Orano Projects Limited

Annual Report and Financial Statements

For the year ended 31 December 2019

Company Registration No: 01303570 (England and Wales)

Company information

Directors
P Chevalier
J Cramb
J Storer

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Suite 7 Hitching Court
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Bankers
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Independent auditors
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One Chamberlain Square
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B3 3AX

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Strategic Report for the year ended 31 December 2019

The Directors present their Strategic Report for the year ended 31 December 2019.

Review of Business

- ### Safety Performance
  A total of 10 incidents were recorded in 2019, a reduction of 10 and equivalent to a reduction of 50% as compared to the 20 incidents recorded in 2018. The significant reduction is believed to be due to the consistent high profile and priority which is placed safety as our number 1 priority, and the measures taken to facilitate safe behaviour in the workplace. All incidents have been reviewed for their significance and learning potential.

  The company held an annual Safety Day in June, involving all company office locations, and feedback from participants was positive.

  During the year the company was recognised for the fifth consecutive year with a RoSPA Gold Medal awarded for consistently high safety performance over the previous five years.

  A safety improvement plan was developed during the course of the year, and was subjected to monthly progress monitoring. Only one objective was not achieved by the year end relating to external peer review of internal procedures developed to implement IRR requirements due to reasons beyond OPL's control. Alternative external peer review was initiated, but was not achievable before the year end.

- ### Security Performance
  No significant security incidents occurred during 2019. A number of minor security non-compliances were investigated, and where necessary follow up improvement actions were undertaken.

  As a result of the closure of the company's Thurso office, revised nominations were made for key Security roles within the company, and associated training was initiated for new post holders.

  Following some preliminary reviews an action plan was initiated to prepare for the certification of the Abingdon Office against the ISO27001 Information Security standard, with an intent to submit for formal certification in 2020.

  Preparations continued to be made for the re-certification of the company's two principal IT networks to the industry standard Cyber Essentials and Cyber Essentials Plus standards.

- ### Business Performance
  2019 was a disappointing year in terms of financial performance, with an Operating Loss reported of £(813)k, as compared to an Operating Loss of £(588)k in 2018.

  The Directors and Management Team continued to have as their focus during the year addressing areas of under-performance within the consulting part of the business, and putting in place the enablers for significantly improved performance for the future. A new Operations Manager was appointed, effective from January 2019, to lead the consulting part of the business with responsibility for consulting performance in both the Warrington and Abingdon offices. In engineering, the focus was building and enabling further growth, in particular in the nuclear decommissioning sector.

Strategic Report for the year ended 31 December 2019 (continued)

Consultancy

The Company continued to provide its services to its traditional clients in the UK nuclear industry, across a number of key accounts in both the civil nuclear and defence sectors.

Following the completion of a further review of prospects for future consultancy work orders from the Dounreay site, it was decided to release the remaining employee based the company's Thurso office, and to initiate the sale of the office.

The attrition rate of consultancy staff remained of concern during 2019, with a total of 15 staff leaving the organisation, inclusive of 1 member of staff being released from the Thurso office. A challenging recruitment plan was set for the year to re-build capability in both the Warrington and Abingdon offices with a target of new 14 staff, but the plan proved challenging to deliver despite utilising a number of experienced recruitment agencies, and was not fully delivered and as a result impacted the company's ability to generate the budgeted sales volumes.

For the full year, staff Utilisation was 66%, as compared to 71% achieved in 2018, and the 2019 Budget assumption of 78%.

Engineering

Engineering made further progress during 2019, growing its work volume year on year from a Sales level of £2,456K in 2018 to £3,487K in 2019, an increase of 42%. Engineering sales represented 46% of total OPL sales, for the first time achieving approximate parity of sales with the traditional consultancy business.

The company has continued to work with partners to secure positions on a number of Framework contracts, which provide the commercial route for placing specific packages of work. Significant scopes of work were awarded by Sellafield Limited to the Adapt Decommissioning Delivery Partnership (DDP) of which OPL is a member, which is enabling OPL to demonstrate directly to Sellafield Limited (SL) it's decommissioning capabilities, with the belief that this will lead to further significant opportunities for growth.

In addition, the company was successful in securing a further contract for the supply of specialised manufactured equipment to the Sellafield site, providing further evidence of Orano's potential to support this area of the nuclear services market.

For the full year, staff Utilisation was 84%, as compared to 83% achieved in 2018, and the 2019 Budget assumption of 81%.

Position of Orano Projects Limited at year end

2019 was characterised by continuing challenges within the consultancy business, and further evidence of growth within the engineering business. It should be noted that a number of engineering projects include within the overall project scope consultancy support, such as safety case or waste management support.

Overall sales for the year were £7,643K as compared to £8,418K in 2018, a reduction of £775K equivalent to 9.2%. Operating Income was a loss of £(813)k, as compared to a loss of £(588)k in 2018.

Strategic Report for the year ended 31 December 2019 (continued)

The company continued to work during 2019 to explore options to optimise the way in which the capabilities of a number of Orano Group Business Units can be best positioned in the UK, and where appropriate OPL is identified as the lead entity to act on behalf of multiple Business Units to best serve the client.

Further strategic review work was initiated at the end of 2019 to reconsider company performance, and identify the necessary improvement actions required to deliver acceptable financial performance.

Key Performance Indicators

A key driver for the company's turnover and result level is the utilisation rate.

Orano Projects Limited (OPL) - Utilisation rate evolution 2018-2019

Year	Utilisation rate (%)		
	Consulting	Engineering	Overall OPL
2018	71%	83%	73%
2019	**66%**	**84%**	**70%**

Turnover, Operating profit and Operating Cash flow are three key indicators of the company's financial performance. The total operating cash flow includes movement in cash held at bank as well as on the financial current account with Orano SA.

Orano Projects Limited (OPL) - Turnover, EBIT and Operating Cash Flow Evolution 2018-2019

Year	Turnover (£'000)	Operating result (£'000)	Operating result as a % of turnover	Operating cash flow (£'000)
2018	8,418	(588)	-7%	(308)
2019	**7,643**	**(813)**	**-11%**	**(426)**

The level of operating loss increased by 38% compared to 2018.

There was only a marginal deterioration in the level of operating cash outflow, from £(308,000) in 2018 to £(426,000) in 2019, as a result of positive year on year movement in level of working capital requirement.

Principal risks and uncertainties

Risks and uncertainties are reviewed as a part of the overall management arrangements for the company. These include a monthly Management Team meeting joined by the Chairman of the Board of Directors, and Board Meetings held four times per year.

A Risk Register is maintained, consistent with Orano Group internal procedures

Key external risks affecting the company's ability to operate successfully include the following:

a. NDA strategy: Will the development of future NDA strategy materially impact the ability to secure packages of work below Tier 1 and/or Tier 2
b. HMG Spending Review: Will the 2019 3 Year Spending Review materially impact NDA estate budgets, and hence work placement into the supply chain

Strategic Report for the year ended 31 December 2019 (continued)

c. Brexit: Uncertainties have developed for the UK nuclear market as a whole following the Brexit vote in 2016, particularly with respect to changes in exchange rate, Export and Import Licences, Tariff, VAT & Taxes, Workers Free movement, GDPR, and the United Kingdom's participation in European nuclear agreements such as Euratom. We will continue to monitor the situation and take action where possible to mitigate the risks to the company.
d. COVID-19 Pandemic: The Coronavirus outbreak spread rapidly across the world in the first few months of 2020, causing disruption to economic activity worldwide. The scale and duration of this pandemic remains uncertain, with the UK Government putting a number of temporary schemes in place to assist businesses. We have made use of the Job Retention Scheme, applying for a grant to cover furlough staff costs. We continue to assess the support on offer and take action where possible to mitigate the risks to the company

Key internal risks affecting the company's ability to operate successfully include the following:

a. Recruitment Plan: Will the company be able to recruit the necessary quality of resources to replace recent resignations, and place recruits on work scopes in a timely way

Approved by the Board on 30 June 2020 and signed on its behalf by:

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P Chevalier
Director

Directors' Report for the year ended December 2019

The Directors present their report and audited financial statements for the year ended December 2019.

Principal activities

The Company undertakes two principal areas of work on behalf of clients. The Company provides safety consultancy services to a range of clients working in the nuclear industry, including the preparation of a range of safety cases, and the provision of specialist technical support services including shielding and dose assessment, and waste characterisation and disposability assessment.

In addition, the Company provides a range of engineering and decommissioning support services to a range of clients working in the nuclear industry, ranging from design strategy, front end through to detailed design, and the development of decommissioning strategic optioneering through to detailed design.

Directors' view of Brexit

While Brexit did not materially affect our financial condition or results for the year ended 31 December 2019, we continue to monitor the uncertainty of a deal scenario at the conclusion of the transition period where we anticipate little impact on the business, or a no deal scenario which could potentially disrupt the markets Orano Projects Limited serves.

The Directors do not expect Brexit to have any significant adverse impact on the company's overall level of business or on its financial performance.

The company provides foreign nationals employment on long term and short term assignments. Given the lack of clarity on the ultimate post-Brexit relationship between UK and the EU, the Company cannot determine what, if any, impact Brexit may have on its operations, both inside and outside the UK.

Brexit may continue to contribute to the volatility in the currency exchange rates, particularly that of the Euro and British pound. Nevertheless, the impact on the financial performance of Orano Projects Limited is anticipated to be very limited given the current business profile.

Directors' assessment of the potential impact of COVID-19

As explained in note 21, Events after the end of the reporting period, in the financial statements, the COVID-19 outbreak and resulting measures taken by various governments to contain the virus has not significantly affected our financial position and is treated as a non-adjusting post balance sheet event.

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. The measures taken by various governments to contain the virus, has affected global economic activity and the business in various ways. We have taken a number of measures to monitor and prevent the effects of the COVID-19 virus, such as health and safety measures for our people and securing the supply of materials that are essential to our activities.

- Management regularly monitor the spread of Coronovirus and assess actions the company can take to ensure the safety of its people, whilst following UK Government guidance
- Issuing PPE and adopting social distancing safety measures at our nuclear sites as of March 2020 has meant that operations have been able to continue
- Distribution of sufficient IT to meet requirements for our employees to work from home has resulted in only minimal disruption to productivity

Directors' Report for the year ended December 2019

- In preparation for offices to be re-opened in June, subject to government guidance, all locations have been deep cleaned. A one way entry and exit system will be adopted and desk space will be allocated to enable social distancing. Face masks and sanitiser will be distributed to all personnel

The UK Government has announced the implementation of government assistance measures which may mitigate the impact of the COVID-19 outbreak on our results and liquidity. The company does not currently intend to reduce its workforce, instead taking advantage of Government support via the Coronovirus Job Retention Scheme. The company is eligible to claim for employees contractually changed to furlough since 1st March 2020, for 80% of their salary, up to a limit of £2,500 per employee, plus National Insurance and Pension costs. The UK Government has announced this scheme is available until July, from August the scheme is extended with various phased changes introduced, if the COVID-19 pandemic continues for a longer period and the scheme is not continued, the company will reconsider alternative measures to continue to retain its workforce.

The company will use this scheme to fund the employment costs of idle staff, those who are not able to carry out their roles remotely or be utilised by the company in other areas. In the first month of the pandemic the company placed 1 employee on furlough, this is expected to rise to 4 employees in the second month, CJRS grants will be claimed directly from HMRC. The company continues to assess the utilisation of staff and it is uncertain if more will be placed on furlough at this time.

The Directors do not feel any other government support is needed at this time, and continue to assess the support on offer in these uncertain times.

At this stage, the impact on our business and results is limited. We will continue to follow UK government guidance and in parallel will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people.

The exact impact on our activities in the remainder of 2020 and thereafter cannot be predicted. We have currently assessed no material uncertainty about the entity's ability to continue as a going concern, taking account of financial support from Orano SA. Depending on the duration of the COVID-19 crisis, it is expected that there may be some impact, though not significant, e.g. in relation to expected future performance, or the entity's activities in general.

Based on the circumstances described above, the financial statements are prepared on the assumption that the entity is a going concern.

Dividends

The Directors do not recommend a dividend in respect of the year ended 31 December 2019. No dividends were paid in respect of the year ended 31 December 2018.

Future Developments

The directors will continue to actively promote and develop Orano Projects Limited as the UK delivery platform for the full range of Orano's engineering and project services, including development in the New Build and Decommissioning sectors.

The Directors will seek to mitigate any adverse consequences of Brexit on the financial performance of the Company if and as they are identified.

Directors' Report for the year ended December 2019

Financial risk management

The company's operations expose it to a variety of financial risks that include:

- **Credit risk**
  The Company trades only with recognised, credit worthy customers. Customer balances are checked regularly to ensure that the risk of exposure to bad debts is minimised.

- **Liquidity and cash flow risk**
  The Company has agreement to financial support from the ultimate parent company. The Board actively manages the liquidity risk by preparing detailed budgets. These budgets are actively monitored on a monthly basis and are reviewed at regular management meetings and Board meetings, where any revisions deemed necessary are made.

- **Interest rate risk**
  A short term finance facility is provided by the parent company, and interest rate risk has been mitigated by treasury agreements with the parent company.

- **Foreign currency risk**
  The Company buys and sells goods and services predominately in Sterling, and only in a small proportion in Euros and US Dollars. This giving little risk to exchange rate fluctuations.

Directors of the Company

The directors of the company who were in office during the year and up to the date of signing the financial statements were:
P Chevalier
C Szczypkowski (Resigned 7 February 2020)
J Cramb
J Storer
S Topping (Resigned 17 March 2020)

Going concern

The Company's business activities together with the factors likely to affect the future development, performance and position are set out above. After making enquiries with the parent Orano SA, the Company's viability to continue as a going concern is assessed in conjunction with the parent and is dependent upon the ability of the group companies to settle their intercompany balances with the Company and to provide funds for working capital needs.

The Directors are satisfied, after appropriate consultation with the directors of Orano SA and review of the group's forecasts and projections, taking account of recoverable and possible changes in trading performance and the current funds available that the Company is able to operate within its current level of facilities for the foreseeable future, for this reason the Company continued to adopt the going concern basis.

Disclosure of information to the auditor

Each Director has taken the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information they know of and of which they know the auditor is unaware.

Directors' Report for the year ended December 2019

Statement of Directors' Responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board on 30 June 2020 and signed on its behalf by:

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P Chevalier
Director

Independent auditors' report to the members of Orano Projects Limited

Report on the audit of the financial statements

Opinion

In our opinion, Orano Projects Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2019; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independent auditors' report to the members of Orano Projects Limited (Cont'd)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report.

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements set out on page 11, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 auditors' report to the members of Orano Projects Limited (Cont'd)

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

<u>Other required reporting</u>

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Sarah Phillips

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Sarah Phillips (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

Date: 30 June 2020

Statement of Comprehensive Income for the year ended 31 December 2019

	Note	2019	2018
Turnover	5	7,642,972	8,418,117
Cost of Sales		(6,066,814)	(6,604,424)
Gross profit		**1,576,158**	**1,813,693**
Administrative expenses		(2,389,196)	(2,402,075)
Operating loss	6	**(813,038)**	**(588,382)**
Interest receivable and similar income		1,309	404
Interest payable and similar expenses		(3,467)	(2,640)
Net interest expense		**(2,158)**	**(2,236)**
Loss before taxation		**(815,196)**	**(590,618)**
Tax reversal/(charge)	9	9,200	(4,394)
Loss for the financial year		**(805,996)**	**(595,012)**
Other comprehensive income		-	-
Total comprehensive (expense) for the year		**(805,996)**	**(595,012)**

Statement of Financial Position as at 31 December 2019

	Note	2019	2018
Fixed assets			
Tangible assets	10	198,536	231,776
Current assets			
Debtors	11	1,441,017	1,809,388
Cash at bank	12	232,652	620,935
		1,673,669	2,430,323
Creditors: Amounts falling due within one year	13	(1,835,348)	(1,819,398)
Net current (liabilities)/assets		(161,679)	610,925
Total assets less current liabilities		36,857	842,701
Provisions for liabilities	14	(4,830)	(4,678)
Net assets		32,027	838,023
Capital and reserves			
Called up share capital	16	22,222	22,222
Share premium account	17	86,658	86,658
Profit and loss account		(76,853)	729,143
Total equity		32,027	838,023

The notes on pages 18 to 30 are an integral part of these financial statements.

The financial statements on pages 15 to 17 were authorised for issue by the Board of Directors on 30 June 2020 and were signed on its behalf:

P Chevalier
Director

Statement of Changes in Equity for the Year Ended 31 December 2019

	Called up Share capital	Share capital	Retained earnings/ (Accumulated losses)	Total equity
At 1 January 2019	22,222	86,658	729,143	838,023
Loss for year	-	-	(805,996)	(805,996)
Total comprehensive loss	-	-	(805,996)	(805,996)
At 31 December 2019	**22,222**	**86,658**	**(76,853)**	**32,027**

	Called up Share capital	Share capital	Retained earnings	Total equity
At 1 January 2018	22,222	86,658	1,324,155	1,433,035
Loss for year	-	-	(595,012)	(595,012)
Total comprehensive loss	-	-	(595,012)	(595,012)
At 31 December 2018	**22,222**	**86,658**	**729,143**	**838,023**

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General Information

Orano Projects Limited is a private company, limited by shares and is incorporated in Abingdon, Oxfordshire, England, United Kingdom. The registered number is 01303570 and the address of its registered office is Suite 7 Hitching Court, Blacklands Way, Abingdon Business Park, Abingdon, Oxfordshire, OX14 1RA.

2 Statement of compliance

The financial statements of Orano Projects Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation

These financial statements are prepared on a going concern basis, under the historical convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through income statement.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The financial statements have been prepared in Pound Sterling as this is the currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest £.

3.2 Going concern

The financial statements are prepared on a going concern basis on the grounds that Orano SA has confirmed to the Directors that its present intention is to provide financial support for at least twelve months from the date of these financial statements to enable the Company to continue its operations and to meet its financial obligations.

After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue its support for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

3.3 Financial reporting standard 102 – reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions as permitted by FRS 102:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

3.4 Consolidated financial statements

The company is a wholly owned subsidiary of Orano UK Limited and of its ultimate parent, Orano SA. It is included in the consolidated financial statements of Orano SA which are publicly available. The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Orano SA. The registered address of the parent can be found in Note 20.

These financial statements are the company's separate financial statements.

3.5 Foreign currency transactions and balances

Foreign currency transactions are translated into Sterling using the spot exchange rates at the dates of the transactions. Spot exchange rates are determined for the Group using Bank of France published rates.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statements.

3.6 Turnover recognition

Turnover shown in the income statement represents the amount receivable for goods supplied or services rendered, net of discounts and value added taxes.

The Company recognises turnover when (a) the significant risks and rewards of the ownership have been transferred to the buyer; (b) the Company retains no continuing involvement or control over the goods; (c) the amount of turnover can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Company's sales channels have been met, as described below.

Sales are normally made with a credit term of 30 days. The element of financing is deemed immaterial and is disregarded in the measurement of turnover.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)
3.6 Turnover recognition (continued)

Sale of services
The Company provides safety consultancy services and a range of engineering and decommissioning support services in the nuclear industry. Turnover from the contracts of the provision of professional services is recognised by reference to the value of work performed and expenses incurred. Work performed is calculated from recorded hours on the contract and allocated expenses incurred in the period. Turnover is recognised in the accounting period in which the services are rendered, when the outcome of contract can be estimated reliably.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including amounts not invoiced.

Service contracts with volume discounts. Turnover is measured at the prices specified in the sales contract, net of estimated volume discounts. Volume discounts are assessed based on actual purchases.

3.7 Exceptional items
Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group. They are items that are material either because of their size or their nature, or that are nonrecurring are considered as exceptional items and are presented within the line items to which they best relate.
No exceptional items are disclosed in these financial statements.

3.8 Employee benefits
The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits
Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution pension plans
The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in creditors in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

Annual bonus plan
The Company operates an annual bonus plan for employees. An expense is recognised in the income statement when the Company has a legal or constructive obligation to make payments under the plan as a result of past events or past events and a reliable estimate of the obligation can be made.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

3.9 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax arises from timing differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

3.10 Tangible assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Land & buildings

Land and buildings include freehold and leasehold offices. Land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses.

Furniture, fittings & equipment

Furniture, fittings and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)
3.10 Tangible assets (continued)

Depreciation and residual value
Depreciation is calculated using the straight-line method, to allocate the cost of their residual values over their estimated useful lives, as follows:

• Freehold property	over periods up to 50 years
• Short leasehold property	over the period of the lease
• Furniture, fittings & equipment	over periods up to 4 years

The assets' residual values, useful lives and depreciation models are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Subsequent additions and major components
Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Derecognition
Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in income statement and included in "other operating (losses)/gains".

3.11 Operating Leases
Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals paid under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

3.12 Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

3.13 Provisions and contingencies
Provisions
Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)
3.13 Provisions and contingencies (continued)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of the outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

3.14 Financial instruments

Classification

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the statement of financial position. The corresponding dividends relating to the liability component are charged as interest expense in the income statement.

The Company's principal financial assets include trade debtors, related party receivables and cash and cash equivalents.

The Company's principal financial liabilities include trade payables and related party payables, the purpose of which is to finance the Company's operations. The Company does not have financial instruments that are subject to fair value remeasurement through either the income statement or statement of changes in equity.

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)
3.14 Financial instruments (continued)

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

3.15 Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3.16 Related party transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with its parent or with members of the same group that are wholly owned.

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are address below.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of the debtor and historical experience. See note 11 for the net carrying amount of the debtors and associated impairment provision.

Estimating the work in progress of ongoing projects at the year end

The Company recognises its revenue with reference to the hours worked on projects. When assessing the work in progress of projects, management consider factors such as the time spent and expenses incurred on the project to date, the expected mark-up to be achieved on the project and the total future costs to be incurred over the life of the project.

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment assets, the Directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

5 Turnover

5.1 Analysis of turnover by category:

	2019	2018
Provision for services	7,642,972	8,418,117
	7,642,972	**8,418,117**

5.2 Analysis of turnover by geography:

	2019	2018
United Kingdom	4,945,048	6,918,897
Europe	2,697,924	1,381,144
Rest of world	-	118,076
	7,642,972	**8,418,117**

6 Operating loss

Operating loss is stated after charging:

	2019	2018
Depreciation expense	48,305	55,680
Loss on disposal of Land and Buildings	-	7,647
Foreign exchange losses	19,542	12,975
Operating lease rentals	346,686	289,628

7 Employees and directors

7.1 Employees

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019	2018
Wages and salaries	3,371,197	4,437,887
Social security costs	401,995	461,711
Pension costs, defined contributions scheme	319,487	412,860
Other employee expense	31,043	38,481
	4,123,722	**5,350,939**

The average monthly number of persons (including directors) employed by the company during the year was:

By activity	**2019**	**2018**
Production	58	73
Administration and support	9	9
	67	**82**

There were none:

- the amount of money paid to or receivable by directors under long term incentive schemes in respect of qualifying services; and
- the net value of assets (other than money and share options) received or receivable by directors under such schemes in respect of such services

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)
7 Employees and directors (continued)

7.2 Directors

The directors' emoluments were as follows:

	2019	2018
Remuneration and other benefits	272,465	392,020
Contributions paid to money purchase schemes	28,287	44,626
Compensation for loss of office	-	46,505
	300,752	**483,151**

The number of directors at the year end was 5 (2018: 5)

Out of 5 directors existing at the year ended 31 December 2019 (2018: 5), 3 were paid by other group companies (2018: 3).

7.3 Highest paid director

The highest paid director's emoluments were as follows:

	2019	2018
Remuneration and other benefits	161,652	177,162
Contributions paid to money purchase schemes	16,255	14,449

8 Auditors' remuneration

	2019	2018
Audit of the financial statements	8,454	8,051

In addition to the audit fees charged to the company, the auditors charged £17,100 to the parent company (2018: £19,000).

9 Tax on loss

9.1 Tax expense included in income statement

Current tax	**2019**	**2018**
UK corporation tax on loss for the year	-	-
Adjustment in respect of prior periods	(9,352)	-
Total current tax	**(9,352)**	**-**
Deferred tax		
Origination and reversal of timing differences	152	4,394
Impact of change in tax rate	-	-
Total deferred tax	**152**	**4,394**
Total tax expense/(income) included in statement of comprehensive income	**152**	**4,394**

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)
9 Tax on loss (continued)

9.2 Reconciliation of tax charge

Tax assessed for the year is lower (2018: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2019 of 19% (2018 19%). The differences are explained below:

	2019	2018
Loss before tax	**(815,196)**	**(590,618)**
Corporation tax at standard rate of 19% (2018 19%)	(154,887)	(112,217)
Effects of:		
- Expense not deductible for tax purposes	5,881	1,162
- Arising from effect of capital allowances and depreciation	4,863	5,254
- Arising from other short term timing differences	263	8,977
- Arising from effect of unrelieved tax losses carried forward	144,032	101,218
- Adjustments to tax charge in respect of prior years	(9,352)	-
Tax charge for the year	**(9,200)**	**4,394**

9.3 Tax rate changes

The tax rate for the current year is unchanged from the prior year, which has remained at 19% since April 2017. Legislation will be introduced in Finance Bill 2020 to maintain the rate of Corporation Tax at 19% for financial year 2020. The Corporation Tax charge and rate will also be set at 19% for financial year 2021. Deferred taxes at the statement of financial position date have been measured using these enacted tax rates and reflected in these financial statements.

10 Tangible assets

	Land and buildings	Furniture, fittings & equipment	Total
Cost			
At 1 January 2019	221,065	328,559	549,624
Additions	-	15,065	15,065
Disposals	-	-	-
At 31 December 2019	**221,065**	**343,624**	**564,689**
Accumulated Depreciation			
At 1 January 2019	70,498	247,350	317,848
Charge for the year	12,487	35,818	48,305
Eliminated on disposal	-	-	-
At 31 December 2019	**82,985**	**283,168**	**366,153**
Carrying amount			
At 31 December 2019	**138,080**	**60,456**	**198,536**
At 31 December 2018	**150,567**	**81,209**	**231,776**

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)
10 Tangible assets (continued)

Included within the carrying amount of land and buildings above is £64,280 (2018 - £66,304) in respect of freehold buildings.

11 Debtors

Due within one year	**2019**	**2018**
Trade debtors	569,012	925,723
Amounts owed by related parties	303,805	380,398
Prepayments	159,633	181,531
Accrued income	408,567	321,736
	1,441,017	**1,809,388**

Trade receivables are stated after provision for impairment of £Nil (Impairment reversal 2018: £(19,194). Amounts owed by related parties are interest free and are repayable on demand.

12 Cash at bank

	2019	**2018**
Cash at bank	232,652	620,935

13 Creditors: amounts falling due within one year

Due within one year	**2019**	**2018**
Trade creditors	193,912	178,336
Amounts owed to related parties	722,214	707,608
Taxation and Social security	93,208	159,069
Other creditors	36,043	46,224
Accruals and deferred income	789,971	728,161
	1,835,348	**1,819,398**

Amounts owed to related parties are interest free, except for cash pooling where interest is 0.5% plus daily euribor rates, and repayable on demand.

14 Provisions for liabilities

The company had the following provisions during the year:

	Deferred tax Total
At 1 January 2019	4,678
Increase in existing provisions due to timing differences	152
At 31 December 2019	**4,830**

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)
14 Provisions for liabilities (continued)

Deferred tax
The provision for deferred tax consists of the following deferred tax liabilities (assets):

	2019	2018
Capital allowances	-	-
Other timing differences	4,830	4,678
Total provision	**4,830**	**4,678**

15 Pension and other schemes
Defined contribution pension scheme

The company provides a defined contribution pension scheme for its employees. The amount recognised as an expense for the defined contribution scheme was £319,487 (2018 - £412,860).

Contributions totalling £36,043 (2018 - £46,224) were payable to the scheme at the end of the year and are included in creditors on the statement of financial position.

16 Called up share capital
Allotted, called-up and fully paid shares

		2019		2018
	No	£	No	£
Ordinary shares of £1 each	22,222	22,222	22,222	22,222

Rights, preferences and restrictions
Ordinary shares have the following rights, preferences and restrictions:
Each ordinary share has one voting right.

17 Reserves
Share premium account
The reserve represents the excess amount received that was above the amount of the shares issued.

Profit and loss account
This reserve represents cumulative profits and losses, after the deductions of dividends paid.

18 Obligations under lease contracts
The total of future minimum lease payments is as follows:

Due within one year	**2019**	**2018**
Not later than one year	270,438	273,263
Later than one year and not later than five years	1,180,772	1,042,202
Later than five years	168,480	311,040
Total provision	**1,619,690**	**1,626,505**

The amount of non-cancellable operating lease payments recognised as an expense during the year was £Nil (2018 - £Nil).

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

19 Related party transactions

In accordance with paragraph 33.1A of FRS102 the company has taken advantage of the exemption from disclosing transactions with other wholly owned members of the group.

20 Parent and ultimate parent undertaking

The Company's immediate parent is Orano UK Limited, incorporated in Abingdon, Oxfordshire, England, United Kingdom.

The ultimate parent is Orano SA, incorporated in France.

The most senior parent entity producing publicly available financial statements is Orano SA. These financial statements are available upon request from their registered office: The Secretary, 125 Avenue de Paris, Immeuble PRISME, 92320 CHATILLON, France.

21 Events after the end of the reporting period

On 21 February 2020, the Company sold its Thurso Office building. At the reporting date the company held fixed assets with a NBV of £65,151 in Land & Buildings and £14,322 in Furniture, fittings & equipment. Net sale proceeds of £56,747 are recognised in financial year 2020. Operations on this site had ceased during the 2019 financial year.

On 31 January 2020, the Company exited a lease for its Kendall Office. At the reporting date the company recognised early exit charges of £39,600 in administrative expenses. Operations have transferred to another site.

The COVID-19 global pandemic is considered to be a non-adjusting event for financial reporting purposes. These financial statements do not include any adjustments to assets or liabilities to reflect the potential impact of the pandemic on the company's performance or underlying net asset position.

An assessment of the COVID-19 pandemic is discussed in the Directors' Report on page 8.