PACIFIC NUCLEAR TRANSPORT LIMITED

Registered No. 1228109

Annual Report and Financial Statements for the year ended 31 March 2021

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COMPANIES HOUSE

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Officers and professional advisors

DIRECTORS
D K Peattie
P G Buchan
A L Greaves
S Kybird
H Takiue
T Tobita (resigned 30 September 2020)
E Delaunay
M Hirose (appointed 30 September 2020)

SECRETARY
Khalil Bukhari

AUDITOR
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 2021

The Directors present their Strategic report for the year ended 31 March 2021.

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 £1,375,000 (2020: £4,396,000). The Company's revenue for the financial year ended 31 March 2021 was derived from the provision of transport services for MOX fuel and high level waste (HLW) between Europe and Japan, accounting for 91% of total turnover (2020: 94%). Revenue from flask hire, decommissioning and miscellaneous transport services represent the remaining 9% (2020: 6%).

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.

The Company 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 Europe and between Europe and the US.

Key performance indicators

	Actual	*Target*
Revenue for the year ended 31 March 2021	*£27.3m*	*£26.6m*
Revenue for the year ended 31 March 2020	*£27.3m*	*£27.9m*
Profit for the financial year ended 31 March 2021	*£1.4m*	*£1.3m*
Profit for the financial year ended 31 March 2020	*£4.4m*	*£1.3m*
Total Recordable Incident Rate (TRIR)	*1.18*	*0.00*

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 good level of performance has been achieved throughout the year, with profit slightly higher than planned.

Revenue 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 £0.7m increase in revenue compared to the target set is driven by the recovery of increased costs associated with depreciation charges following increased voyage activity. The Company's financial position remains strong with net assets of £6.0m (2020: £9.0m).

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. The TRIR rate of 1.18 are not nuclear related incidents.

Strategic report

for the financial year ended 31 March 2021

Covid-19

Covid-19 has had a very limited financial impact on the Company and is anticipated to have limited impact going forward. No employees were made redundant or furloughed as a result of the global pandemic and the resultant UK lockdowns. Whilst shipments were temporarily suspended when UK lockdown commenced, the most significant shipping programmes (Japanese MOX and Japanese HLW) have not been significantly impacted, with only minor changes to the timing of the current programme agreed with the ultimate customers. The Company resumed all shipping activities safely in line with government guidance, during the financial year.

The Company has continued to make payments to suppliers and to support the supply chain. Asset values have not been impacted. The Company has continued to recover costs plus fee from its immediate parent undertaking and will continue to do so.

It is the Directors' assessment that due to the ongoing funding arrangements in place with the immediate and ultimate parent company, the Covid-19 outbreak has little to no impact on the Company's ability to settle liabilities as they fall due and the going concern basis of preparation is therefore considered appropriate.

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 end of the EU transition period in December 2020 did not have a significant impact on the Company's business activities.

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 for the Company and is managed through the Company's ship manager, together with the Company's employees. Assurance and support is provided by INSL, as the immediate parent undertaking through a Health Safety, Security end Environment Committee

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. The Company continues to carry risk with the residue of the defined benefit scheme.

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.

Strategic report

for the financial year ended 31 March 2021

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. Alternatively, the Company may look to place a forward contract to buy or sell such currency, where appropriate. There are none in place as at 31 March 2021.

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.

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 during the financial year, is a key mitigation for this risk.

By order of the Board,

A Greaves
A Greaves (Jul 28, 2021 10:30 GMT+1)

Alaine Greaves
Director
28 July 2021

Directors' report

for the financial year ended 31 March 2021

The Directors present their annual report and audited financial statements for the Company for the financial year ended 31 March 2021.

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 £1,375,000 (2020: £4,396,000) which will be transferred to reserves. The results for the financial year are shown on page 14.

A dividend of £4,400,000 (2020: £4,200,000) was paid in the year.

Financial risk management
Financial risk management of the Company is included in the Strategic report on page 6.

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
A L Greaves
S Kybird
H Takiue
T Tobita (resigned 30 September 2020)
E Delaunay
M Hirose (appointed 30 September 2020)

Directors' indemnities
Throughout the financial year ended 31 March 2021 the directors were entitled to a qualifying indemnity provision (as defined in section 234 of the Companies Act 2006). This is pursuant of the Company's articles of association and remains the case at the date of this report.

The Company maintains Directors' and Officers' liability insurance. This covers the defence costs of civil legal proceedings and the damages resulting from the unsuccessful defence of such proceedings. This is not the case where a director or officer acted fraudulently or dishonestly. Such insurance was in place for the financial years ended 31 March 2020 and 31 March 2021.

Research and development
Research and development expenditure for the financial year ended amounted to £nil (2020: £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 2021

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 15 year business plan and have reviewed the sensitivities within the plan. As a result, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. There has been no significant adverse financial impact of Covid-19 on the Company (see page 5 of the Strategic report). 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 £nil (2020: £1,927), principally to local charities serving the communities in which the Company operates. There were £nil political donations made in the year (2020: £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 2020 was nil days (2020: 8 days).

Directors' report

for the financial year ended 31 March 2021

Disclosure of information to auditor

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 auditor, 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 relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is 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 auditor is aware of that information.

Events since the balance sheet date

There are no events to report since the balance sheet date.

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,

A Greaves
A Greaves (Jul 28, 2021 10:30 GMT+1)

Alaine Greaves
Director
28 July 2021

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 2021 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

Independent auditor's report

for the financial year ended 31 March 2021

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 2021

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to radioactive substances legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery and corruption and fraud, and we considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the Directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indication of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

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

- Making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

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

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

Independent auditor's report

for the financial year ended 31 March 2021

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 (Jul 28, 2021 10:32 GMT+1)

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

Jul 28, 2021

Profit and loss account

for the financial year ended 31 March 2021

	Notes	2021 £000	2020 £000
Revenue	5	**27,269**	27,318
Operating costs		**(25,948)**	(26,028)
Operating profit before exceptional items	6	**1,321**	1,290
Exceptional items	7	**-**	3,016
Operating profit after exceptional items		**1,321**	4,306
Interest receivable and similar income	9	**59**	108
Interest payable and similar charges	10	**(3)**	(16)
Profit before tax		**1,377**	4,398
Taxation	11	**(2)**	(2)
Profit for the financial year		**1,375**	4,396

All amounts are derived from continuing operations.

The notes on pages 18 to 41 form an integral part of the financial statements.

Statement of comprehensive income

for the financial year ended 31 March 2021

	Notes	2021 £000	2020 £000
Profit for the financial year		1,375	4,396
Other comprehensive income:			
Actuarial gains and losses in defined benefit pension schemes offset by movements in the fair value of the corresponding asset recoverable from parent company.	19	-	-
Total comprehensive income for the financial year attributable to the owners or parent		1,375	4,396

The notes on pages 18 to 41 form an integral part of the financial statements.

Balance sheet
as at 31 March 2021

	Notes	2021 £000	2020 £000
Non-current assets			
Tangible assets	12	**137,986**	143,235
Amounts owed by immediate parent undertaking	14	**-**	667
		137,986	143,902
Current assets			
Trade and other receivables	14	**973**	3,197
Current asset investments	15	**6,000**	7,000
Cash and cash equivalents	16	**1,053**	2,226
		8,026	12,423
Total assets		**146,012**	156,325
Current liabilities			
Trade and other payables	17	**(18,611)**	(13,655)
Current tax liabilities		**(2)**	(2)
		(18,613)	(13,657)
Net current liabilities		**(10,587)**	(1,234)
Non-current assets plus net current liabilities		**127,399**	142,668
Non-current liabilities			
Trade and other payables	17	**(95,752)**	(109,463)
Provisions	18	**(25,688)**	(23,554)
Defined benefit pension scheme	19	**-**	(667)
		(121,440)	(133,684)
Net Assets		**5,959**	8,984
Equity			
Share capital	20	**2,000**	2,000
Retained earnings		**3,959**	6,984
Total equity		**5,959**	8,984

The financial statements were approved by the Board of Directors and authorised for issue on 28 July 2021 and were signed on its behalf by:

A Greaves
A Greaves (Jul 28, 2021 10:30 GMT+1)
Alaine Greaves
Director

The notes on pages 18 to 41 form an integral part of the financial statements.

Statement of changes in equity

for the financial year ended 31 March 2021

	Share capital £000	Retained earnings £000	**Total equity £000**
Balance at 1 April 2019	2,000	6,788	**8,788**
Dividend paid (note 20)	-	(4,200)	**(4,200)**
Total comprehensive income for the year	-	4,396	**4,396**
Balance at 31 March 2020	2,000	6,984	**8,984**
Dividend paid (note 20)	-	(4,400)	**(4,400)**
Total comprehensive income for the year	-	1,375	**1,375**
Balance at 31 March 2021	**2,000**	**3,959**	**5,959**

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 18 to 41 form an integral part of the financial statements.

Notes to the financial statements

for the financial year ended 31 March 2021

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 2021.

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 the Company's immediate parent undertaking, International Nuclear Services Limited in the normal course of business and to a customer in relation to flask hire and contract administration. 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 2021

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.

Exceptional items

The Company presents as exceptional items on the face of the Profit and loss account, those material items of income which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

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.

Notes to the financial statements

for the financial year ended 31 March 2021

Taxation continued

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.

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 9 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 9 years (2020: 10 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.

The ships require a drydock every 5 years. Each time these are performed the cost is recognised in the carrying amount of plant and equipment and depreciated over 5 years using the straight line method.

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.

Notes to the financial statements

for the financial year ended 31 March 2021

Financial instruments

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

Financial assets

Financial assets are classified as either financial assets 'at fair value through profit or loss' (FVTPL), '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, which 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.

Notes to the financial statements

for the financial year ended 31 March 2021

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.

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 ("MNOPF") and the Merchant Navy Ratings' Pension Fund ("MNRPF"), 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.

From 30 June 2020, the Company's parent, International Nuclear Services Limited ("INS"), ceased having any charges for the MNOPF and MNRPF schemes through PNTL. INS no longer has any ongoing obligation, either legal or constructive, to make funding payments to the schemes, through PNTL, nor will it report on or recognise any surplus of deficit from 31 March 2021. In order to more accurately present the performance of the MNOPF and MNRPF schemes, the share of any surplus or deficit previously attributed to INS is now included in the schedules reported in Note 19 for the year ended 31 March 2021.

Notes to the financial statements

for the financial year ended 31 March 2021

Retirement benefit costs continued

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.

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. The amounts relating to the current and past service costs and net interest on the defined benefit liability are show in note 19, but are not shown in the income statement. This reflects the fact that any overall pension surplus or deficit is for the benefit of, or to be funded by, the immediate parent company, and therefore offsetting amounts to or from the immediate parent company, which the Company has disaggregated under paragraph 116 of IAS19.

Where the actuarial calculation results in a deficit, this deficit is recognised in full in the Company's balance sheet with a corresponding asset from the immediate parent company for the full value of the deficit, which represents the fair value of the deficit.

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 "MNOPF 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 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 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.

Notes to the financial statements

for the financial year ended 31 March 2021

3. Judgement and key sources of estimation uncertainty

Judgements

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.

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

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 £137,986,000 (2020: £143,235,000).

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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 £25,688,000 (2020: £23,554,000).

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 values 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 for the MNRPF of £3,429,000 which has been restricted to £nil (2020: surplus of £2,218,000, restricted to £nil), and a surplus for the MNOPF of £4,531,000 (2020: deficit of £667,000) 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 2021

4. New and amended standards and interpretations

The Company has not had to apply any standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

5. Revenue

Transport services
Revenue for transport services, 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:

	2021 £000	2020 £000
Transport services	**26,001**	25,458
Revenue from flask lease and contract administration	**1,268**	1,860
	27,269	27,318

Revenue from flask lease and contract administration
This reflects income 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.

6. Operating profit

Operating profit is stated after:

	2021 £000	2020 £000
Depreciation of tangible assets (see note 12)	**9,753**	8,502
Auditors' remuneration in respect of the statutory audit of the Company	**20**	19
Decrease in provisions not recoverable from customers	**-**	(4)
Staff costs excluding Directors' emoluments (see note 8)	**8,289**	9,119
Directors' emoluments (see note 8)	**18**	18

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

Notes to the financial statements

for the financial year ended 31 March 2021

7. Exceptional items

	2021 £000	2020 £000
Gain on disposal of fixed assets	**-**	3,016

There were no exceptional items during the year. In the prior 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

	2021 No.	2020 No.
Officers and crew	**133**	130

Their aggregate remuneration comprised:

	2021 £000	2020 £000
Wages and salaries	**6,182**	6,735
Social security costs	**659**	659
Pension costs (see note 19)	**1,448**	1,725
	8,289	9,119

All executive and administrative functions are undertaken by employees of the immediate parent undertaking or their sub-contractors.

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 19, but are not shown in the profit and loss account. 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.

Notes to the financial statements

for the financial year ended 31 March 2021

8. Employees and directors continued

(b). Directors' remuneration

	2021 £000	2020 £000
Emoluments	**18**	18

No pension contributions were made on behalf of any Directors (2020: £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

	2021 £000	2020 £000
Interest income on bank deposits	**59**	108
Net finance income on defined benefit pension schemes offset by amounts not recognised (see note 19)	**-**	-
	59	108

10. Interest payable and similar charges

	2021 £000	2020 £000
Revalorisation of nuclear provisions	**292**	310
Adjusted for amounts capitalised as recoverable from customers	**(289)**	(307)
	3	3
Interest payable to immediate parent undertaking	**-**	13
	3	**16**

Notes to the financial statements

for the financial year ended 31 March 2021

11.Taxation

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

	2021 £000	2020 £000
Tax charge:		
Income tax	**2**	2
	2	2
Profit on ordinary activities before tax	**1,377**	4,396
Tax on profit on ordinary activities before tax at the UK standard rate of corporation tax of 19% (2020: 19%)	**262**	835
Effect of non-taxable income	**(260)**	(833)
	2	2

The Company has no deferred tax liability in 2021 (2020: £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 2021

12. Tangible assets

	Plant & equipment £000	Fixtures & fittings £000	Capitalised decommissioning costs £000	Assets under construction £000	Total £000
Cost					
At 1 April 2020	260,787	1,295	23,339	6,376	**291,797**
Additions	1.045	-	2,134	1,325	**4,504**
Disposals	-	(545)	-	-	**(545)**
Reclassifications	795	-	-	(795)	**-**
At 31 March 2021	**262,627**	**750**	**25,473**	**6,906**	**295,756**
Depreciation					
At 1 April 2020	141,027	1,191	10	6,334	**148,562**
Charge for the year	9,675	78	-	-	**9,753**
Disposals	-	(545)	-	-	**(545)**
At 31 March 2021	**150,702**	**724**	**10**	**6,334**	**157,770**
Carrying amount					
At 31 March 2021	**111,925**	**26**	**25,463**	**572**	**137,986**
At 31 March 2020	119,760	104	23,329	42	143,235

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. The assets will continue to be treated as fully impaired assets under construction until a decision is taken to dispose of these assets. During the financial year there has been £1,325k of new additions to assets under construction which have not been impaired.

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.

Notes to the financial statements

for the financial year ended 31 March 2021

13. Leases

At 31 March 2021 the total future minimum lease receipts under non-cancellable operating leases were as follows:

	2020 £000	2020 £000
Not later than one year	**1,268**	1,268
Later than one year and not later than five years	**4,992**	5,071
Later than 5 years	**4,757**	5,946
	11,017	12,285

The revenue received under operating leases relates to the Company making available a number of flasks to a customer. Under a separate contract this income is repaid to the ultimate parent undertaking excluding the administration charge.

14. Trade and other receivables

	2021 £000	2020 £000
Current:		
Trade receivables	**110**	182
Amounts owed by immediate parent undertaking	**679**	2,698
Other debtors	**37**	232
	826	3,112
Prepayments	**51**	78
VAT	**96**	7
	973	3,197
Non-current:		
Amounts owed by immediate parent undertaking	**-**	667

All current balances are expected to be recovered in full during the financial year ending 31 March 2022.

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

15. Current asset investments

	2021 £000	2020 £000
Bank deposits	**6,000**	7,000

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.

Notes to the financial statements

for the financial year ended 31 March 2021

16. Cash and cash equivalents

	2021 £000	2020 £000
Cash at banks and on hand	**1,053**	2,226
Cash and cash equivalents	**1,053**	2,226

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.

17. Trade and other payables

	2021 £000	2020 £000
Current:		
Trade payables	**5**	980
Amounts owed to ultimate parent undertaking	**1,189**	769
Accruals and deferred income	**1,813**	1,528
	3,007	3,277
Capital advance payments from immediate parent undertaking	**15,604**	10,378
	18,611	13,655
Non-current:		
Capital advance payments from immediate parent undertaking	**95,752**	109,463

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 £111,356k (2020: £119,841k) relating to capital advance payments. These are recognised in the profit and loss account in line with depreciation of the related capital expenditure.

Notes to the financial statements

for the financial year ended 31 March 2021

18. Provisions

The provisions for flask decontamination and disposal and decommissioning of the ships are as follows:

	£000
At 1 April 2020	23,554
Increase relating to fixed assets	2,134
At 31 March 2021	**25,688**
At 31 March 2021	
Current	-
Non-current	25,688
	25,688

The flask decontamination and disposal provisions and the decommissioning of the ships' provisions are reassessed each year. The amounts can be subject to change, depending on latest cost estimates and timing of disposals. The increase in the year includes £1,499k attributable to the reassessment of the provision for the decommissioning of the ships.

All costs associated with this decontamination except £225,000 (2020: £225,000) are contractually recoverable from customers. The costs will be incurred over the next 14 years (2020: 15 years) and this is subject to change due to uncertainties with the timing of customer programmes.

19. Pension commitment

Defined contribution schemes

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

a. **ENSIGN** (formerly known as The Ensign Retirement Plan)
The Ensign Retirement Plan (for the MNOPF) was launched in August 2015 and formed the Money Purchase (MP) Section of the MNOPF. The Ensign Retirement Plan (for the MNOPF) was closed with effect from 31 March 2018 and all member benefits transferred to the maritime industry scheme the Ensign Retirement Plan. The Company's contributions to the MNOPF and ENSIGN for the year were £nil (2020: £ nil) and £285,000 (2020: £277,000) 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 £97,000 (2020: £82,000).

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 £27,000 (2020: £22,000).

Notes to the financial statements

for the financial year ended 31 March 2021

19. Pension commitment continued

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 on 31 May 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 as at 31 March 2015 valuation). There is a recovery plan in place for the 2009 and 2012 outstanding deficit contributions of which the Company entered an early settlement agreement and paid the balance on 23 April 2020.

The latest available actuarial valuation for the MNRPF at 31 March 2020 indicated that the scheme was under funded by £96 million (previously £221 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 paid the final instalment in August 2019 for the sum of £366,000 which was fully recoverable from International Nuclear Services Limited.

The Company's contributions to the MNOPF for the year totalled £1,038,000 (2020: £1,018,000). In order to maintain the fabric of the movements in the scheme, the employer contributions in the table below also includes an amount of £126,000 attributable to International Nuclear Services Ltd.
In the financial year ending 31 March 2022 the deficit contribution is expected to be £nil (2020: £1,038,000).

The Company's contributions to the MNRPF for the year were £nil (2020: £326,000). In the financial year ended 31 March 2022 the deficit contribution is expected to be £nil (2020: £nil).
Actuarial valuations for each of the schemes have been updated at 31 March 2021 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 MNRPF surplus and MNOPF surplus is an estimate only. However, in the opinion of the Directors, the resulting surplus in each scheme is a reasonable estimate 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.

Notes to the financial statements

for the financial year ended 31 March 2021

19. Pension commitment continued

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.

The Plans, however, are registered defined benefit final salary schemes with benefits payable on retirement based on reckonable service and pensionable final earnings. The plans are subject to the UK regulatory framework for pensions, including the scheme Specific Funding requirements. The Plans are operated under trust and the trustees are responsible for operating the Plans. They have a statutory responsibility to act in accordance with the Plan's Trust Deed and Rules, in the best interests of beneficiaries of the Plans and UK legislation.

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

	MNOPF & MNRPF	
	2021	2020
Discount rate	**2.00%**	2.25%
Rate of salary increase year 1	**2.00%**	2.00%
Rate of salary increase for 9 years (2020: 10 years)	**2.00%**	2.00%
Rate of salary increase thereafter	**2.50%**	2.50%
Rate of price inflation	**3.00%**	2.40%
Rate of increase of pensions in payment	**3.00%**	2.40%
Rate of increase of pensions in deferment	**2.40%**	2.40%

	MNOPF 2021	MNOPF 2020
Life expectancy for a male pensioner aged 65 (in years)	**20.6**	20.3
Life expectancy for a male non pensioner currently aged 45 from age 65 (in years)	**21.6**	21.2

	MNRPF 2021	MNRPF 2020
Life expectancy for a male pensioner aged 65 (in years)	**19.8**	19.3
Life expectancy for a male non pensioner currently aged 45 from age 65 (in years)	**20.9**	20.5

Notes to the financial statements

for the financial year ended 31 March 2021

19. Pension commitment continued

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

2021	MNOPF £000	MNRPF £000	Total £000
Analysis of amount charged to operating costs:			
Administration expenses	92	175	**267**
Amounts charged to operating costs	92	175	**267**
Analysis of amounts charged to finance costs:			
Interest on pension scheme assets	999	359	**1,358**
Interest on pension scheme liabilities	(1,002)	(305)	**(1,307)**
Net (cost)/income	(3)	54	**51**
Analysis of amounts recognised in other comprehensive income:			
Actual return on scheme assets less interest recognised in finance cost income	6,451	649	**7,100**
Experience gains arising on the scheme liabilities	-	1,243	**1,243**
Changes in assumptions underlying the present value of the scheme liabilities	(2,243)	(827)	**(3,070)**
Actuarial gain recognised in other comprehensive income	4,208	1,065	**5,273**
Amounts recognised in the balance sheet:			
Present value of defined benefit obligations	(46,407)	(13,125)	**(59,532)**
Fair value of scheme assets	50,936	16,556	**67,492**
Surplus in scheme	4,531	3,429	**7,960**
Restriction in recognition of surplus	(4,531)	(3,429)	**(7,960)**
Deficit in scheme recognised in non-current liabilities	-	-	**-**

Notes to the financial statements

for the financial year ended 31 March 2021

19. Pension commitment continued

2021	MNOPF £000	MNRPF £000	Total £000
Movements in the present value of defined benefit obligations:			
At 1 April 2020	(40,971)	(12,370)	**(53,341)**
Adjustment to balance at 1 April 2020 *	(4,971)	(1,501)	**(6,472)**
Interest cost	(1,002)	(305)	**(1,307)**
Actuarial gains/(losses)	(2,243)	416	**(1,827)**
Benefits paid	2,780	635	**3,415**
At 31 March 2021	(46,407)	(13,125)	**(59,532)**
Movements in the fair value of scheme assets:			
At 1 April 2020	40,304	14,588	**54,892**
Adjustment to balance at 1 April 2020 *	4,890	1,770	**6,660**
Employer contributions	1,164	-	**1,164**
Actuarial gains	6,451	649	**7,100**
Benefits paid	(2,780)	(635)	**(3,415)**
Expenses paid	(92)	(175)	**(267)**
Interest on plan assets	999	359	**1,358**
At 31 March 2021	50,936	16,556	**67,492**

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.

*From 30 June 2020, the Company's parent, International Nuclear Services Limited ("INS"), ceased having any charges for the MNOPF and MNRPF schemes through PNTL. INS no longer has any ongoing obligation, either legal or constructive, to make funding payments to the schemes, through PNTL, nor will it report on or recognise any surplus of deficit from 31 March 2021. In order to more accurately present the performance of the MNOPF and MNRPF schemes, the share of any surplus or deficit previously attributed to INS is now included in the table above and an adjustment to the opening balances is reported accordingly.

Notes to the financial statements

for the financial year ended 31 March 2021

19. Pension commitment continued

2020	MNOPF £000	MNRPF £000	Total £000
Analysis of amounts charged to operating costs:			
Administration expenses	86	97	**183**
Amounts charged to operating costs	86	97	**183**
Analysis of amounts charged to finance costs:			
Interest on pension scheme assets	1,014	332	**1,346**
Interest on pension scheme liabilities	(907)	(307)	**(1,214)**
Net income	107	25	**132**
Analysis of amounts recognised in other comprehensive income:			
Actual return on scheme assets less interest recognised in finance cost income	(1,265)	845	**420**
Experience gains arising on the scheme liabilities	(5,229)	-	**(5,229)**
Changes in assumptions underlying the present value of the scheme liabilities	915	205	**1,120**
Actuarial loss recognised in other comprehensive income	(5,579)	1,050	**(4,529)**
Amounts recognised in the balance sheet:			
Present value of defined benefit obligations	(40,971)	(12,370)	**(53,341)**
Fair value of scheme assets	40,304	14,588	**54,892**
Surplus in scheme	(667)	2,218	**1,551**
Restriction in recognition of surplus	-	(2,218)	**(2,218)**
Surplus in scheme recognised in non-current assets	(667)	-	**(667)**

Notes to the financial statements

for the financial year ended 31 March 2021

19. Pension commitment continued

2020	MNOPF £000	MNRPF £000	Total £000
Movements in the present value of defined benefit obligations:			
At 1 April 2019	(38,268)	(12,801)	**(51,069)**
Interest cost	(907)	(307)	**(1,214)**
Actuarial gains/(losses)	(4,314)	205	**(4,109)**
Benefits paid	2,518	533	**3,051**
At 31 March 2020	(40,971)	(12,370)	**(53,341)**
Movements in the fair value of scheme assets:			
At 1 April 2019	42,140	13,714	**55,854**
Employer contributions	1,019	327	**1,346**
Actuarial gains	(1,265)	845	**(420)**
Benefits paid	(2,518)	(533)	**(3,051)**
Expenses paid	(86)	(97)	**(183)**
Interest on plan assets	1,014	332	**1,346**
At 31 March 2020	40,304	14,588	**54,892**

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

	Fair value of assets 2021 £000	2020 £000
MNOPF scheme		
Equities	**3,773**	4,472
Fixed interest gilts	**42,460**	31,539
Property	**226**	193
Cash	**-**	-
Other assets	**4,477**	4,100
	50,936	40,304
MNRPF scheme		
Equities	**1,785**	1,153
Fixed interest gilts	**10,557**	7,819
Bonds	**2,480**	1,196
Property	**355**	295
Cash	**-**	-
Other assets	**1,379**	4,125
	16,556	14,588

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 2021

19. Pension commitment continued

The estimated amount of contributions expected to be paid to the MNOPF scheme during the financial year ended 31 March 2022 is £nil.

The estimated amount of contributions expected to be paid to the MNRPF scheme during the financial year ended 31 March 2022 is £nil.

Sensitivity Analysis

Change in assumption		Impact on scheme liability	
		MNOPF	MNRPF
0.5% change in discount rate	Increase/decrease	(6.2)/6.7%	(6.29)/6.6%
0.5% change in salary increase	Increase/decrease	n/a	n/a
0.5% change in price inflation	Increase/decrease	1.3/(1.3)%	1.7/(1.7)%
1 year increase in life expectancy	Increase	4.2%	3.5%

Potential additional benefit liabilities in the MNRPF scheme resulting from ill-health early retirement (IHER)

The Trustee has become aware of legal uncertainties relating to the entitlement of members to enhanced early retirement ("IHER") benefits. The scheme Trustee is seeking the directions of the High Court on this issue. Both the members and the employers are represented in this case and have their own legal teams to support them. The case is listed to be heard in October 2021.

Once judgement is received, the Trustee will be better able to determine what the next steps should be and whether members are entitled to any additional benefits. However, there may be appeals and a second Court process may be required. It could take several years before there is full clarity on what the Trustee should do.

At present, it is the Fund's intention to include a reserve of £70m in the results of the on-going valuation in order to reflect an estimate of the settlement to members. However, depending on the outcome of the legal proceedings, the costs could be higher than this. If settlement was agreed at a figure in line with the £70m, the liabilities for the Company might increase by between £0.5m and £1.0m, but this would depend on the nature of the settlements and assumes a share which is proportional with the overall cost. It should be noted that there is a wide range of uncertainties relating to the number of claimants, their profile and the pension rectification approach that would be used. It is for this reason that additional liabilities could be higher or lower than the range noted above.

No amount has been provided for in these financial statements due to the many uncertainties involved, including as to whether any additional liability will arise.

Notes to the financial statements

for the financial year ended 31 March 2021

20. Share capital

	2021 £000	2020 £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.

21. Equity dividends

	2021 £000	2020 £000
Dividends on equity shares - paid in the year	**4,400**	4,200

Dividends paid during the year ended 31 March 2021 equated to 220p (2020: 210p) per share.

Notes to the financial statements

for the financial year ended 31 March 2021

22. Related parties

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

2021	Due from related party £000	Due to related party £000
International Nuclear Services Ltd	**679**	**111,356**
Nuclear Decommissioning Authority	**-**	**1,189**

2021	Sales to related party £000	Purchases from related party £000
International Nuclear Services Ltd	**26,001**	**7**
Nuclear Decommissioning Authority	**-**	**1,189**

2020	Due from related party £000	Due to related party £000
International Nuclear Services Ltd	3,365	119,841
Nuclear Decommissioning Authority	-	769

2020	Sales to related party £000	Purchases from related party £000
International Nuclear Services Ltd	25,458	125
Nuclear Decommissioning Authority	-	1,784

23. Capital commitments

At 31 March 2021 there were no capital commitments to construct assets (2020: £nil).

24. Subsequent events

There are no subsequent events to report after the balance sheet date.

25. Ultimate parent company

The Company is a subsidiary of the Nuclear Decommissioning Authority, a Non-departmental Public Body created by the Energy Act 2004 and sponsored by the Department of Business, Energy and Industrial Strategy. This is the smallest and largest group of which the Company is a member and for which consolidated accounts are prepared. A copy of the group accounts can be obtained from the Company Secretary, Nuclear Decommissioning Authority, Herdus House, Ingwell Drive, Moor Row, CA24 3HU.