

PACIFIC NUCLEAR TRANSPORT LIMITED

Registered No. 1228109

Annual Report and Financial Statements for the year ended 31 March 2019



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Officers and professional advisors

DIRECTORS

D K Peattie
P G Buchan
M Crowther (resigned 27 September 2018)
F D Agostini (resigned 1 May 2019)
A Fujioka (resigned 31 March 2019)
A L Greaves
S Kybird
Y Tokunaga (resigned 30 September 2018)
H Takiue (appointed 1 October 2018)
T Tobita (appointed 1 April 2019)
E Delaunay (appointed 1 May 2019)

SECRETARY

Helen Elizabeth Hodgson

AUDITORS

Mazars LLP
One St Peter's Square
Manchester
M2 3DE

BANKERS

RBS plc
1 Spinningfield Square
Manchester
M3 3AP

REGISTERED OFFICE

Herdus House
Westlakes Science & Technology Park
Moor Row
Cumbria
CA24 3HU

Strategic report*for the financial year ended 31 March 2019*

The Directors present their Strategic report for the year ended 31 March 2019.

Principal activities

The principal activity of Pacific Nuclear Transport Limited (the "Company") is the transport of nuclear materials between Europe and Japan.

Review of the business and future development

The profit for the financial year amounted to £4,241,000 (2018: £1,897,000). The Company's principal activities during the year continued to be the transport of nuclear materials between Europe and Japan. The Company's revenue for the financial year ended 31 March 2019 was derived from the provision of transport services for MOX fuel and high level waste (HLW) between Europe and Japan, accounting for 93% of total turnover (2018: 93%). Revenue from flask hire, decommissioning and miscellaneous transport services represent the remaining 7% (2018: 7%).

The Japanese nuclear industry continues to face a number of challenges following the major earthquake and tsunami in Japan in 2011. The Company is planning to continue deliveries of MOX fuel and HLW to customers in Japan in line with agreed programmes discussed with customers. All deliveries will continue to require prior regulatory and government approvals.

PNTL continues to support its shareholder International Nuclear Services Ltd (INSL) in developing future business developments and during the year has supported INSL in a number of additional shipping opportunities within the UK and between Europe and the US.

Key performance indicators

	<i>Actual</i>	<i>Target</i>
<i>Turnover for the year ended 31 March 2019</i>	<i>£29.3m</i>	<i>£22.0m</i>
<i>Turnover for the year ended 31 March 2018</i>	<i>£35.0m</i>	<i>£39.4m</i>
<i>Profit for the financial year ended 31 March 2019</i>	<i>£4.2m</i>	<i>£3.8m</i>
<i>Profit for the financial year ended 31 March 2018</i>	<i>£1.9m</i>	<i>£1.9m</i>
<i>Total Recordable Incident Rate (TRIR)</i>	<i>0.24</i>	<i>0.00</i>

During the year the Company monitored performance across a number of key performance indicators (KPIs). These KPIs included measures on safety, security, operational, financial and people performance targets. Through regular, structured management reviews, the Directors have satisfied themselves that a high level of performance has been achieved throughout the year.

Turnover is derived largely from the immediate parent undertaking, International Nuclear Services Limited, as costs are charged by the Company at cost plus a management fee. The £7.3m increase in turnover compared to the target set is driven by increased expenditure on the MOX and HLW vessels and recovery of this expenditure together with fee relating to additional voyages undertaken. The Company's financial position remains strong with net assets of £8.8m (2018: £6.4m).

The Company's management team will continue to adopt the strategy of managing costs effectively, whilst maintaining the highest standards of safety, efficiency, effectiveness and delivery to customers.

Strategic report

for the financial year ended 31 March 2019

Principal risks and uncertainties

The Company has an established risk management framework, which is aligned to the ISO3100 standard and the current NDA Group framework. Managing risk is a fundamental PNTL responsibility. All employees have a duty to make sure risks in their areas of responsibility are identified, reported and managed. The Board is ultimately accountable for risk management activities.

The Company's vision is to ensure risk management is fully embedded into the way the Company works including all business activities, processes, operations, projects and decisions in order to improve efficiency, effectiveness and stakeholder confidence.

Key risks and uncertainties facing the Company can be broadly grouped as geopolitical, cyber security, safety, pension, credit, liquidity, foreign currency, financial management and asset performance risk.

Geopolitical

The Company continues to review the impact of a no deal Brexit on its operations and to put in contingency plans where appropriate.

Cyber security

The Company proactively manages its cyber security risk through training, systems software, hardware management and security exercises to raise employee awareness and test resilience in this area.

Safety

Safety is of the highest priority to PNTL and is managed through PNTL's ship manager, together with PNTL employees. Assurance and support is provided by PNTL's immediate parent undertaking.

Pension

The Company has managed its risk to pension costs by closing the defined benefit structure of the scheme to new entrants and making available a defined contribution structure for all new employees.

Credit

The Company is exposed to credit risk when customers may potentially fail to meet their obligations. The Company has in place policies, to manage credit risk, including reviewing customer credit ratings.

Liquidity

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 assessing short and medium-term cash flow against which the maturity of bank deposits is timed.

Foreign currency

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This is managed by contracting where possible with overseas customers and suppliers in GBP or passing supply chain foreign currency risk to the customer; where this is not possible the Company will seek to contract both customer and related supply chain contracts in the same currency, with cash flows from both with similar timings and values. For significant foreign currency contracts with single transactions with a value greater than £1 million equivalent, the Company will look to place a forward contract to buy or sell such currency, where appropriate.

Financial management

Financial risks faced by the Company relate to ship management costs, including fuel oil, which, along with payroll costs and depreciation, constitute major operating costs for the business. As such costs are recovered in full from the Company's immediate parent, there is no risk to profit. Budgets are developed and approved each year for all key costs, with regular monitoring and quarterly re-forecasting to manage such costs and financial risk.

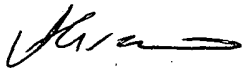
Strategic report

for the financial year ended 31 March 2019

Asset performance

The nature of the business means that the Company requires the appropriate assets (both existing and new assets) to enable safe and effective transportation. If 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 scheduled maintenance and monitoring existing assets and future asset requirements. The implementation of an improved asset management system, expected to be completed in the financial year ended 31 March 2020 is a key mitigation for this risk.

By order of the Board,



Alaine Greaves
Director
11 September 2019

Directors' report

for the financial year ended 31 March 2019

The Directors present their annual report and audited financial statements for the Company for the financial year ended 31 March 2019.

Business review and future developments

A review of the business of the Company and future developments is included in the Strategic report on page 4.

Results and dividends

The Company's profit for the financial year, after taxation was £4,241,000 (2018: £1,897,000) which will be transferred to reserves. The results for the financial year are shown on page 13.

A dividend of £1,900,000 (2018: £1,600,000) was paid in the year. Since the year end the Directors have declared a dividend of £4,200,000.

Financial risk management

Financial risk management of the Company is included in the Strategic report on page 5.

Directors of the Company

The Directors who served during this year and to the date of this report were as follows:

D K Peattie
P G Buchan
M Crowther (resigned 27 September 2018)
F D Agostini (resigned 1 May 2019)
A Fujioka (resigned 31 March 2019)
A L Greaves
S Kybird
Y Tokunaga (resigned 30 September 2018)
H Takiue (appointed 1 October 2018)
T Tobita (appointed 1 April 2019)
E Delaunay (appointed 1 May 2019)

Directors' indemnities

Pursuant of the Company's articles of association, the Directors were throughout the financial year ended 31 March 2019 and are at the date of this report entitled to a qualifying indemnity provision as defined in section 234 of the Companies Act 2006. 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. This was also the case in the financial year ended 31 March 2018.

Research and development

Research and development expenditure for the financial year ended amounted to £nil (2018: £nil).

Employment of disabled persons

The Company recognises that physically or otherwise disabled individuals are not, of necessity, prevented from making a valuable and significant contribution to the business, and where people have the attitudes and abilities necessary for the job, the Company gives sympathetic consideration towards employing them, or retaining them in work should the disability emerge during employment. The Company's policy is to ensure that no discrimination either direct or indirect occurs against employees or applicants, whether in selection, promotion, access to training, or appraisal.

Directors' report

for the financial year ended 31 March 2019

Employee involvement

The Company keeps employees fully informed of the Company's strategies and their impact on the performance of the Company and the group and encourages employee participation. Briefing meetings are held to give information on Company matters and provide an opportunity for discussion. E-mail bulletins are circulated regularly to all employees to ensure a common awareness of financial and economic factors that affect the performance of the Company.

Directors' responsibilities statement

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 Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

The Directors have prepared a budget and 5 year business plan and have reviewed the sensitivities within the plan; quarterly forecasts have also been prepared and reviewed since the budget preparation. As a result, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors therefore continue to adopt the going concern basis of accounting in preparing these financial statements.

Charitable and political donations

During the year the Company made charitable donations of £1,479 (2018: £7,188), principally to local charities serving the communities in which the Company operates. There were £nil political donations made in the year (2018: £nil).

Supplier payment policy

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 2019 was 10 days (2018: 7 days).

Directors' report

for the financial year ended 31 March 2019

Disclosure of information to auditors

The Directors who were members of the board at the time of approving the Directors' Report are listed above. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors (other than those that have resigned as indicated above) confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' view on the impact of the United Kingdom exiting from the European Union

It is the Directors' view that the United Kingdom exiting from the European Union will not have any significant consequences on the Company's business based on risk assessment and mitigation to date. The most likely consequences are the impact of potentially different customs arrangements, exchange rates and supply chain impacts.


Events since the balance sheet date

There have been no subsequent events since the balance sheet date that require these financial statements to be adjusted or which require additional disclosure with the exception of the Directors declaring a dividend of £4,200,000 to be paid in the financial year ending 31 March 2020.

Annual general meeting and auditors

In accordance with the requirements of the Companies Act 2006 the Company is not required to hold an Annual General Meeting or re-appoint auditors on an annual basis.

By order of the Board,



Elaine Greaves
Director
11 September 2019

Independent auditor's report
for the financial year ended 31 March 2019

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

Opinion

We have audited the financial statements of Pacific Nuclear Transport Limited (the "Company") for the year ended 31 March 2019 which comprise the Profit and loss account, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and notes to financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

Independent auditor's report
for the financial year ended 31 March 2019

Other information continued

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 8, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report
for the financial year ended 31 March 2019

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Charlene Lancaster (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
One St Peter's Square
Manchester, M2 3DE

11 September 2019

Profit and loss account

for the financial year ended 31 March 2019

	Notes	2019 £000	2018 £000 Restated
Revenue	5	29,341	35,049
Operating costs		(27,981)	(33,174)
Operating profit before exceptional items	6	1,360	1,875
Exceptional items	7	2,773	-
Interest receivable and similar income	9	115	42
Interest payable and similar charges	10	(5)	(18)
Profit before tax		4,243	1,899
Taxation	11	(2)	(2)
Profit for the financial year		4,241	1,897

All amounts are derived from continuing operations.

Statement of comprehensive income

for the financial year ended 31 March 2019

	Notes	2019 £000	2018 £000 Restated
Profit for the financial year attributable to owners of the parent		4,241	1,897
Other comprehensive income:			
Actuarial gains and losses in defined benefit pension schemes offset by amounts not recognised	18	-	-
Total comprehensive income for the financial year attributable to the owners or parent		4,241	1,897

Details of the restatement are included in notes 8 and 18.

The notes on pages 16 to 35 form an integral part of the financial statements.

Balance sheet
as at 31 March 2019

	Notes	2019 £000	2018 £000
Fixed assets			
Tangible assets	12	207,972	303,106
Current assets			
Trade and other receivables	13	3,588	5,961
Current asset investments	14	3,000	-
Cash and cash equivalents	15	8,000	10,204
		14,588	16,165
Total assets		222,560	319,271
Current liabilities			
Trade and other payables	16	(12,599)	(9,061)
Provisions	17	(107)	(5,046)
Current tax liabilities		(2)	(2)
		(12,708)	(14,109)
Non-current assets plus net current assets		209,852	305,162
Non-current liabilities			
Trade and other payables	16	(120,552)	(137,813)
Provisions	17	(80,512)	(160,902)
Defined benefit pension scheme	18	-	-
		(201,064)	(298,715)
Net Assets		8,788	6,447
Equity			
Share capital	19	2,000	2,000
Retained earnings		6,788	4,447
Total equity		8,788	6,447

The financial statements were approved by the Board of Directors and authorised for issue on 11 September 2019 and were signed on its behalf by:



Alaine Greaves
Director

The notes on pages 16 to 35 form an integral part of the financial statements.

Statement of changes in equity
for the financial year ended 31 March 2019

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 April 2017	2,000	4,150	6,150
Dividend paid (note 20)	-	(1,600)	(1,600)
Total comprehensive income for the year	-	1,897	1,897
Balance at 31 March 2018	2,000	4,447	6,447
Dividend paid (note 20)	-	(1,900)	(1,900)
Total comprehensive income for the year	-	4,241	4,241
Balance at 31 March 2019	2,000	6,788	8,788

The balance classified as share capital includes the total net proceeds on issue of the Company's share capital, comprising £1 ordinary shares.

The balance classified as retained earnings represents accumulated profits and losses of the Company.

The notes on pages 16 to 35 form an integral part of the financial statements.

Notes to the financial statements

for the financial year ended 31 March 2019

1. General Information

The Company is a private limited Company (limited by shares) incorporated in England under the Companies Act 2006. The registered office is Herdus House, Westlakes Science and Technology Park, Moor Row, Cumbria, CA24 3HU. The Company's principal activities are set out in the Strategic report.

The immediate parent undertaking is International Nuclear Services Limited. The ultimate parent undertaking is the Nuclear Decommissioning Authority ('NDA'). The consolidated financial statements of the NDA are available to the public and may be obtained from its headquarters at Herdus House, Westlakes Science & Technology Park, Moor Row, Cumbria, CA24 3HU. In the Directors' opinion, the Company's ultimate controlling party is Her Majesty's Government.

These financial statements are presented in pounds sterling and all values are rounded to the nearest thousand (£000) except when otherwise indicated.

2. Significant accounting policies

Basis of preparation

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

These financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and in accordance with FRS 101

The accounting policies which follow set out those policies which apply in preparing the financial statements for the financial year ended 31 March 2019.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1, paragraph 73(e) of IAS 16 Property, Plant and Equipment, paragraph 118(e) of IAS 38 Intangible Assets and paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- the requirements of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from 'Contracts with Customers'.

Turnover and revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in respect of products delivered and services rendered to its immediate parent undertaking, International Nuclear Services Limited, in the normal course of business. Costs are charged by the Company to its immediate parent undertaking at cost plus a management fee.

Notes to the financial statements

for the financial year ended 31 March 2019

Going concern

The Directors have prepared a budget and business plan and have reviewed the sensitivities within the plan; quarterly forecasts have also been prepared and reviewed since the budget preparation. As a result the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors therefore continue to adopt the going concern basis of accounting in preparing these financial statements.

Foreign currencies

The financial statements are expressed in pounds sterling, which is the functional currency of the Company and the presentation currency for the financial statements. In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions or at the contracted rate if the transaction is covered by a forward foreign exchange contract. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Notes to the financial statements

for the financial year ended 31 March 2019

Tangible assets

Property, plant and equipment are stated at cost (including capitalised decommissioning costs which reflect decontamination and disposal costs) less accumulated depreciation and any recognised impairment loss. Assets under construction are stated at cost and not depreciated until brought into use. Depreciation is charged so as to write off the cost of the assets, other than assets under construction and ships (see below), to their residual values over their estimated useful lives, using the straight-line method on the following bases:

Fixtures and fittings	3 to 15 years
Plant and equipment (excluding ships)	5 to 15 years

Residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

In relation to ships owned by the Company, depreciation is charged so as to write off the cost of the ships to their residual values over their estimated useful lives, using the units of production method based on voyages undertaken by the ships which are estimated to be completed within 15 years (2018: 15 years).

Depreciation is not charged on capitalised decommissioning costs as the residual value associated with these costs is equivalent to the carrying value as these are funded by the ultimate parent Company NDA, who in turn will recover such costs from external customers under existing contractual arrangements.

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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.

Notes to the financial statements

for the financial year ended 31 March 2019

Financial assets

Financial assets are classified as either financial assets 'at fair value through profit or loss' (FVTPL), 'at fair value through other comprehensive income' (FVOCI) or amortised cost. 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 operating costs). Financial assets are reflected in financial categories, as per IFRS9, that reflect the measurement, namely fair value at amortised cost, through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL).

Trade and other receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market, are classified at amortised cost. Trade and other 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.

Impairment of financial assets

Financial assets, other than those at FVOCI/FVTPL, are assessed for indicators of impairment at each reporting 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term bank deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Current asset investments

Current asset investments comprise bank deposits with an original maturity of greater than three months. Bank deposits are made for varying periods depending on the medium to long-term cash requirements of the Company and earn interest based on commercial rates offered by the bank at the time of deposit.

De-recognition 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.

Other financial liabilities

Other financial liabilities, including trade and other payables, 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.

Notes to the financial statements

for the financial year ended 31 March 2019

Other financial liabilities continued

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.

De-recognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled or they expire.

Capital advance payments

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

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

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 year's 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.

Retirement benefit costs

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.

For the purposes of producing appropriate figures for inclusion in the accounts, a professionally qualified actuary is appointed each year by the Company. The figures in the financial statements are 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 IAS 19.

Where the actuarial calculation results in a deficit, the deficit is recognised in full on the balance sheet and represents the present values of the defined benefit obligations at the reporting 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 reporting 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.

Notes to the financial statements

for the financial year ended 31 March 2019

Retirement benefit costs continued

Movements in the schemes' surplus/deficits are split between operating charges, financing charges and actuarial gains and losses, all of which are recorded within the statement of comprehensive income.

Where the actuarial calculation results in a surplus, this surplus is restricted to the value that the Directors believe is appropriate for recognition in the financial statements.

The Company also participates in the Merchant Navy Officers' Pension Fund (the "MNOFF Scheme") and the Merchant Navy Ratings' Pension Fund (the "MNRPF Scheme") industry wide schemes. Both of these Schemes are CARE schemes and are closed to new members. The MNRPF Scheme closed to future accrual in 2001 and the MNOFF Scheme closed to defined benefit accrual on 31 March 2016. All participating employers, including the Company, are jointly and severally liable for the outstanding deficits.

The Company also participates in two industry-wide defined contribution pension schemes which require contributions to be made to a separately administered fund. Contributions are charged to operating charges as they become payable in accordance with the rules of the scheme.

3. Judgement and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the financial year.

Estimated useful lives and impairment of property, plant and equipment

Property, plant and equipment is depreciated over the estimated useful lives of the underlying assets. Estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date. Depreciation of the ships is charged and estimated using the units of production method based on voyages undertaken. Where future voyages for non-core business is contracted, these voyages are taken into account when calculating the depreciation charge for the ships. Impairment is measured by comparing the carrying value of the fixed asset or cash-generating unit with its recoverable amount. All assets are reviewed for evidence of impairment. Given the age of the assets, this calculation has a degree of uncertainty within it. The carrying amount of property, plant and equipment at the reporting date was £207,972,000 (2018: £303,106,000).

Provisions

The calculation of provisions requires the estimation of future costs, discount rates and the expected timing of cash flows relating to the decontamination and disposal of flasks. The nature of the costs and the expected timing of cash flows mean that this calculation has a degree of uncertainty within it. The carrying amount of provisions at the reporting date was £80,619,000 (2018: £165,948,000).

Retirement benefit obligations

The nature of the process for valuing retirement benefit obligations for defined benefit schemes means that the calculations and the resulting surplus/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 financial statements. The carrying amount of the retirement benefit obligations at the reporting date was a surplus of £4,784,000 which has been restricted to £nil (2018: surplus of £816,000, restricted to £nil), which in the opinion of the Directors reflects the appropriate value to recognise in the financial statements. Any deficit recognised is fully recoverable from the immediate parent undertaking; the deficit is matched by a receivable of the same carrying amount. As year-end scheme asset valuations are not available at the time of the calculations in these financial statements, the asset values have been estimated based on the latest scheme asset value reports available. An allowance has been made for the impact of GMP equalisation however as a number of uncertainties exist this remains an estimate.

Notes to the financial statements

for the financial year ended 31 March 2019

4. New and amended standards and interpretations

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in the year ended 31 March 2019, they did not have a material impact on the annual financial statements of the Company. The nature and the impact of each new standard or amendment is described below:

IFRS 9 Financial Instruments

The standard requires an entity to apply consideration to the classification, measurement and impairment of financial assets and the classification and measurement and hedging of financial liabilities. Although the standard has been applied for the first time, there has been no material impact on the results or financial position of the Company.

IFRS 15 Revenue from Contracts with Customers, including subsequent clarifications

The principle of the standard is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods and services. Although the standard has been applied for the first time, there has been no impact on the results or financial position of the Company.

5. Revenue

Revenue, which is stated net of value added tax, represents amounts invoiced to the immediate parent undertaking. The Company is contractually entitled to revenue from the immediate parent undertaking on the basis of costs incurred, on an accruals basis. Revenue is attributable to two main activities, the transport of nuclear materials between Japan and Europe and secondly decommissioning and related services. Revenue and operating profit materially arises from sources and destinations in the UK. Revenue is invoiced during the month the service is provided at cost recovery plus a fee.

Split of revenue between:

	2019 £000	2018 £000
Transport services	27,483	33,192
Revenue from flask hire and contract administration	1,858	1,857
	29,341	35,049

Some income is received from third parties in relation to flask hire and contract administration. This is based on a fixed annual charge and is invoiced at the start of the financial year based on agreement for the Company to make assets available to the customer.

Notes to the financial statements

for the financial year ended 31 March 2019

6. Operating profit

Operating profit is stated after:

	2019 £000	2018 £000 Restated
Depreciation of tangible assets (see note 12)	9,954	14,621
Auditors' remuneration in respect of the statutory audit of the Company	19	29
(Decrease)/increase in provisions not recoverable from customers	(78)	41
Gain on disposal of fixed assets	-	405
Staff costs excluding Directors' emoluments (see note 8)	8,889	8,033
Directors' emoluments (see note 8)	20	20

All other non-audit fees are borne by the ultimate parent Company (NDA) and are financed by the NDA.

7. Exceptional items

	2019 £000	2018 £000
Gain on disposal of fixed assets	2,773	-

During the year, the Company sold a number of fully written down redundant flasks.

8. Employees and directors

The average monthly number of employees (excluding directors) was as follows:

(a). Staff costs

	2019 No.	2018 No.
Officers and crew	131	131

Their aggregate remuneration comprised:

	2019 £000	2018 £000 Restated
Wages and salaries	5,726	6,087
Social security costs	596	601
Pension costs (see note 18)	2,567	1,345
	8,889	8,033

All executive and administrative functions are undertaken by employees of the immediate parent undertaking.

Notes to the financial statements

for the financial year ended 31 March 2019

8. Employees and directors continued

Any deficit on the defined benefit pension schemes is fully recoverable from the immediate parent company, under the Company's contractual arrangements. Under the service arrangement, the employers' contributions paid by the Company are included in operating costs shown in profit and loss and reimbursed by the immediate parent undertakings under the cost recovery with fee arrangement and recognised as revenue. Any surplus arising is restricted to nil.

Amounts relating to the current and past service costs and net interest on the net defined benefit asset are shown in note 18, but are not shown in the profit and loss. This reflects the fact that any overall pension surplus is restricted to nil and any deficit is to be recovered from the immediate parent company. Therefore, there are offsetting amounts which the Company has recognised net under paragraph 116 of IAS 19. Comparatives have been restated accordingly.

(b). Directors' remuneration

	2019 £000	2018 £000
Emoluments	20	20

No pension contributions were made on behalf of any Directors (2018: £nil). As noted in Note 8, all executive functions are undertaken by employees of the immediate parent undertaking, hence no Directors are employed by the Company. This was the same as in the prior year. Directors' emoluments reflect the fees paid in relation to the services by the Directors to the Company. This was the same as in the prior year.

9. Interest receivable and similar income

	2019 £000	2018 £000 Restated
Interest income on bank deposits	46	42
Interest receivable from immediate parent undertaking	69	-
Net finance income on defined benefit pension schemes offset by amounts not recognised (see note 18)	-	-
	115	42

Notes to the financial statements

for the financial year ended 31 March 2019

10. Interest payable and similar charges

	2019 £000	2018 £000
Revalorisation of nuclear provisions	2,191	2,921
Adjusted for amounts capitalised as recoverable from customers	(2,186)	(2,915)
	5	6
Interest payable to immediate parent undertaking	-	12
	5	18

11. Taxation

The explanation for the tax charge in the year is set out below:

	2019 £000	2018 £000
Tax charge:		
Income tax	2	2
	2	2
Profit on ordinary activities before tax	4,243	1,899
Tax on profit on ordinary activities before tax at the UK standard rate of corporation tax of 19% (2018: 19%)	806	361
Effect of non-taxable income	(804)	(359)
	2	2

The Company has no deferred tax liability in 2019 (2018: £nil).

From 1 April 2001 onwards, the Company has been taxable under Section 82 of the Finance Act 2000 on a tonnage tax basis.

Deferred tax is not provided for on the basis that the Company will continue to be taxed on the tonnage tax basis for the foreseeable future.

Notes to the financial statements

for the financial year ended 31 March 2019

12. Tangible assets

	Plant & equipment £000	Fixtures & fittings £000	Capitalised decommissioning costs £000	Assets under construction £000	Total £000
Cost					
At 1 April 2018	326,132	1,295	165,609	10,188	503,224
Additions	29	-	2,187	-	2,216
Disposals	(47,836)	-	(87,396)	-	(135,232)
At 31 March 2019	278,325	1,295	80,400	10,188	370,208
Depreciation					
At 1 April 2018	188,880	1,040	10	10,188	200,118
Charge for the year	9,935	19	-	-	9,954
Disposals	(47,836)	-	-	-	(47,836)
At 31 March 2019	150,979	1,059	10	10,188	162,236
Carrying amount					
At 31 March 2019	127,346	236	80,390	-	207,972
At 31 March 2018	137,252	255	165,599	-	303,106

During the financial year ended 31 March 2013 a number of assets, namely flasks, were identified as having no further use. These were classified as assets under construction as they were not fully complete. The assets were impaired in full. These will continue to be treated as fully impaired assets under construction until a decision is taken to dispose of these assets.

Depreciation is not charged on capitalised decommissioning costs as the residual value associated with these costs is equivalent to the carrying value as these are funded by the ultimate parent Company NDA, who in turn will recover such costs from external customers under existing contractual arrangements.

During the year, the Company sold a number of fully written down redundant flasks. The sale also removed the decommissioning liability which was held for these flasks.

Notes to the financial statements

for the financial year ended 31 March 2019

13. Trade and other receivables

	2019 £000	2018 £000
Current:		
Trade receivables	170	-
Amounts owed by immediate parent undertaking	3,125	5,409
Other debtors	263	540
	<u>3,558</u>	<u>5,949</u>
Prepayments	23	5
VAT	7	7
	<u>3,588</u>	<u>5,961</u>

All balances are expected to be recovered in full during the financial year ending 31 March 2020 as they are intercompany balances with INSL.

All amounts owed by group undertakings are payable on demand and unsecured. There are no interest bearing loans or other borrowings.

14. Current asset investments

	2019 £000	2018 £000
Bank deposits	<u>3,000</u>	-

Current asset investments comprise bank deposits with an original maturity of greater than three months. Bank deposits are made for varying periods depending on the medium to long-term cash requirements of the Company and earn interest based on commercial rates offered by the bank at the time of deposit.

15. Cash and cash equivalents

	2019 £000	2018 £000
Cash at banks and on hand	8,000	10,204
Cash and cash equivalents	<u>8,000</u>	<u>10,204</u>

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. Any surplus cash balances are automatically transferred daily and held overnight within an interest-bearing account.

Notes to the financial statements

for the financial year ended 31 March 2019

16. Trade and other payables

	2019 £000	2018 £000
Current:		
Trade payables	852	1,093
Amounts owed to ultimate parent undertaking	1,784	-
Accruals and deferred income	2,170	1,476
	<u>4,806</u>	<u>2,569</u>
Capital advance payments from immediate parent undertaking	7,793	6,492
	<u>12,599</u>	<u>9,061</u>
Non-current:		
Capital advance payments from immediate parent undertaking	120,552	137,813

Trade payables are non-interest bearing and are normally settled on 30 day terms. Accruals comprise amounts outstanding principally for trade and capital purchases where invoices have not yet been received from suppliers for services provided. The Company has procedures in place to ensure that balances are paid within pre-agreed credit terms. No interest is charged or payable on the amounts owed.

Amounts owed to parent undertaking includes a balance of £128,345k relating to capital advance payments. These are recognised in the profit and loss account in line with depreciation of the related capital expenditure.

17. Provisions

The provisions for flask decontamination and disposal are as follows:

	£000
At 1 April 2018	165,948
Revalorisation	2,191
Release in the year	(87,254)
Discharge of liabilities	(266)
At 31 March 2019	<u>80,619</u>
At 31 March 2019	
Current	107
Non-current	80,512
	<u>80,619</u>

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 £271,000 (2018: £349,000) are contractually recoverable from customers. The costs will be incurred over the next 14 years.

During the year, the Company sold a number of flasks (see note 12). The sale removed the decommissioning liability for these flasks.

Notes to the financial statements

for the financial year ended 31 March 2019

18. Pension commitment

Defined contribution schemes

The Company participates in the following industry wide defined contribution schemes:

- a. The **ENSIGN Retirement Plan** (for the MNOPF) which replaced the Merchant Navy Officers' Pension Plan (MNOPP); the scheme was closed to new contributions on 31 July 2015 and all existing members' benefits were transferred to the ENSIGN scheme. The Company's contributions to the MNOPP and the ENSIGN Retirement Plan for the year were £nil (2018: £ nil) and £271,000 (2018: £269,000) respectively.
- b. The **Merchant Navy Ratings' Group Personal Pension Plan** (MNRGPPP) which replaced the MNRPP in September 2010. This scheme is available to all ratings who wish to participate in an industry scheme. The Company's contributions to the MNRGPPP for the year were £53,000 (2018: £51,000).
- c. The **National Employment Savings Trust** (NEST) which is an auto enrolment scheme set up by the government for employees not opting for an industry wide marine scheme. The Company's contributions to the NEST were £12,000 (2018: £6,000).

Defined benefit schemes

The Company also participates in the Merchant Navy Officers' Pension Fund (the "MNOPF Scheme") and the Merchant Navy Ratings' Pension Fund (the "MNRPF Scheme") industry wide schemes. Both of the Schemes are CARE schemes and are closed to new members. The MNRPF Scheme closed to future accrual in 2001 and the MNOPF Scheme closed to defined benefit accrual on 31 March 2016. All participating employers, including the Company, are jointly and severally liable for the outstanding deficits.

The MNRPF is a non-sectionalised multi-employer scheme which is closed to new members. Since the closure, contributions continue to be collected on a monthly basis under section 148. 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 schemes are funded by payments to trusts, which are independent of the participating employers.

The pension costs for the schemes are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method. The latest available actuarial valuation for the MNOPF at 31 March 2018 indicated that the new section was under funded by £73 million (previously £329 million). There is a recovery plan in place for the deficit with the Company expected to make contributions in relation to its share of the deficit until the financial year ended 30 September 2025.

The latest available actuarial valuation for the MNRPF at 31 March 2017 indicated that the scheme was under funded by £221 million (previously £354 million underfunded). To eliminate this funding shortfall, the Trustee has determined that contributions will be paid to the Fund by the participating Employers with the aim of meeting the deficit by 31 March 2024.

The Company's contributions to the MNOPF for the year totalled £1,018,000 (2018: £1,018,000). In the financial year ending 31 March 2020 the deficit contribution is expected to be £1,018,000 (2018: £1,018,000).

The Company's contributions to the MNRPF for the year were £1,213,000 (2018: £nil). In the financial year ended 31 March 2019 the deficit contribution is expected to be £1,213,000 (2018: £nil).

Notes to the financial statements

for the financial year ended 31 March 2019

18. Pension commitment continued

Actuarial valuations for each of the schemes have been updated at 31 March 2019 by an independent professionally qualified actuary using assumptions that are consistent with the requirements of IAS 19 and the results of those calculations incorporated into the figures below. Investments have been valued for this purpose at fair value. 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 IAS 19.

The nature of this process means that the calculations and the resulting surpluses are estimates only. However, in the opinion of the Directors, the resulting surpluses are reasonable estimates based on information available at the date of approving these Accounts. The total surplus arising from the calculation has been restricted to £nil, which in the opinion of the Directors is the appropriate value for recognition in the financial statements in accordance with IFRIC 14, as the Company does not consider it has an unconditional right to a refund.

Amounts relating to the current and past service costs and net interest on the net defined benefit asset are shown in the table below but are not shown in the profit and loss. This reflects the fact that any overall pension surplus is restricted to nil and any deficit is to be recovered from the immediate parent company. Therefore, there are offsetting amounts which the Company has recognised net under paragraph 116 of IAS 19. Comparatives have been restated accordingly. The impact has been to increase turnover by £894,000, operating costs by £858,000 and reduce interest receivable by £36,000 for the year ended 31 March 2018.

The principal actuarial assumptions used at the relevant financial year end are:

	MNOF & MNRPF	
	2019	2018
Discount rate	2.45%	2.55%
Rate of salary increase year 1 (2018: years 1 and 2)	1.00%	1.00%
Rate of salary increase for 10 years	2.35%	2.30%
Rate of salary increase thereafter	2.85%	2.80%
Rate of price inflation	3.50%	3.45%
Rate of increase of pensions in payment	3.50%	3.45%
Rate of increase of pensions in deferment	3.50%	3.45%
Life expectancy for a male pensioner aged 65 (in years)	21.8	21.7
Life expectancy for a male non pensioner currently aged 45 from age 65 (in years)	22.9	22.7

Notes to the financial statements

for the financial year ended 31 March 2019

18. Pension commitment continued

Amounts recognised in the financial statements in respect of the defined benefit schemes are:

2019	MNOPF £000	MNRPF £000	Total £000
Analysis of amount charged to operating costs:			
Past service cost	195	194	389
Administration expenses	75	109	184
Amounts charged to operating costs	270	303	573
Analysis of amounts charged to finance costs:			
Interest on pension scheme assets	1,042	343	1,385
Interest on pension scheme liabilities	(1,021)	(324)	(1,345)
Net income	21	19	40
Analysis of amounts recognised in other comprehensive income:			
Actual return on scheme assets less interest recognised in finance cost income	955	(647)	308
Experience gains arising on the scheme liabilities	-	210	210
Changes in assumptions underlying the present value of the scheme liabilities	1,862	(110)	1,752
Actuarial gain recognised in other comprehensive income	2,817	(547)	2,270
Amounts recognised in the balance sheet:			
Present value of defined benefit obligations	(38,268)	(12,801)	(51,069)
Fair value of scheme assets	42,140	13,713	55,853
Surplus in scheme	3,872	912	4,784
Restriction in recognition of surplus	(3,872)	(912)	(4,784)
Surplus in scheme recognised in non-current assets	-	-	-

Notes to the financial statements

for the financial year ended 31 March 2019

18. Pension commitment continued

2019	MNOPF £000	MNRPF £000	Total £000
Movements in the present value of defined benefit obligations:			
At 1 April 2018	(41,192)	(12,986)	(54,178)
Past service cost	(195)	(194)	(389)
Interest cost	(1,021)	(324)	(1,345)
Employee contributions	(73)	-	(73)
Actuarial gains/(losses)	1,862	100	1,962
Benefits paid	2,351	603	2,954
At 31 March 2019	(38,268)	(12,801)	(51,069)
Movements in the fair value of scheme assets:			
At 1 April 2018	41,478	13,516	54,994
Employer contributions	1,018	1,214	2,232
Employee contributions	73	-	73
Actuarial gains/(losses)	955	(647)	308
Benefits paid	(2,351)	(603)	(2,954)
Expenses paid	(75)	(109)	(184)
Interest on plan assets	1,042	343	1,385
At 31 March 2019	42,140	13,714	55,854

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income since adoption of IFRS is nil as any overall pension surplus is restricted to nil and any deficit is to be recovered from the immediate parent company.

2018	MNOPF £000	MNRPF £000	Total £000
Analysis of amounts charged to finance costs:			
Interest on pension scheme assets	1,059	254	1,313
Interest on pension scheme liabilities	(1,040)	(237)	(1,277)
Net income	19	17	36
Analysis of amounts recognised in other comprehensive income:			
Actual return on scheme assets less interest recognised in finance cost income	1,791	3,471	5,262
Experience gains arising on the scheme liabilities	-	(3,664)	(3,664)
Changes in assumptions underlying the present value of the scheme liabilities	(2,997)	125	(2,872)
Actuarial loss recognised in other comprehensive income	(1,206)	(68)	(1,274)
Amounts recognised in the balance sheet:			
Present value of defined benefit obligations	(41,192)	(12,986)	(54,178)
Fair value of scheme assets	41,478	13,516	54,994
Surplus in scheme	286	530	816
Restriction in recognition of surplus	(286)	(530)	(816)
Surplus in scheme recognised in non-current assets	-	-	-

Notes to the financial statements

for the financial year ended 31 March 2019

18. Pension commitment continued

2018	MNOPF £000	MNRPF £000	Total £000
Movements in the present value of defined benefit obligations:			
At 1 April 2017	(39,181)	(9,780)	(48,961)
Interest cost	(1,040)	(237)	(1,277)
Employee contributions	(93)	-	(93)
Actuarial (losses)	(2,997)	(3,539)	(6,536)
Benefits paid	2,119	570	2,689
At 31 March 2018	(41,192)	(12,986)	(54,178)
Movements in the fair value of scheme assets:			
At 1 April 2017	39,716	10,442	50,158
Employer contributions	1,018	-	1,018
Employee contributions	93	-	93
Actuarial gains	1,791	3,471	5,262
Benefits paid	(2,119)	(570)	(2,689)
Expenses paid	(80)	(81)	(161)
Interest on plan assets	1,059	254	1,313
At 31 March 2018	41,478	13,516	54,994

The fair value of the Company's share of the assets and liabilities for each of the schemes together with the expected rates of return at each financial year end are as follows:

	Fair value of assets	
	2019 £000	2018 £000
MNOPF scheme		
Equities	4,763	8,489
Fixed interest gilts	33,678	17,809
Property	192	676
Cash	-	3,102
Other assets	3,507	11,402
	42,140	41,478
MNRPF scheme		
Equities	1,497	2,567
Fixed interest gilts	8,628	6,623
Bonds	1,585	1,216
Property	281	1,082
Cash	-	2,028
Other assets	1,723	-
	13,714	13,516

Other assets include derivatives, private equity, units of participation and alternative investments. As year-end scheme asset valuations are not available at the time of the calculations in these financial statements, the asset values have been estimated based on the latest scheme asset value reports available.

Notes to the financial statements

for the financial year ended 31 March 2019

18. Pension commitment continued

The estimated amounts of contributions expected to be paid to the MNOPF scheme during the financial year ended 31 March 2020 is £1,018,000.

The estimated amounts of contributions expected to be paid to the MNRPF scheme during the financial year ended 31 March 2020 is £329,000 based on the proposed 2017 valuation results.

Sensitivity Analysis

Change in assumption		Impact on scheme liability	
		MNOPF	MNRPF
0.5% change in discount rate	Increase/decrease	2.2/4.7%	7.6/7.0%
0.5% change in salary increase	Increase/decrease	na	na
0.5% change in price inflation	Increase/decrease	2.2/2.1%	2.3/2.2%
1 year increase in life expectancy	Increase	3.60%	4.30%

19. Share capital

	2019 £000	2018 £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

Ordinary shares have equal voting rights and no fixed income rights.

20. Equity dividends

	2019 £000	2018 £000
Dividends on equity shares - paid in the year	1,900	1,600

Dividends paid during the year ended 31 March 2019 equated to 95p (2018: 80p) per share.

Notes to the financial statements

for the financial year ended 31 March 2019

21. Related parties

Transactions and balances between the Company and International Nuclear Services Limited and Nuclear Decommissioning Authority Limited were as follows:

2019	Due from related party £000	Due to related party £000
International Nuclear Services Ltd	3,126	128,345
Nuclear Decommissioning Authority Ltd		1,784

2019	Sales to related party £000	Purchases from related party £000
International Nuclear Services Ltd	27,483	184
Nuclear Decommissioning Authority Ltd		1,784

2018	Due from related party £000	Due to related party £000
International Nuclear Services Ltd	5,409	144,305

2018	Sales to related party £000	Purchases from related party £000
International Nuclear Services Ltd	32,298	214

22. Capital commitments

At 31 March 2019 there were no capital commitments to construct assets (2018: £nil).

23. Contingent liabilities

At 31 March 2019 the Company had no contingent liabilities (2018: £nil).

24. Subsequent events

There have been no other events since the balance sheet date that require these financial statements to be adjusted or which require additional disclosure, with the exception of the dividend of £4,200,000 to be paid in the financial year ending 31 March 2020.