

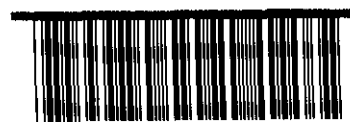
PNTL

PACIFIC NUCLEAR TRANSPORT LIMITED

Registered No. 1228109

ANNUAL REPORT AND ACCOUNTS

31st March 2000



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COMPANIES HOUSE

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0283
18/12/00

DIRECTORS

K Tomono (Chairman)
B Lenail
C Loughlin
S M Price
A B Thomas
J J Rycroft
S Uemiya

SECRETARY

A J Shuttleworth

AUDITORS

Ernst & Young
100 Barbirolli Square
Manchester
M2 3EY

BANKERS

National Westminster Bank Plc
Spring Gardens
Manchester
M60 2DB

REGISTERED OFFICE

Risley
Warrington
Cheshire
WA3 6AS

DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 March 2000.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,243,000 (1999 £650,000).

The Directors recommend a final dividend of £1,000,000 (1999 £nil).

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company's principal activities during the year continued to be the transport of nuclear materials between Japan and Europe.

The Group's trading income for 1999/2000 was derived mainly from the provision of transport services for MOX, HLW and Magnox spent fuel between Japan, accounting for 77% of total turnover (1998/99 74%). Income from Flask hire, Decommissioning and miscellaneous transport services represented the remaining 23% (1998/99 26%).

PNTL vessels completed 7 voyages during the year, shipping 28 Magnox spent fuel flasks; 8 MTR spent fuel flasks; 6 HAW flasks and 5 MOX flasks.

2 shipments of vitrified waste were completed during the year.

FUTURE DEVELOPMENTS

During the year British Nuclear Fuels plc (BNFL), COGEMA and the Japanese Utilities signed the MOX Transport Agreement and Supplemental Agreements for the transport of HAW. In addition, BNFL signed a Supplemental Agreement with the Japanese Atomic Power Company (JAPC) for the transport of Magnox spent fuel. The shipping services have been sub-contracted to PNTL securing future business for a total of 4 ships.

A major capital expenditure programme for the conversion of existing spent fuel ships and flasks to MOX is currently being undertaken.

MERCHANT NAVY RATINGS PENSION FUND (MNRPF)

There is a potential future liability arising from a deficiency in funding of the MNRPF. The latest valuation indicates that the shortfall is likely to range between £46M and £78M dependent on whether employers who have ceased to have members of the MNRPF make voluntary contributions to the fund. PNTL's share of the liability ranges between £0.9M and £1.5M. As indicated in note 23, page 21 of the accounts, the deficiency will be rectified over a 7 year period from the year 2000, in accordance with SSAP24. £0.4M of the PNTL liability was recognised in the 1999 accounts and charged to customers under the Spent Fuel Agreement. The receipt is included as an advance payment in the accounts, note 16, page 17, leaving a net liability of between £0.5M and £1.1M. It is intended to seek payment from the Spent Fuel customers when the exact amount of PNTL liability has been resolved.

DIRECTORS

The Directors who served during the year were as follows:

K Tomono
L N Chamberlain (resigned 2 October 1999)
B Lenail
C Loughlin
S M Price
A B Thomas
G L Watts (resigned 30 April 1999)
N Tsuji (resigned 3 December 1999)
J J Rycroft (appointed 3 December 1999)
C Duncan (appointed 28 July 1999, resigned 3 December 1999)
S Uemiya (appointed 3 December 1999)

There are no Directors' interests requiring disclosure under the Companies Act 1985.

DONATIONS

There were no political donations made in the year. Charitable donations in the year amounted to £1,250 (1999 £341).

YEAR 2000

As is well known, computer based systems were anticipated to not work correctly when the date progressed toward, through and beyond the year 2000. The Company is part of a BNFL Group-wide project, which has been running since 1996 to ensure that the safety, commercial and legal interests of the Group are fully protected from the impact of the Year 2000 problems. No known problems were encountered through the 1 January 2000 date but further monitoring will continue to take place. Further details of the project are included in the accounts of the ultimate holding company, British Nuclear Fuels plc. Any future costs are not expected to be material.

AUDITORS

A resolution to reappoint the auditors, Ernst & Young, will be proposed at the Annual General Meeting.

By order of the Board



A J Shuttleworth
Company Secretary
19 July 2000

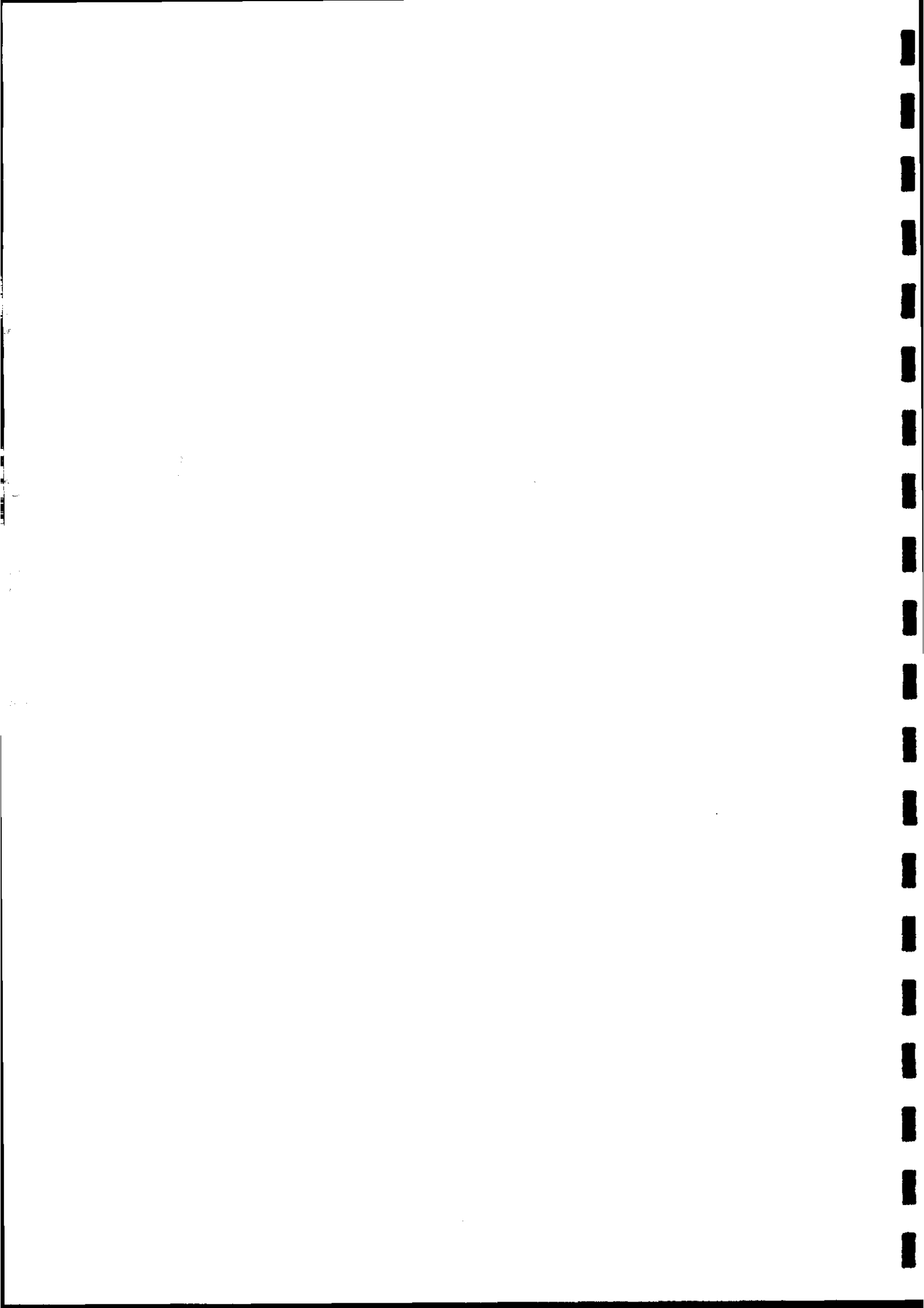
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those accounts, the Directors are required to:

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

The Directors confirm that the accounts comply with the above requirements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.



REPORT OF THE AUDITORS

to the members of Pacific Nuclear Transport Limited

We have audited the accounts on pages 7 to 22, which have been prepared under the historical cost convention and on the basis of the accounting policies, set out on pages 10 to 11.

Respective responsibilities of Directors and Auditors

As described on page 5 the Company's Directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

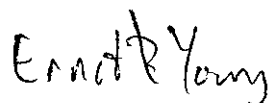
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Audit Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group at 31 March 2000 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
Manchester
19 July 2000

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2000

		2000	1999
	Notes	£000	£000
TURNOVER	2	20,075	17,694
Net operating costs and expenses	3	(18,909)	(16,210)
OPERATING PROFIT		1,166	1,484
Other interest receivable and similar income	6	514	174
Interest payable and similar charges	7	(553)	(1,008)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,127	650
Tax on profit on ordinary activities	8	116	-
PROFIT FOR THE FINANCIAL YEAR		1,243	650
Dividends paid and proposed	9	(1,000)	-
RETAINED PROFIT FOR THE YEAR		243	650

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2000

	2000	1999
	£000	£000
Profit for the financial year	1,243	650
Currency translation differences on net investments	8	7
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	1,251	657

BALANCE SHEETS at 31 March 2000

		Group		Parent	
		2000	1999	2000	1999
	Notes	£000	£000	£000	£000
FIXED ASSETS					
Intangible assets	10	-	-	-	-
Tangible assets	11	63,726	63,353	63,726	63,353
Investments	12	-	-	62	62
		<u>63,726</u>	<u>63,353</u>	<u>63,788</u>	<u>63,415</u>
CURRENT ASSETS					
Voyages in progress	13	-	630	-	630
Debtors	14	4,943	4,243	4,943	4,243
Investments (short term deposits)		15,020	-	15,020	-
Cash at bank and in hand		525	1,534	458	1,477
		<u>20,488</u>	<u>6,407</u>	<u>20,421</u>	<u>6,350</u>
CREDITORS: Amounts falling due within one year	15	(16,373)	(30,844)	(16,373)	(30,844)
NET CURRENT ASSETS / (LIABILITIES)		<u>4,115</u>	<u>(24,437)</u>	<u>4,048</u>	<u>(24,494)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>67,841</u>	<u>38,916</u>	<u>67,836</u>	<u>38,921</u>
CREDITORS: Amounts falling Due after more than one year	16	(35,953)	-	(35,953)	-
PROVISIONS FOR LIABILITIES AND CHARGES	17	(27,009)	(34,288)	(27,009)	(34,288)
NET ASSETS		<u>4,879</u>	<u>4,628</u>	<u>4,874</u>	<u>4,633</u>
CAPITAL AND RESERVES					
Called up share capital	18	2,000	2,000	2,000	2,000
Profit and loss account	19	2,862	2,621	2,876	2,633
Other reserves	20	17	7	(2)	-
SHAREHOLDERS' FUNDS – EQUITY		<u>4,879</u>	<u>4,628</u>	<u>4,874</u>	<u>4,633</u>

S M Price
for and on behalf of the
Board of Directors
19 July 2000

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2000

	<i>Notes</i>	2000 £000	1999 £000
Net cash inflow from operating activities	21a	45,745	1,294
Returns on investment and servicing of finance	21b	(253)	(680)
Taxation	21b	143	(21)
Capital expenditure and financial investment	21b	(8,624)	(18,933)
Net cash inflow/(outflow) before use of liquid resources and financing		37,011	(18,340)
Management of liquid resources	21b	(15,020)	1,300
Financing	21b	(23,000)	17,000
Increase/(decrease) in cash in year	21d	(1,009)	(40)

NOTES TO THE ACCOUNTS

at 31 March 2000

1. ACCOUNTING POLICIES

Accounting convention

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

Group accounts

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

Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at cost (including decontamination and disposal costs, where appropriate) less accumulated depreciation. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. Accumulated depreciation includes additional charges made where necessary to reflect impairment in values. Assets in the course of construction are stated at cost and not depreciated until brought into commission. Depreciation is calculated to write off the historical cost less residual value of assets evenly over their useful lives of between 5 and 10 years.

Investments

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

Deferred expenditure

a) Research and development

Research and development expenditure, in connection with the provision of services for which firm orders have been received, is held as deferred expenditure for recovery over the shorter of ten years or the life of the existing contracts for the transport of irradiated fuel from Japan. Speculative research and development is written off as incurred.

b) Flask handling facilities owned by third parties

Expenditure relating to flask handling facilities owned by third parties is held as deferred expenditure and written off over the shorter of ten years or the life of the existing contracts for the transport of irradiated fuel from Japan.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the foreseeable future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

NOTES TO THE ACCOUNTS (continued)

at 31 March 2000

1. ACCOUNTING POLICIES (continued)

Flask decontamination and disposal provisions

Provisions are made for the costs of decontamination and disposal of flasks. Provisions are recognised in full and the costs are capitalised as part of the costs of the asset. 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. Each year the financing charges in the profit and loss account include a 'top-up' charge to restate these provisions to current price levels. To the extent that this charge is recoverable from customers, it is capitalised.

Foreign currencies

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

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

Pensions

The Company participates in two industry wide defined benefit pension schemes, both of which require contributions to be made to separately administered funds. Contributions to these funds are charged to the profit and loss account so as to spread the cost of pensions over the working lives within the company. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension costs, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between amounts funded and the amounts charged in the profit and loss account are treated as either provisions or prepayments in the balance sheet.

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

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

Turnover is attributable to one continuing activity, the transport of nuclear materials between Japan and Europe. Turnover and operating profit materially arises from sources and destinations in the UK.

NOTES TO THE ACCOUNTS (continued)
at 31 March 2000

3. NET OPERATING COSTS AND EXPENSES

Net operating costs and expenses include:

	2000	1999
	£000	£000
Employee costs (see note 4)	5,296	4,099
Depreciation - owned fixed assets	2,648	188
Provisions for liabilities and charges	-	240
Write off of deferred expenditure	-	14
Auditors' remuneration - audit services	6	7
Decrease in voyages in progress costs	630	75
Other external and operating charges	10,329	11,587
	<u>18,909</u>	<u>16,210</u>

4. EMPLOYEE INFORMATION (including Executive Directors)

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

	2000 No.	1999 No.
Officers and crew	<u>187</u>	<u>147</u>

Employee costs during the year were as follows:

	2000 £000	1999 £000
Wages and salaries	4,684	3,675
Social security costs	227	275
Pension costs	385	149
	<u>5,296</u>	<u>4,099</u>

All executive and administrative functions are undertaken by employees of British Nuclear Fuels plc.

5. DIRECTORS' EMOLUMENTS

	2000 £000	1999 £000
Fees	<u>19</u>	<u>20</u>

No pension contributions were made on behalf of Directors.

NOTES TO THE ACCOUNTS (continued)

at 31 March 2000

6. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2000 £000	1999 £000
Bank interest	514	174

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £000	1999 £000
Gross top-up adjustment to opening provisions	881	1,096
Less: capitalised amounts recoverable from customers	(880)	(1,094)
	1	2
Interest payable to Group Undertakings	550	1,006
Bank loans and overdrafts	2	-
	553	1,008

8. TAX CREDIT ON PROFIT ON ORDINARY ACTIVITIES

	2000 £000	1999 £000
Corporation tax	21	-
Adjustments in respect of prior years Corporation tax	(137)	-
	(116)	-

The Company has an unrecognised deferred tax asset amounting to £353,469 (1999 £907,122). This comprises of fixed asset timing differences of £2,840,499 (1999 £1,768,138), other timing differences of £133,371 (1999 £132,771) and tax losses carried forward of £3,060,597 (1999 £2,542,489).

9. DIVIDENDS PAID AND PROPOSED

	2000 £000	1999 £000
Dividends on equity shares Final proposed	1,000	-

NOTES TO THE ACCOUNTS (continued)

at 31 March 2000

10. INTANGIBLE ASSETS

Group and Parent	Research and development £000	Flask handling facilities £000	Total £000
Cost at 31 March 1999 and 31 March 2000	5,206	2,455	7,661
Amortisation at 31 March 1999 And 31 March 2000	5,206	2,455	7,661
Net book value at 31 March 1999 and 31 March 2000	-	-	-

11. TANGIBLE FIXED ASSETS

Group and Parent	Equipment £000	Assets in course of construction £000	Total £000
Cost at 1 April 1999	158,789	28,558	187,347
Fixed Asset Additions	-	9,901	9,901
Fixed Asset Disposals	(440)	-	(440)
Top-up on Capitalised Decommissioning costs	880	-	880
Cost / programme changes to Capitalised Decommissioning Costs	(1,351)	-	(1,351)
Adjustment for Discounting	(2,628)	-	(2,628)
Spend on Capitalised Decommissioning costs	(3,781)	-	(3,781)
Fixed Asset Transfers	30,814	(30,814)	-
Cost at 31 March 2000	182,283	7,645	189,928
Depreciation at 1 April 1999	123,994	-	123,994
Charge for year	2,648	-	2,648
Fixed Asset Disposals	(440)	-	(440)
Depreciation at 31 March 2000	126,202	-	126,202
Net book value at 31 March 2000	56,081	7,645	63,726
Net book value at 31 March 1999	34,795	28,558	63,353

NOTES TO THE ACCOUNTS (continued)

at 31 March 2000

11. TANGIBLE FIXED ASSETS *continued*

The adjustment of £2,628K represents the discounting of future cash flows to establish the provision for future liabilities at 31 March 2000.

The equipment book values include the following figures for flask decontamination and disposal:

	£000
Cost	26,979
Depreciation	(10)
	<hr/>
Net book value at 31 March 2000	26,969
	<hr/>
Net book value at 31 March 1999	33,849
	<hr/>

12. INVESTMENTS

Investment in subsidiary undertaking:	Parent £000
Cost and net book value at 1 April 1999 and 31 March 2000	<hr/> 62

Details of the investment are as follows:

<i>Name</i>	<i>Country of Incorporation</i>	<i>Holding</i>	<i>Proportion held</i>	<i>Nature of business</i>
Seabird KK	Japan	Ordinary shares	100%	Transport services

13. VOYAGES IN PROGRESS

	Group and Parent	
	2000	1999
	£000	£000
Uncompleted voyage costs	<hr/> -	<hr/> 630

NOTES TO THE ACCOUNTS (continued)
at 31 March 2000

14. DEBTORS

	Group and Parent	
	2000	1999
	£000	£000
Amounts owed by Group Undertakings	4,062	3,933
Corporation Tax	116	-
Other debtors	765	310
	<hr/>	<hr/>
	4,943	4,243
	<hr/>	<hr/>

15. CREDITORS: amounts falling due within one year

	Group and Parent	
	2000	1999
	£000	£000
Trade creditors	7,973	5,319
Amounts owed to Group Undertakings	7,316	25,465
Proposed Dividend	1,000	-
Corporation tax	37	-
Other taxes and social security costs	47	6
Accruals and deferred income	-	54
	<hr/>	<hr/>
	16,373	30,844
	<hr/>	<hr/>

Amounts owed to Group Undertakings in 1999 included a loan from BNFL of £23 million, which was repaid in the year.

NOTES TO THE ACCOUNTS (continued)

at 31 March 2000

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

	Group and Parent	
	2000	1999
	£000	£000
Amounts owed to Group Undertakings		
Advance payments:-		
Capital	35,553	-
Pension deficit	400	-
	<u>35,953</u>	<u>-</u>

17. PROVISIONS FOR LIABILITIES AND CHARGES

	Pension (note 23)	Group and Parent Flask decontamination & disposal	Total
	£000	£000	£000
At 1 April 1999	400	33,888	34,288
Reclassification (to Advance Payments)	(400)	-	(400)
Changes in price levels	-	881	881
Increase in the year:			
Capitalised	-	(1,351)	(1,351)
Adjustment for discounting	-	(2,628)	(2,628)
Utilised	-	(3,781)	(3,781)
At 31 March 2000	<u>-</u>	<u>27,009</u>	<u>27,009</u>
Analysed as follows:			
Amounts due within one year	-	4,731	4,731
Amounts due after one year	-	22,278	22,278
	<u>-</u>	<u>27,009</u>	<u>27,009</u>

The flask decontamination and disposal provisions are re assessed 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 £41K is contractually recoverable from customers. The costs will be incurred over the next 10 years.

The adjustment of £2,628K represents the discounting of future cash flows to establish the provision for future liabilities at 31 March 2000.

NOTES TO THE ACCOUNTS (continued)

at 31 March 2000

18. SHARE CAPITAL

	2000 £000	1999 £000
Authorised: 2 million ordinary shares of £1 each	2,000	2,000
Allotted, called up and fully paid: 2 million ordinary shares of £1 each	2,000	2,000

19. RESERVES

	Group		Parent	
	Other reserves	Profit and loss account	Other reserves	Profit and loss account
	£000	£000	£000	£000
At 1 April 1999	7	2,621	-	2,633
Retained loss for the year	-	243	-	243
Exchange rate movements	10	(2)	(2)	-
At 31 March 2000	17	2,862	(2)	2,876

A separate Profit and Loss account for the Parent Company has not been published as allowed under section 230 of the Companies Act 1985.

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Parent	
	2000 £000	1999 £000	2000 £000	1999 £000
Profit for the financial year	243	650	243	650
Other recognised gains and (losses)	8	7	(2)	-
Net addition to shareholders' funds	251	657	241	650
Opening shareholders' funds	4,628	3,971	4,633	3,983
Closing shareholders' funds	4,879	4,628	4,874	4,633

NOTES TO THE ACCOUNTS (continued)
at 31 March 2000

21. CASH FLOW STATEMENT

a. Reconciliation of operating profit to net cash inflow from operating activities

	2000	1999
	£000	£000
Operating profit	1,166	1,484
Depreciation charges	2,648	188
Decrease in debtors/accrued income	155	325
Decrease in voyages in progress	630	75
Increase /(decrease) in creditors/accruals	2,598	(1,032)
Increase in provisions	-	240
Increase in advance payments	38,548	-
Deferred expenditure written off	-	14
Net cash inflow from operating activities	45,745	1,294

NOTES TO THE ACCOUNTS (continued)

at 31 March 2000

21. CASH FLOW STATEMENT *continued*

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

	2000 £000	1999 £000
Returns on investment and servicing of finance:		
Interest received	512	174
Interest paid	(765)	(854)
Net cash outflow for returns on investments and servicing of finance	(253)	(680)
Taxation:		
UK corporation tax received /(paid)	143	(21)
Capital expenditure and financial investment:		
Purchase of tangible fixed assets	(8,624)	(18,919)
Increase in deferred expenditure	-	(14)
Net cash outflow for capital expenditure and financial investment	(8,624)	(18,933)
Management of liquid resources:		
Net cash (deposited) / withdrawn from short term deposits	(15,020)	1,300
Net cash (outflow) / inflow from management of liquid resources	(15,020)	1,300
Liquid resources are short term deposits repayable after more than 24 hours but within one year		
Financing:		
(Repayments) / New borrowings	(23,000)	17,000
Net cash (outflow) /inflow from financing	(23,000)	17,000

c. Analysis of the changes in net funds/(debt)

	At 1 April 1999	Cashflow	At 31 March 2000
	£000	£000	£000
Cash at bank and in hand	1,534	(1,009)	525
Loans due within 1 year	(23,000)	23,000	-
Deposits repayable after 24 hours	-	15,020	15,020
	(21,466)	37,011	15,545

NOTES TO THE ACCOUNTS (continued)

at 31 March 2000

21. CASH FLOW STATEMENT *continued*

d. Reconciliation of net cash flow to movement in net (debt)/funds

	2000 £000	1999 £000
(Decrease) in cash in the year	(1,009)	(40)
Net cash outflow/(inflow) from decrease/(increase) in debt financing	23,000	(17,000)
Net cash outflow/(inflow) from increase/(decrease) in liquid resources	15,020	(1,300)
Foreign exchange translation differences	-	7
	<hr/>	<hr/>
Movement in net funds in the year	37,011	(18,333)
Opening net debt	(21,466)	(3,133)
	<hr/>	<hr/>
Closing net funds / (debt)	15,545	(21,466)

22. CAPITAL EXPENDITURE AUTHORISED

	2000 £000	1999 £000
Contracted for but not provided for	703	6,381

23. PENSIONS

The Company participates in two industry wide defined benefit pension schemes (The Merchant Navy Officers Pension Fund and the Merchant Navy Ratings Pension Fund), and an industry wide money purchase pension scheme (the Merchant Navy Officers Pension Plan).

a) Defined benefit schemes

The Merchant Navy Officers Pension Fund has been closed to new members from 1 April 1997. Additionally, the Merchant Navy Ratings Pension Fund is to be closed to new members, the effective date of which is yet to be decided. Each scheme is funded by payments to trusts which are independent of the participating employers.

The pension costs are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method. The results of the most recent valuations for the MNOPF and the MNRPF (the new fund has not yet been subject to its first valuation), which were conducted as at 31 March 1996 and 31 March 1999 respectively, were as follows:

Main assumptions:	MNOPF	MNRPF
Date of valuation	31 March 96	31 March 99
Valuation rate of interest (% per annum)	9.0	5.47
Rate of general pay escalation (% per annum)	6.5	4.4
Rate of future pension increases (% per annum)	Nil to 2.5	Nil to 2.9
Rate of future dividend growth (% per annum)	5.0	2.25
Market value of scheme's assets (£million)	2,228	458

NOTES TO THE ACCOUNTS (continued)**at 31 March 2000****23. PENSIONS** *continued*

At 31 March 1996, the MNOF, Old and New sections were 100% and 116% funded respectively. At the 31 March 1999, the MNRPF was 88% funded. Future contributions, in addition to the employer's contribution of 8% of pensionable earnings, will be made over a 7 year period from the year 2000 in order to eliminate the deficiency in the MNRPF scheme. The surplus in the MNOF scheme is being recognised as a variation from regular cost over 10 years, the average expected remaining service lives of employees.

The pension cost charge for these defined benefit pension schemes was £227,050 (1999 £148,935).

b) Money purchase schemes

The Merchant Navy Officers Pension Plan is available to officers who wish to participate in an industry scheme and are not eligible for the MNOF. There are no unpaid contributions outstanding at the year end, included in accruals and deferred income (1999 £nil).

The Merchant Navy Ratings Pension Plan, which will be set up on closure of the MNRPF, will be available to all new rating entrants/re-entrants.

24. RELATED PARTY TRANSACTIONS

The following table summarises the disclosures required by FRS8 regarding transactions with British Nuclear Fuels plc, the immediate parent undertaking

1999/00

	Turnover £000	Purchases £000	Interest £000	Due from RP	Due to RP	
				Trading £000	Trading £000	Advance Payments £000
Parent Undertaking	20,075	3,816	550	3,225	3,484	38,548

1998/99

	Turnover £000	Purchases £000	Interest £000	Due from RP	Due to RP	
				Trading £000	Trading £000	Loans £000
Parent Undertaking	17,694	8,353	1,006	3,933	2,214	23,250

The immediate holding company is International Nuclear Fuels Limited, a company incorporated in England and Wales. The ultimate holding company is British Nuclear Fuels plc, which is incorporated in Great Britain. Copies of the Group accounts of British Nuclear Fuels plc may be obtained from its registered office at Risley, Warrington, WA3 6AS. The Company is not included in any other Group accounts.

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