The Company's results are thus consolidated within the NDA accounts, copies of which can be obtained from its registered office Herdus House, Westlakes Science and Technology Park, Moor Row, Cumbria, CA24 3HU

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