2264251

Directors' Report & Accounts

For the year ended 31 March 1996

Magnox Electric plc (formerly Nuclear Electric plc)

On 31 March 1996, Nuclear Electric plc and Scottish Nuclear Limited were restructured to form one group of companies which owns the advanced gas-cooled reactor/pressurised water reactor (AGR/PWR) stations and their associated assets and liabilities (British Energy plc and subsidiaries Nuclear Electric Limited and Scottish Nuclear Limited); and one company which owns the magnox stations and their associated assets and liabilities (Nuclear Electric plc, which was renamed Magnox Electric plc on 1 April 1996, and which retains the original Company Number).

The directors of the renamed Company are as follows:

Executive directors		
Mr M A W Baker	Chairman	Appointed Chairman 1 April 1996 (formerly a director of Nuclear Electric plc)
Mr R W Hall CBE FEng	Chief Executive	Appointed Chief Executive 1 April 1996 (formerly a director of Nuclear Electric plc)
Mr D Joynson	Executive Director, Liabilities and Decommissioning	Appointed 1 April 1996
Mr S R Ogle	Executive Director, Finance and Commercial	Appointed 1 April 1996
Dr C Smitton	Executive Director, Generation	Appointed 1 April 1996

Non executive directors

Mr N N Broadhurst	Appointed 1 April 1996
Mr J D Rimington CB	Appointed 1 April 1996
Mr M H Spence CBE	Continuing appointment (formerly a director of Nuclear Electric plc)
Ms S E Stoessl	Continuing appointment (formerly a director of Nuclear Electric plc)

The directors present their report and Group accounts for the year ended 31 March 1996.

The Company will produce, later in 1996, reports on: station performance; health and safety; the environment; and progress with the discharge of nuclear liabilities (including decommissioning).

Magnox Electric plc
Berkeley Centre
Berkeley
Gloucestershire
GL13 9PB

Company Number 2264251

Contents

Directors' Report
for the year ended 31 March 1996

Deaths of Serving Directors

John G Collier FRS FEng

We record, with the deepest regret, the loss of John Collier FRS FEng, Chairman from the time of the Company's formation in 1990 until his death, after a short illness, on 18 November 1995. John Collier unfailingly led from the front and his intellectual flair, combined with human warmth, permeated the whole organisation and provided the impetus for the significant improvements in performance which the Company achieved under his leadership. His achievements, his unique personal qualities and his clarity and openness as a spokesman for the Company and the nuclear industry have made an indelible contribution for which we shall always be indebted to him.

Professor Roger Perry DSc FEng

We were also saddened by the death in October of Professor Roger Perry DSc FEng, non executive director of the Company since November 1994. Roger Perry was Director of the Centre for Environmental Control & Waste Management at Imperial College. His contribution to the Board, particularly in the fields of the environment and waste management, was of great value to the Company.

Principal Activity

The principal activity of the Group (Magnox Electric plc and its subsidiary undertakings) is the generation and supply of electricity. The subsidiary undertakings are listed in note 13 to the accounts.

Review of the Magnox Business

During the year under review electricity production at the Company's magnox power stations was 20.1 TWh (1995: 22 TWh) on a gross/net/net basis (on a gross/net basis electricity production was 20.9 TWh (1995: 22.7 TWh)). This 9% reduction in output resulted from extended overhaul outages and shutdowns for plant investigation at several magnox power stations. The Long Term Safety Review at Wylfa power station was published in December 1995. This completed the process of Long Term Safety Reviews of all the UK's magnox stations.

There was good progress with decommissioning work at Berkeley and Trawsfynydd power stations. Nuclear liabilities management capability was strengthened by the continuing development of the Company's detailed catalogue of nuclear liabilities which records each nuclear liability, the estimated cost of discharging it, and any associated risks.

The business of the year was heavily influenced by activities associated with the reorganisation of the Company formerly known as Nuclear Electric plc. On 9 May 1995 the Department of Trade and Industry and the Scottish Office published their White Paper on 'The Prospects for Nuclear Power in the UK' (Cm 2860), setting out the conclusions of the Government's Nuclear Review. The Government announced its intention to privatise the AGR and PWR power stations and to create a holding company (later named British Energy plc), with the parts of Nuclear Electric plc and Scottish Nuclear Limited (SNL) which were to be privatised as its wholly owned subsidiaries.

The Government proposed that the magnox stations and their liabilities should, in the first instance, be held in a stand alone public sector company (later named Magnox Electric plc). In due course the assets and liabilities would be transferred to British Nuclear Fuels plc (BNFL), so as to provide clear incentives to minimise reprocessing and other back end costs and to optimise net revenues and the economic lives of the magnox stations.

Under a Sale and Purchase Agreement dated 31 March 1996, the AGR and PWR assets and liabilities were transferred out of Nuclear Electric plc to a new company, Nuclear Electric Limited (NEL). At the same time, assets and liabilities relating to Hunterston A magnox power station were transferred to Nuclear Electric plc by SNL. Nuclear Electric plc also acquired on 31 March 1996, from SNL, the remaining 20% interest in the subsidiary undertakings Electricity Producers Insurance Company Limited and Power Resources Incorporated. Nuclear Electric plc subsequently changed its name to Magnox Electric plc (Magnox).

In return for the sale of the AGR and PWR assets and liabilities to NEL and the assumption of the magnox assets and liabilities and the minority interests in subsidiaries from SNL, Magnox has received a financial Undertaking from the Secretary of State for Trade and Industry. The Undertaking is included in the balance sheet at £3,724 million. At the request of Magnox, the Secretary of State will make payment of such part of the outstanding amount as is needed to enable Magnox to meet its financial obligations as they fall due. The outstanding amount of the Undertaking is compounded each year by a rate equal to 4.5% above inflation.

Financial Results and Dividends

Turnover from electricity generation from all the former Nuclear Electric plc's power stations during the year under review was £1,635 million (1995: £1,590 million). Total output on a gross/net/net basis rose to 62.7 TWh from 59.2 TWh, an increase of 6%. Gross/net output was 64.5 TWh (1995: 60.9 TWh). The average market price fell by 3% to £24.70 per MWh from £25.59 per MWh, calculated on a gross/net/net basis.

The operating profit for the year, before revision of previous years' nuclear liabilities to reflect refinements to the cost base, amounted to £385 million (1995 : £1,319 million restated). The fall in profits arose principally from the decision of the directors, in the light of British Energy plc's decision not to proceed with building the Sizewell C and Hinkley Point C power stations, to write off the first-of-a-kind costs of £813 million incurred in building the UK's first commercial PWR station, Sizewell B, and from major work programmes at Dungeness B and Heysham 1 in respect of reheat cracking.

After financing charges and taxation there was a loss for the year of £175 million (1995 : £894 million profit restated).

The directors are not recommending the payment of any dividend.

Taking the Undertaking into account the Group had negative shareholder funds of £1,328 million at 31 March 1996 (1995 : £1,156 million restated).

In the light of the reorganisation of the Company, the directors consider that the distinction formerly made in the accounts between Central Electricity Generating Board (CEGB) and Nuclear Electric plc operations is no longer useful. The Company remains responsible for all the magnox related nuclear liabilities while all AGR and PWR related liabilities (including those inherited from the CEGB and those accounted for in Nuclear Electric plc's period of operation) have been transferred to NEL. Accordingly the accounts show the results for the year split between continuing and discontinued activities rather than split between CEGB and Nuclear Electric plc operations.

One of Magnox's objectives is to optimise the cash flow from the operating magnox stations so as to contribute to discharging the magnox liabilities. The cash flows of the Company in the year related to continuing activities can be analysed as follows:

Magnox Cash Flow (excluding levy) - Year ended 31 March 1996

	£ million
Operating loss before levy and financing charges	(154)
Add charges against operating profit not resulting in cash flow in current year	319
Operating cash flow excluding levy	165
Less capital expenditure net of disposals	(32)
Add other items	5
Add net interest received (net of tax paid)	149
Cash flow, excluding levy, generated during the year to meet nuclear liabilities	287

At the end of the year, the remaining estimated lifetime nuclear reprocessing, waste management and decommissioning costs relating to the ongoing magnox business amounted to £8.9 billion in 3% real discounted terms (£18.2 billion in undiscounted terms). The main elements which contributed to the movements of magnox liabilities in the year are shown in the following table:

Magnox Nuclear Liabilities Movements - Year ended 31 March 1996

	Total Payable Undiscounted £ billion	Total Payable Discounted £ billion	Provided to date £ billion
Balance at 1 April 1995	25.5	13.8	10.5
AGR/PWR liabilities transferred to NEL	(10.5)	(5.4)	(2.9)
Balance at 1 April 1995 (magnox only)	15.0	8.4	7.6
Accounting policy changes			
- 3% discounting	0.0	(1.1)	(1.0)
- adoption of FRS5	0.0	0.0	0.2
Revalorisation	0.4	0.4	0.4
Revision of previous years' cost estimates	0.3	0.3	0.1
Paid in the year	(0.3)	(0.3)	(0.3)
Provided in the year	0.0	0.0	0.2
Acquisition of Hunterston A	2.8	1.2	1.2
Balance at 31 March 1996	18.2	8.9	8.4

Future Developments

The Company aims to be a robust public sector entity which will enhance competition in the electricity market and secure the best possible value for the taxpayer from its operations. The Company will operate in a commercial manner and will judge any investments by commercial rates of return. In doing so it will: demonstrate in all its activities that safety is the foundation of its business; have full regard to the environmental impact of all its operations; maximise net revenue from electricity sales by operating its generating plant as fully, and for as long, as is consistent with safety requirements; meet all its nuclear liabilities as cost effectively as possible; maintain and develop its core skills and capabilities to meet its current and future operational needs and exploit these skills and capabilities in appropriate new business areas, as agreed with the Government; and seek a basis for integration with BNFL which will provide the combined company with a clear incentive to maximise the net revenues from magnox generation and to minimise all magnox related reprocessing and other back end costs.

Going Concern

As explained in note 2 to the accounts, the directors consider it appropriate to draw up the accounts on the going concern basis on the grounds that the Group is, and will remain, able to meet its liabilities as they fall due.

Research and Development

The Company promotes nuclear research and development directed towards securing further improvements in the reliability and performance of its generating plant. The Company also undertakes and promotes research and development in the areas of waste treatment methodologies and decommissioning techniques which minimise environmental impact and reduce costs.

Termination of Nuclear Premium

The directors expect that premium payments to the Company will cease at the time of privatisation of British Energy plc, except as necessary to enable the Company to collect monies equivalent to those due to it (but unpaid) prior to privatisation.

Board of Directors

The directors of Magnox Electric plc (formerly Nuclear Electric plc) during the year ended 31 March 1996 are listed on the next page. Where directors resigned on 31 March 1996 to take up positions in Nuclear Electric Limited and/or British Energy plc the new appointment appears in italic script.

Directors' Report for the year ended 31 March 1996 continued

Executive Directors

Mr J G Collier FRS FEng	Chairman	Deceased 18 November 1995
Dr R Hawley DSc FEng	Chief Executive	Resigned 31 March 1996 *(now Chief Executive, British Energy plc)*
Mr M A W Baker	Executive Director, Corporate Affairs and Personnel	
Mr B V George CBE FEng	Executive Director, Engineering	Resigned 11 August 1995
Mr R W Hall CBE FEng	Executive Director, Operations	
Mr M R Kirwan	Executive Director, Finance	Resigned 31 March 1996 *(now Finance Director, British Energy plc)*
Mr P T Warry	Executive Director, Commercial	Resigned 31 March 1996 *(now Managing Director, Nuclear Electric Limited)*

Non Executive Directors

Mr J Bullock	Resigned 31 March 1996 *(now a non executive director, Nuclear Electric Limited and British Energy plc)*
Sir Noel Davies CEng	Appointed Chairman 13 December 1995 Resigned 31 March 1996 *(now Chairman, Nuclear Electric Limited and Deputy Chairman, British Energy plc)*
Mr P L Macdougall	Resigned 31 March 1996
Professor R Perry DSc FEng	Deceased 31 October 1995
Mr M H Spence CBE	
Ms S E Stoessl	

The Secretary of State for Trade and Industry was a shadow director of the Company within the meaning of Section 741 of the Companies Act 1985 during the year under review.

Acknowledgements

Brian George resigned from the Board in August to take up an appointment with the General Electric Company. His notable achievements for Nuclear Electric plc included his key role in the construction and preparation for commissioning of the PWR power station at Sizewell in Suffolk. This major project will be a lasting testament to his drive and leadership and to the skills, experience and dedication of all the men and women involved in the project.

We should like to express our gratitude to Patrick Macdougall, who resigned from the Board on 31 March 1996, for his major contribution to the work of the Board and, in particular, for his wise counsel during the preparations for restructuring Nuclear Electric plc.

Corporate Governance

A statement on Corporate Governance is given on pages 11 to 13 and the report of the Remuneration Committee is given on pages 14 and 15.

Policy on Payment of Creditors

The Company's policy is to settle the terms of payment with its suppliers when agreeing the terms of each transaction and to ensure that suppliers are made aware of the terms of payment. Further information can be obtained from the Company Accounting and Treasury Manager, Magnox Electric plc, Berkeley Centre, Berkeley, Gloucestershire GL13 9PB.

Directors' Interests in Shares

The Secretary of State for Trade and Industry had, during the year under review, an interest in 50,000 ordinary £1 shares in the Company. None of the directors of the Company has, according to the register kept under Section 325 of the Companies Act 1985, any interest in shares or debentures of the Company, nor has any right to subscribe for shares in the Company been granted to or exercised by any director or members of his or her immediate family.

Employment of Disabled People

The Company's Equal Opportunities Policy describes the Company's commitment to ensure that, in all aspects of employment practice, disabled people are not discriminated against on grounds of their disability.

The Company will explore all the practicable options available to accommodate employees who become disabled and is keen to develop initiatives which will assist disabled people and provide them with appropriate work experience and training.

Employee Participation

The Company quality improvement process (QIP) has generated valuable staff contributions to key business issues. QIP aims to involve all staff in the delivery of high quality goods and services. The Company has also continued to drive for Investors in People (IIP) accreditation. Some business units have successfully achieved this status and others have plans in place to do so.

The Nuclear Electric Joint Council has continued to operate as a joint negotiating body and the Company Review Committee and Health & Safety Committee have continued to provide a forum for constructive discussions on a wide range of consultative and health & safety issues.

Following the restructuring of Nuclear Electric plc on 31 March 1996, the Nuclear Electric Joint Council and the Company Review Committee have merged into a single body, the Magnox Joint Council.

Political and Charitable Contributions

During the year ended 31 March 1996 the Company made donations to charitable organisations totalling £234,000, compared with £325,391 in 1994/95. No contributions were made to political parties.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Binder Hamlyn be reappointed auditors of the Company will be put to the Annual General Meeting.

This report was approved by the Board of Directors on 22 May 1996.

Signed on behalf of the Board

R Melville

J R Melville
Company Secretary

Company number 2264251

Statement on Corporate Governance

Magnox Electric plc will carry forward Nuclear Electric plc's commitment to being a high quality company, upholding high ethical standards. As part of this commitment the Company fully supports the Code of Best Practice published in December 1992 by the Cadbury Committee on the Financial Aspects of Corporate Governance (the Cadbury Code) and the report of the Study Group on Directors' Remuneration (the Greenbury Report).

Statement of Compliance

The Group has, throughout the year ended 31 March 1996, complied with the Cadbury Code. The auditors' report on the Company's statement of compliance is given on page 16.

Board Committees

Non executive directors played an important role in ensuring high standards of corporate governance through their participation in the following meetings and committees in the course of the year:

Audit Committee

Reviewing the annual and interim financial results, the procedures by which appropriate systems and standards of internal control are maintained within the Company, and the scope and adequacy of internal and external audit. Making recommendations on the appointment and remuneration of external auditors.

Health, Safety and Environment Review Committee

Providing the focus for discharge of the Board's formal accountability for health, safety and environmental protection. Reviewing policy, recommending performance targets and reviewing performance.

Nominations Committee

Monitoring the overall succession management health of the Company and advising on appointments for posts at or immediately below Board level.

Pensions Committee

Maintaining an overview of the Company's pension arrangements within the Electricity Supply Pension Scheme (ESPS), and ensuring compliance with the Scheme's rules. Appointing trustees, monitoring appeals against trustees' decisions and granting special terms where appropriate.

Remuneration Committee

Making recommendations to the Company's shareholder in relation to remuneration and conditions of employment of the executive directors.

Internal Financial Control

The directors are responsible for ensuring that the Company maintains a system of internal financial control to provide them with reasonable assurance regarding the reliability of financial information used within the business, and that assets are safeguarded. There are inherent limitations in any system of internal financial control and, accordingly, even the most effective system can provide only reasonable, and not absolute, assurance with respect to the preparation of financial information and the safeguarding of assets.

The key features of the internal financial control system that operated throughout the period covered by the financial statements are described under the following headings:

Control Environment

The system includes a documented organisational structure, a documented and understood primary delegation of authority from the Board to directors and secondary delegation to operating units, and established policies and procedures, including a code of conduct, to foster a strong ethical climate.

Identification and Evaluation of Business Risks and Control Objectives

The Board has the primary responsibility for identifying the major business risks facing the Company and developing appropriate policies to manage those risks. The risk management approach is used to focus the work of the internal audit function on the Company's most significant areas of risk and to determine key control objectives.

Information Systems

There is a comprehensive planning and budgeting system with an annual budget approved by the Board. Monthly actual results are reported against budget to identify any significant deviation from approved plans and revised forecasts for the year are prepared regularly. The Company also reports to its shareholder and regulators on a regular basis.

Main Control Procedures

The Company has identified a number of key areas which are subject to regular reporting to the Board including financial performance, treasury matters, capital scheme expenditure and environmental issues. Financial controls and procedures including information system controls are detailed in procedural manuals. These controls include defined procedures for seeking and obtaining approval for major transactions and organisation changes as well as organisation controls involving the segregation of incompatible duties. The Chief Executive monitors the discharge of delegated authority and accountability to all levels of the Company through the process of quarterly accountability reviews.

Monitoring

The operation of the system is monitored by an internal audit function which reports regularly to management and to the Audit Committee.

The Audit Committee has reviewed the effectiveness of the Company's system of internal financial controls operated throughout the period and has reported to the Board on the results of this review.

The Board is not aware of any weaknesses in systems that have led, during the last year, to any material losses or contingent liabilities or of any material developments between the balance sheet date and the date of this report.

Report of the Remuneration Committee

Membership of the Remuneration Committee

All non executive directors who served during the year under review were members of the Remuneration Committee. All non executive directors who are currently in post are members of the Remuneration Committee.

Compliance

The Committee was reconstituted with effect from 1 April 1996 following the restructuring of Nuclear Electric plc. The Committee's constitution and operation comply with the Greenbury Report's Code of Practice subject to the guidelines issued by HM Treasury for public sector bodies. Decisions on directors' remuneration are a matter for the Company's shareholder. The Committee makes recommendations to the shareholder about these decisions. In framing its recommendations, the Committee has given full consideration to the Greenbury Report's code.

Policy on Directors' Remuneration

The Committee takes a range of factors into account in making its recommendations: these include the need to recruit, retain and motivate high calibre individuals and to make relevant remuneration comparisons. The elements of the remuneration package are as follows:

(i)	Basic salary	
(ii)	Annual bonus	Targets for annual bonus are set by the shareholder. There were six targets in 1995/96 relating to costs, output, profit and restructuring. The maximum bonus available under the scheme was 40% of salary.
(iii)	Benefits	Taxable benefits include such items as company cars, fuel, life assurance and medical expenses insurance.
(iv)	Pension	Directors are eligible to be members of the Electricity Supply Pension Scheme (ESPS) subject to its rules and clauses and to Inland Revenue limits. The ESPS is a final salary scheme. Only basic salary is pensionable.

Non executive directors' fees are set by the shareholder.

Contracts of Service

Directors' contracts are subject to an initial fixed term period of one year and thereafter to a notice period of one year.

External Appointments

Directors are permitted, subject to the agreement of the Board, to hold up to two non executive directorships, if appropriate.

The full details of each director's remuneration package for the year, including basic salary, benefits in kind and bonus are set out on page 46.

Signed on behalf of the Board

M H Spence CBE
Chairman, Remuneration Committee

22 May 1996

Auditors' Report to Magnox Electric plc (formerly Nuclear Electric plc) on Corporate Governance Matters

In addition to our audit of the financial statements we have reviewed the directors' statement on page 11 of the Group's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange. The object of our review is to draw attention to non-compliance with those paragraphs of the Code which is not disclosed.

We carried out our review in accordance with Bulletin 1995/1 'Disclosures relating to corporate governance' issued by the Auditing Practices Board. That Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Group's system of internal financial control or its corporate governance procedures nor on the ability of the Group to continue in operational existence.

Opinion

With respect to the directors' statements on internal financial control on pages 12 and 13 and on going concern on page 7, in our opinion the directors have provided the disclosures required by paragraphs 4.5 and 4.6 of the Code (as supplemented by the related guidance for directors) and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain directors and officers of the Company, and examination of relevant documents, in our opinion the directors' statement of compliance on page 11 appropriately reflects the Group's compliance with the other paragraphs of the Code specified for our review.

Binder Hamlyn

Binder Hamlyn
Chartered Accountants
London

22 May 1996

Statement of Directors' Responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have 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 proper accounting records which 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 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.

Auditors' Report to the Members of Magnox Electric plc
(formerly Nuclear Electric plc)

We have audited the financial statements on pages 19 to 47 which have been prepared on the basis of the accounting policies set out on pages 19 to 24.

Respective Responsibilities of Directors and Auditors

As described on page 17, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 1996 and of the Group's loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Binder Hamlyn

Binder Hamlyn
Chartered Accountants
Registered Auditors
London

22 May 1996

Statement of Accounting Policies

Basis of Accounting

These accounts have been prepared under the historical cost convention in accordance with applicable UK reporting and accounting standards applying the same accounting policies as in previous years with the exception of the following changes:

Discount rate for nuclear and other long term liabilities

The rate used to discount nuclear and other long term liabilities has been increased from 2% to 3%, following a review of long term real rates of interest and the Group's future financial structure. Prior year figures have been restated accordingly.

Application of Financial Reporting Standard No 5 'Reporting the substance of transactions' (FRS 5) to station decommissioning

As a result of the debate on the interpretation of FRS 5 referred to in note 14 of last year's accounts, the Group has changed its accounting policy to include the full cost of station decommissioning in the costs of construction and decommissioning its nuclear power stations. Details are set out below in the accounting policies for tangible fixed assets and nuclear liabilities and prior year figures have been restated accordingly.

The financial effect of these changes is set out in note 23 to the accounts.

Basis of Consolidation

The accounts consolidate this year the accounts of Magnox Electric plc and all its subsidiary undertakings (together 'the Group') made up to 31 March. Comparative figures have been restated accordingly.

As permitted by Section 230 of the Companies Act 1985, no separate profit and loss account has been presented for the Company.

Acquisitions and Disposals

The results of companies and businesses acquired or sold during the year are dealt with from the date of acquisition or to the date of sale using the principles of acquisition accounting. Fair values are attributed to the Group's share of the separable net assets acquired. Where the cost of the acquisition exceeds the values attributable to such net assets, the difference is recognised as goodwill. Goodwill is written off against reserves in the year of acquisition.

Associated Undertakings

The Group's share of profits less losses of associated undertakings is included in the consolidated profit and loss account and its interest in their net assets is included in investments in the consolidated balance sheet under the equity method of accounting.

Turnover

Turnover represents amounts receivable for sales of electricity, including fees under contracts for differences, revenue from direct sales contracts and other related goods and services net of value added tax, together with nuclear premium income. The directors consider there to be one class of business and one geographical market, that of England and Wales. Third party sales by the Group's subsidiary undertakings are immaterial.

The Company's primary business is the generation of electricity by nuclear power. It also produces hydro-electricity from Maentwrog power station for which it is obliged to make a separate business return to The Office of Electricity Regulation. These results are immaterial to the primary business and have not been identified separately in these accounts.

Fuel Costs - Front End

Magnox and AGR power stations

Front end fuel costs consist of costs of procurement of uranium ore, conversion and enrichment services and fuel element fabrication. Fabrication costs comprise fixed and variable elements. The fixed element is charged to the profit and loss account as incurred and the variable element is included in the cost of the fuel stocks, being charged to the profit and loss account in proportion to the amount of fuel burnt.

PWR power station

All front end fuel costs are variable and are charged to the profit and loss account in proportion to the amount of fuel burnt.

Fuel Costs - Back End

Magnox and AGR power stations

Fuel elements extracted from the reactors are sent for reprocessing and/or long term storage with eventual disposal of resulting waste products. Back end fuel costs comprise the estimated cost of this process at prices discounted back to current value in respect of both the amount of irradiated fuel burnt during the year and an appropriate proportion of unburnt fuel which will remain in the reactors at the end of their lives. All back end costs, other than for unburnt fuel at shutdown, are charged to the profit and loss account in proportion to the amount of fuel burnt.

PWR power station

Back end fuel costs are based on wet storage in station ponds followed by dry storage and subsequent direct disposal of fuel. Back end fuel costs comprise the estimated cost of this process at prices discounted back to current value. All back end costs, other than for unburnt fuel at shutdown, are charged to the profit and loss account in proportion to the amount of fuel burnt.

Unburnt fuel at shutdown

Due to the nature of the fuel process, there will be some unburnt fuel in the reactors at station closure. The cost of this fuel is provided for over the estimated useful life of each station on a straight line basis.

Research and Development

Research and development expenditure is charged to the profit and loss account as incurred.

Pension Costs

Contributions to the Electricity Supply Pension Scheme (ESPS) are assessed by a qualified actuary and are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Company. The capital cost of ex-gratia and supplementary pensions, to the extent not covered by the Scheme, is charged to the profit and loss account in the accounting period in which they are granted.

Variations in pension costs, which result from actuarial valuations, are expressed as a percentage of pensionable salaries and amortised over the average expected remaining working lives of employees. Differences between the amounts funded and the amounts charged to the profit and loss account are treated either as provisions or prepayments in the balance sheet.

Foreign Currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange at the date of the balance sheet.

Profits and losses of overseas subsidiaries are translated into sterling at weighted average rates of exchange during the year, with the year end adjustment to closing rates being taken to reserves. Gains or losses arising on the retranslation of opening net assets of overseas subsidiary undertakings at closing rates are taken to reserves.

All other exchange differences are taken to the profit and loss account.

Tangible Fixed Assets and Depreciation

Fixed assets comprise assets acquired or constructed by the Group that are expected to have a useful life of at least five years. Expenditure incurred to improve operational performance or to improve safety in order to meet increased regulatory standards is also capitalised. Other expenditure, including that incurred on preliminary studies and on the initiation of new technologies not yet adopted, is charged to the profit and loss account as incurred.

Fixed assets (other than in the course of construction) are included in the balance sheet at the lower of cost less accumulated depreciation and economic value. Assets in the course of construction are stated at cost and not depreciated until brought into commission.

The charge for depreciation of fixed assets is based on the straight line method, so as to write off the cost of assets over their estimated useful lives. Depreciation starts in the year following the year of expenditure except for power stations which are depreciated from the date of commissioning.

The lives adopted are subject to regular review and are currently:

Magnox power stations	30-36 years
AGR power stations	25-30 years
PWR power station	40 years
Non-operational buildings	40 years
Short-term assets	5 years

The estimated costs associated with decommissioning the Group's nuclear power stations are provided for when stations begin operating commercially, are capitalised as part of the cost of construction, and are depreciated over the same lives as the stations. These estimated costs are discounted having regard to the timescale whereby work will take place over many years after station closure. The estimated costs include the demolition and site clearance of the stations' radioactive and non radioactive facilities and management of both decommissioning and operational wastes.

Fixed Asset Investments

Fixed asset investments comprise investments in Government gilt-edged stocks ('gilts') and loans to the associated undertaking, together, in the Company's accounts, with investments in and loans to subsidiary undertakings.

The Company's investment in gilts has been treated as a fixed asset investment since it is the directors' intention to hold this investment for the long term. Gilts are stated at cost less any permanent diminution in value and any realised gains or losses are taken to the profit and loss account.

Leases

Assets held under finance leases, which result in substantially all the risks and rewards of ownership being transferred to the Group, are capitalised where material and included in tangible fixed assets. The amount capitalised is the present value of the minimum lease payments. Each asset is depreciated over the shorter of the lease term and its useful life.

The obligations relating to finance leases net of financing charges in respect of future periods are included within creditors (due within or after one year). The interest element of the rental obligation is allocated to accounting periods during the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each accounting period.

All other leases are treated as operating leases and the rentals are charged to the profit and loss account.

Stocks of Nuclear Fuel, Stores and Spares

Stocks of nuclear fuel, stores and spares are valued at the lower of cost and net realisable value. An obsolescence charge for the diminution in the value of stores and spares is charged to the profit and loss account each year.

Current Asset Investments

Current asset investments are valued at the lower of cost and market value.

Deferred Taxation

Deferred taxation arises in respect of items where there is a timing difference between their treatment for accounting purposes and their treatment for taxation purposes. Provision for deferred taxation, using the liability method, is made to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Nuclear Liabilities

In matching the costs of generating electricity against the income from sales, accruals and provisions are made in respect of the following:

(a) *fuel costs*

Accruals and provisions for fuel costs cover the reprocessing and storage of spent nuclear fuel and long term storage, treatment and eventual disposal of nuclear waste. They are based, as appropriate, on contractual arrangements and the latest technical assessments of the processes and methods likely to be used to deal with these obligations under the current regulatory regime. Accruals based on contracted fixed price arrangements are stated in the balance sheet at current price levels and included within creditors. Provisions are based on long term cost forecasts which are reviewed regularly and adjusted where necessary, and included within provisions for liabilities and charges. These accruals and provisions are discounted and revalorised as detailed in (c) on the next page.

Statement of Accounting Policies continued

(b) *decommissioning of nuclear power stations*

The accounts include provision for the full cost of decommissioning the Group's nuclear power stations. Provision is made on the basis of the latest technical assessments of the processes and methods likely to be used for decommissioning under the current regulatory regime. The technical assessments are reviewed regularly and the estimates of decommissioning costs are updated accordingly. The provision established at the commencement of a station's operating life is capitalised as part of the costs of the station. Any subsequent variations in the provision resulting from changes in the estimates of decommissioning costs (other than inflation) are also taken to fixed assets and are depreciated over the remaining life of the station. Provisions are discounted and revalorised as detailed in (c) below.

(c) *discounting and revalorisation*

Liabilities in respect of fuel and decommissioning costs are stated in the balance sheet at current price levels, discounted at a long term real rate of interest to take account of the timing of payments. Each year the financing charges in the profit and loss account include the revalorisation of liabilities required to remove one year's discount from liabilities recognised in prior years and restate those liabilities at current price levels.

Group Profit and Loss Account

for the year ended 31 March 1996

	Notes	Continuing operations 1996 £m	Discontinued operations 1996 £m	Total 1996 £m	Total (Restated) (Note 8) 1995 £m
Electricity generation		522	1,113	1,635	1,590
Nuclear premium	3	373	790	1,163	1,251
Other income	4	44	75	119	72
Turnover		939	1,978	2,917	2,913
Operating costs before exceptional items	5	(632)	(1,119)	(1,751)	(1,651)
Exceptional items	5	17	(798)	(781)	57
Operating costs after exceptional items	5	(615)	(1,917)	(2,532)	(1,594)
Operating profit before revision of previous years' nuclear liabilities		324	61	385	1,319
Revision of previous years' nuclear liabilities	7	(105)	(31)	(136)	148
Operating profit		219	30	249	1,467
Financing charges (net)	9	(191)	(174)	(365)	(538)
Profit/(loss) on ordinary activities before taxation	10	28	(144)	(116)	929
Taxation	11	(52)	-	(52)	(34)
Profit/(loss) on ordinary activities after taxation		(24)	(144)	(168)	895
Minority interests		(7)	-	(7)	(1)
Profit/(loss) for the financial year		(31)	(144)	(175)	894

The Group has no material recognised gains or losses in 1996 or 1995 other than the loss for the year and no statement of total recognised gains or losses is presented. Movements in the Group's reserves are set out in note 22 to the accounts and the cumulative effect of prior year adjustments is in note 23. The only material movement in shareholder's funds during the period relates to the loss in the financial year.

Balance Sheets
as at 31 March 1996

	Notes	Group 1996 £m	Group (Restated) 1995 £m	Company 1996 £m	Company (Restated) 1995 £m
Fixed assets					
Tangible assets	12	240	5,893	224	5,879
Investments	13	505	499	742	706
		745	6,392	966	6,585
Current assets					
Stocks	14	68	592	69	572
Secretary of State's Undertaking due after more than one year	15	3,724	-	3,724	-
Debtors due within one year	16	726	706	717	704
Investments	17	2,591	1,848	2,210	1,508
Cash at bank and in hand		4	8	-	6
		7,113	3,154	6,720	2,790
Creditors - amounts falling due within one year					
Nuclear liabilities	19	(251)	(566)	(251)	(566)
Other	18	(445)	(448)	(437)	(441)
Net current assets		6,417	2,140	6,032	1,783
Total assets less current liabilities		7,162	8,532	6,998	8,368
Represented by:					
Creditors - amounts falling due after more than one year					
Nuclear liabilities	19	1,307	2,588	1,307	2,588
Other	18	15	41	9	36
Provisions for liabilities and charges					
Nuclear liabilities	19	6,865	6,348	6,865	6,348
Other provisions	20	303	672	303	672
Capital and reserves					
Called up share capital	21	-	-	-	-
Profit and loss account	22	(1,328)	(1,156)	(1,486)	(1,276)
Shareholder's funds (all equity)		(1,328)	(1,156)	(1,486)	(1,276)
Minority interest		-	39	-	-
		7,162	8,532	6,998	8,368

The financial statements on pages 19 to 47 were approved by the Board of Directors on 22 May 1996 and signed on its behalf by:

M A W Baker Mark Baker Chairman

R W Hall CBE FEng R W Hall Chief Executive

S R Ogle S R Ogle Executive Director, Finance and Commercial

Group Cash Flow Statement

for the year ended 31 March 1996

	Notes	1996 £m	1995 £m
Net cash inflow from operating activities	24	908	888
Returns on investments and servicing of finance			
Interest received		183	123
Interest paid		(2)	(1)
Net cash inflow from returns on investments and servicing of finance		181	122
Taxation			
Corporation tax paid		(32)	(32)
Investing activities			
Net additions to liquid investments (other than cash equivalents)	24	(871)	(219)
Payments to acquire tangible fixed assets		(226)	(355)
Payments to acquire gilts		(6)	(374)
Receipts from sales of tangible fixed assets		11	1
Transferred on sale of AGR/PWR business	25	(226)	-
Net cash outflow from investing activities		(1,318)	(947)
(Decrease)/increase in cash and cash equivalents	24	(261)	31

Notes to the Accounts

1 - Corporate Restructuring

On 31 March 1996, the Company sold to a new company, Nuclear Electric Limited (NEL), the business, assets and liabilities associated with its AGR and PWR power stations. Also on 31 March 1996, the Company acquired from Scottish Nuclear Limited (SNL) the decommissioning and other net liabilities relating to the magnox power station at Hunterston in Scotland and the remaining 20% minority interests in the Company's subsidiary undertakings Electricity Producers Insurance Company Limited (EPIC) and Power Resources Inc (PRI). Consideration for these transactions was provided by an Undertaking from the Secretary of State for Trade and Industry. NEL and SNL are subsidiary undertakings of British Energy plc, the company scheduled for privatisation by HM Government.

The Group continues to operate six magnox power stations and one hydro-electric station which generate electricity in England and Wales, and is responsible for three magnox stations which are being decommissioned.

2 - Going Concern Basis of Accounting

The accounts are drawn up on the going concern basis, on the footing that the Group is, and will remain, able to meet its liabilities as they fall due. In drawing up the accounts on this basis, the directors have taken into account that:

(a) the major part of the Group's liabilities are in respect of long term liabilities for nuclear fuel reprocessing, waste management and decommissioning costs, most of which will not fall due for payment for a considerable number of years (as disclosed in note 19);

(b) the Company received assurances from the then Secretary of State for Energy in 1990 which have been reaffirmed each year that:

- (i) the Government will ensure that adequate funds are made available to enable the Company to meet its financial obligations in respect of qualifying expenditure (within the meaning of Schedule 12 to the Electricity Act 1989), as they fall due, subject to a limit (which is currently £1,000 million and can be increased to £2,500 million by order) contained in that Schedule not being exceeded and subject to the necessary monies being voted by Parliament; and
- (ii) the Government will seek approval from Parliament (including if necessary further legislative provisions) and the European Commission to ensure that adequate funds are available to enable the Company to meet its financial obligations in respect of any further qualifying expenditure beyond that limit, as those obligations fall due.

In the light of the foregoing considerations, the directors consider the preparation of the accounts on the going concern basis to be appropriate.

3 - Nuclear Premium

Under the terms of its contract with the Non-Fossil Purchasing Agency, the Company receives a specified premium per unit in respect of output up to a pre-determined level. The premium receivable each year is specified in the contract, and is adjusted at the beginning of each financial year by the annual movement in the retail prices index as shown at the preceding October.

The directors expect that premium payments to the Company will cease at the time of privatisation of British Energy plc, except as necessary to enable the Company to collect monies equivalent to those due to it (but unpaid) prior to privatisation.

4 - Other Income

	1996 £m	1995 £m
Direct sales	98	48
Insurance premiums	5	7
Uranium sales	16	17
	119	72

5 - Analysis of Operating Costs

In order to meet the requirements of Financial Reporting Standard No 3, the table below analyses the total operating costs of the Group, including revision of previous years' nuclear liabilities, over the main cost categories.

Analysis of operating costs	Note	Continuing 1996 £m	Discontinued 1996 £m	Total 1996 £m	Total (Restated) 1995 £m
Operating costs before exceptional items					
Fuel		297	266	563	597
Materials and services		160	453	613	518
Staff costs		115	160	275	275
Depreciation		60	240	300	261
Total		632	1,119	1,751	1,651
Exceptional items					
Materials and services					
- reduction in future losses on inherited contract for second tier supply		(19)	-	(19)	-
- reduction in insurance provision	20	-	(25)	(25)	-
- establishment of new operating structure		8	19	27	-
		(11)	(6)	(17)	-
Staff costs					
- reduction in pension provisions	20	(6)	(9)	(15)	(57)
Depreciation					
- first-of-a-kind costs written off	12	-	813	813	-
Total		(17)	798	781	(57)
Operating costs after exceptional items		615	1,917	2,532	1,594
Revision of previous years' nuclear liabilities					
Fuel	7	105	31	136	(148)
Total operating costs (including revision of previous years' nuclear liabilities)					
Fuel		402	297	699	449
Materials and services		149	447	596	518
Staff costs		109	151	260	218
Depreciation		60	1,053	1,113	261
Total		720	1,948	2,668	1,446

The 1995 comparatives have been restated as a result of changes in accounting policies (see note 23), and are analysed between continuing and discontinued activities in note 8.

Notes to the Accounts continued

6 - Staff Costs

	1996 £m	1995 £m
Expenditure in respect of salaries and other staff costs was as follows:		
Salaries	259	273
Social security costs	23	23
Pension costs		
- continuing	25	25
- exceptional	(15)	(57)
Redundancy and severance costs	44	32
	336	296
Amounts capitalised	(17)	(33)
Amounts charged against provisions	(59)	(45)
	260	218

The average number of employees of the Group during the year was 8,900 (1995 : 9,544)
The average full time equivalents during the year was 8,815 (1995 : 9,456)

Following the sale of the AGR/PWR business and the acquisition of the Hunterston A magnox station on 31 March 1996 the Group had 3887 full time equivalent employees.

7 - Revision of Previous Years' Nuclear Liabilities

	Continuing 1996 £m	Discontinued 1996 £m	Total 1996 £m	(Restated) 1995 £m
The effect of revisions to previous years' nuclear liabilities on cumulative fuel costs (and decommissioning costs in the preceding year) is as follows:				
Nirex costs (see note 19)	115	54	169	(351)
New BNFL contracts and cost estimates	-	(25)	(25)	(741)
Reallocation of fuel reprocessing contract payments	-	-	-	1,084
Reduced decommissioning cost estimates	-	-	-	(124)
Revised life of Hinkley Point A	-	-	-	(253)
Other refinements of the cost base	(10)	2	(8)	16
	105	31	136	(369)
Accounting policy changes (see note 23)				221
				(148)

8 - Analysis of Comparatives Between Continuing and Discontinued Operations

		Continuing 1995 £m	Discontinued 1995 £m	Total (Restated) 1995 £m
Turnover		1,101	1,812	2,913
Fuel		(298)	(299)	(597)
Materials and services		(194)	(324)	(518)
Staff	- continuing	(113)	(162)	(275)
	- exceptional	24	33	57
Depreciation		(62)	(199)	(261)
Operating profit before revision of previous years' nuclear liabilities		458	861	1,319
Revision of previous years' nuclear liabilities		986	(838)	148
Operating profit		1,444	23	1,467

9 - Financing Charges

	1996 £m	(Restated) 1995 £m
Interest payable	16	30
Financing costs resulting from revalorisation of nuclear liabilities and other provisions		
(a) Changes in price levels	286	365
(b) Notional interest (at 3%)	264	270
	566	665
Interest and dividends receivable	(201)	(127)
	365	538

Notes to the Accounts continued

10 - Profit/(Loss) on Ordinary Activities Before Taxation

	1996 £m	1995 £m
The profit/(loss) on ordinary activities before taxation is stated after charging:		
Electricity purchased from the Pool for resale	99	50
Research and development expenditure	46	48

Auditors' remuneration £298,818 (1995 : £262,390).
Fees paid to the auditors for services other than statutory audit during year 1996 totalled £1.5 million (1995 : £237,000).

11 - Taxation

	1996 £m	1995 £m
United Kingdom corporation tax at 33% (1995 - 33%)	51	33
Overseas taxation	1	1
	52	34

The tax losses brought forward at April 1995 have been absorbed by taxable trading profits in the year. Tax is payable on all interest and other non trading income as there are no current year trading losses.

No provision for deferred tax has been made as no liability or asset is expected to crystallise in the foreseeable future.

The full potential deferred tax (asset)/liability calculated at the corporation tax rate of 33% comprises:

	1996 £m	(Restated) 1995 £m
Accelerated capital allowances	(26)	1,028
Short term timing differences	(67)	(165)
Long term timing differences	(158)	(604)
	(251)	259
Corporation tax losses	-	(15)
Potential deferred tax (asset)/liability	(251)	244

The 1995 figures have been restated to reflect the tax effect of the changes in accounting policies set out in note 23 to the accounts.

12 - Tangible Fixed Assets

	Note	Nuclear power stations £m	Other land and buildings £m	Other plant and equipment £m	Assets in the course of construction £m	Total £m
Group						
Cost						
At 1 April 1995		5,154	97	359	2,519	8,129
Change in accounting policy	23	238	-	-	-	238
At 1 April 1995 (Restated)		5,392	97	359	2,519	8,367
Additions		116	9	30	5	160
Decommissioning provision- Sizewell B		66	-	-	-	66
Reclassifications		2,514	(1)	(3)	(2,510)	-
Disposals		-	(9)	(40)	-	(49)
Sale of AGR/PWR business	25	(7,178)	(27)	(200)	-	(7,405)
At 31 March 1996		910	69	146	14	1,139
Depreciation						
At 1 April 1995		2,092	37	214	-	2,343
Change in accounting policy	23	131	-	-	-	131
At 1 April 1995 (Restated)		2,223	37	214	-	2,474
Charge for the year		268	4	28	-	300
First-of-a-kind costs written off		813	-	-	-	813
Disposals		-	(3)	(38)	-	(41)
Sale of AGR/PWR business	25	(2,520)	(14)	(113)	-	(2,647)
At 31 March 1996		784	24	91	-	899
Net book value						
At 31 March 1996		126	45	55	14	240
At 31 March 1995 (Restated)		3,169	60	145	2,519	5,893

Nuclear power stations include the following capitalised costs of decommissioning:	1996 £m	1995 £m
Decommissioning discounted cost	61	238

The power station under construction at Sizewell B was commissioned on 30 June 1995.

Since British Energy plc's decision not to proceed, in the short term, with building further PWR power stations, the first-of-a-kind costs incurred in the construction of the Sizewell B power station have been written off to the profit and loss account as an exceptional depreciation charge. First-of-a-kind costs are those development costs which would not recur on the early construction of a follow up PWR power station of the same type.

Notes to the Accounts continued

12 - Tangible Fixed Assets (continued)

	Note	Nuclear power stations £m	Other land and buildings £m	Other plant and equipment £m	Assets in the course of construction £m	Total £m
Company						
Cost						
At 1 April 1995		5,154	96	334	2,519	8,103
Change in accounting policy	23	238	-	-	-	238
At 1 April 1995 (Restated)		5,392	96	334	2,519	8,341
Additions		116	9	24	5	154
Decommissioning provision - Sizewell B		66	-	-	-	66
Reclassifications		2,514	(1)	(3)	(2,510)	-
Disposals		-	(9)	(38)	-	(47)
Sale of AGR/PWR business	25	(7,178)	(27)	(200)	-	(7,405)
At 31 March 1996		910	68	117	14	1,109
Depreciation						
At 1 April 1995		2,092	36	203	-	2,331
Change in accounting policy	23	131	-	-	-	131
At 1 April 1995 (Restated)		2,223	36	203	-	2,462
Charge for the year		268	4	26	-	298
First-of-a-kind costs written off		813	-	-	-	813
Disposals		-	(3)	(38)	-	(41)
Sale of AGR/PWR business	25	(2,520)	(14)	(113)	-	(2,647)
At 31 March 1996		784	23	78	-	885
Net book value						
At 31 March 1996		126	45	39	14	224
At 31 March 1995 (Restated)		3,169	60	131	2,519	5,879

The net book value of Group and Company tangible fixed assets includes the following amounts in respect of land and buildings:

	1996 £m	1995 £m
Freehold	59	1,544
Short leasehold	-	1
	59	1,545

The cost of freehold land included in the above is £5 million (1995: £14 million).

13 - Fixed Asset Investments

	Group and Company		Group	Company		Company
	Gilts	Loans to associated undertakings	Total	Investments in subsidiary undertakings	Loans to subsidiary undertakings	Total
	£m	£m	£m	£m	£m	£m
Cost						
At 1 April 1995	499	138	637	190	17	844
Additions	6	15	21	41	5	67
Acquisition of Hunterston A	-	15	15	-	-	15
Sale of AGR/PWR business	-	(25)	(25)	-	-	(25)
Share capital repaid	-	-	-	(16)	-	(16)
At 31 March 1996	505	143	648	215	22	885
Provision for diminution in value						
At 1 April 1995	-	138	138	-	-	138
Increase	-	30	30	-	-	30
Sale of AGR/PWR business	-	(25)	(25)	-	-	(25)
At 31 March 1996	-	143	143	-	-	143
Net book value						
At 31 March 1996	505	-	505	215	22	742
At 31 March 1995	499	-	499	190	17	706

Loans have been made to the associated undertaking, United Kingdom Nirex Limited, to fund development expenditure for building a repository to store intermediate level nuclear waste. These loans have been fully provided against in the accounts. The Group's share of the results of the associated undertaking for each of the two years ended 31 March 1996 and the share of its net assets as at 31 March 1995 and 1996 are not material to the Group's accounts.

The Company's investment in gilts had a market valuation of £536 million as at 31 March 1996 (1995: £506 million).

13 - Fixed Asset Investments (continued)

The Company holds shares in the following companies:

	Country of incorporation and operation	Class of Share	Shareholding %	Principal Activity
Principal subsidiary undertakings				
Nuclear Insurance Limited	Isle of Man	Ordinary Preference	100 100	Insurance
Electricity Producers Insurance Company Limited	Isle of Man	Ordinary	100	Insurance
Central Electricity Generating Board Exploration (Canada) Limited	Canada	Ordinary	100	Uranium procurement
Central Electricity Generating Board Exploration (America) Inc	USA	Ordinary	100	Uranium exploration and mining
Power Resources Inc (80% of shares not held directly by the Company)	USA	Ordinary	100	Uranium exploration and mining
Associated undertaking				
United Kingdom Nirex Limited	UK	Ordinary	35	Disposal of radioactive waste

14 - Stocks

	Group 1996 £m	Group 1995 £m	Company 1996 £m	Company 1995 £m
Nuclear fuel	58	491	59	471
Stores	10	101	10	101
	68	592	69	572

15 - Secretary of State's Undertaking due after more than one year

The Secretary of State's Undertaking is an agreement between Her Majesty's Secretary of State for Trade and Industry and the Company. It represents consideration for amounts due in respect of the business transfer agreements relating to the acquisitions and disposals set out in note 25.

The Secretary of State has undertaken to make payments of such part of the total amount of £3,724 million as is needed to enable the Company to meet its financial obligations as they fall due.

Amounts outstanding in respect of the Undertaking are compounded by a rate equal to 4.5% above inflation.

16 - Debtors Due Within One Year

		Group		Company	
		1996	1995	1996	1995
		£m	£m	£m	£m
Trade debtors	- nuclear premium	613	484	613	484
	- other	55	110	45	102
Other debtors		47	67	48	73
Prepayments		11	45	11	45
		726	706	717	704

17 - Current Asset Investments

	Group		Company	
	1996	1995	1996	1995
	£m	£m	£m	£m
Fixed and call deposits	2,222	1,519	2,210	1,508
Quoted fixed interest securities	327	294	-	-
Other investments - equities	42	35	-	-
Total	2,591	1,848	2,210	1,508

The market value of current asset investments is not materially different from cost.

18 - Creditors Other Than Nuclear Liabilities

	Group		Company	
	1996	1995	1996	1995
	£m	£m	£m	£m
Amounts falling due within one year				
Bank overdrafts	145	16	145	16
Trade creditors	49	186	41	179
Retentions	2	33	2	33
Corporation tax	53	33	53	33
Other taxes and social security	96	8	96	8
Pension fund	1	2	1	2
Accruals	99	170	99	170
	445	448	437	441
Amounts falling due after more than one year				
Other creditors	6	5	-	-
Retentions	-	7	-	7
Pensions	9	29	9	29
	15	41	9	36

Notes to the Accounts continued

19 - Nuclear Liabilities

	Note	Creditors Fuel reprocessing & waste management £m	Provisions Fuel reprocessing & waste management £m	Decommissioning £m	Other £m	Total £m
Magnox stations						
At 1 April 1995		1,397	4,331	1,448	369	7,545
Changes in accounting policies	23	(83)	(551)	(105)	(43)	(782)
At 1 April 1995 (Restated)		1,314	3,780	1,343	326	6,763
Charged/(credited) to profit and loss account						
- operating costs		189	24	-	-	213
- financing charges		78	200	78	20	376
- revisions	7	25	78	-	2	105
Spent in year		(192)	(13)	(23)	(52)	(280)
		1,414	4,069	1,398	296	7,177
Acquisition of Hunterston A	25	144	424	244	434	1,246
At 31 March 1996		1,558	4,493	1,642	730	8,423
AGR/PWR stations						
At 1 April 1995		1,983	547	383	3	2,916
Changes in accounting policies	23	(143)	(112)	78	-	(177)
At 1 April 1995 (Restated)		1,840	435	461	3	2,739
Charged/(credited) to profit and loss account						
- operating costs		81	33	-	-	114
- financing charges		119	25	30	-	174
- revisions	7	24	9	-	(2)	31
Establishment of Sizewell B liability		-	-	66	-	66
Spent in year		(352)	(75)	-	6	(421)
		1,712	427	557	7	2,703
Disposal of AGR/PWR business	25	(1,712)	(427)	(557)	(7)	(2,703)
At 31 March 1996		-	-	-	-	-
Total						
At 31 March 1996		1,558	4,493	1,642	730	8,423
At 31 March 1995 (Restated)		3,154	4,215	1,804	329	9,502

Nuclear liabilities which are based on contracted fixed price arrangements have been reclassified as creditors. Comparative figures have been restated accordingly.

	Group and Company 1996 £m	(Restated) 1995 £m
The liabilities are shown in the balance sheet as follows:		
Creditors falling due within one year	251	566
Creditors falling due after more than one year	1,307	2,588
Provisions	6,865	6,348
	8,423	9,502

19 - Nuclear Liabilities (continued)

Reprocessing of fuel and waste management

Accruals for fuel services relating to irradiated fuel received by BNFL after 1 April 1989 are based on terms of contracts with BNFL which specify fixed prices subject to indexation for inflation. The contract in respect of services provided after 1 April 1989 for magnox irradiated fuel delivered prior to that date and for certain other services specifies that those services will be carried out through a series of detailed work packages to be agreed at fixed prices or under incentivised cost plus arrangements. In the absence of agreed terms for these services, related provisions which amount to £3,128 million have been based, as last year, on information supplied by BNFL and appropriately recognise, in the opinion of the directors, the consequential uncertainties of the contractual arrangements.

Provisions for services relating to the disposal of radioactive waste are based on cost estimates derived from the latest technical assessments.

United Kingdom Nirex Limited has carried out a review during the year of the capacity of the repository that each of its shareholders expects to use. As a result the share of the repository costs applicable to the magnox stations is now 37.4% and that applicable to AGR stations is 5.7%. The waste management provisions have been adjusted accordingly.

Decommissioning

The costs of decommissioning the power stations have been estimated on the basis of technical assessments of the processes and methods likely to be used for decommissioning under the current regulatory regime. The estimates are designed to reflect the costs of making the sites of the power stations available for alternative use in accordance with the Group's decommissioning strategy.

Other

Other nuclear liabilities include the Group's share of decommissioning and other costs of BNFL's power stations and facilities at Calder Hall and Chapelcross.

Total Nuclear Liabilities

Based on current estimates of station lives and lifetime output projections, the following table shows the likely undiscounted payments, in current prices, still to be made by the Group and the equivalent sums discounted at 3% to the balance sheet date.

	Total payable		Provided to
	Undiscounted	Discounted	date
	£bn	£bn	£bn
Reprocessing of fuel and waste management	10.6	6.6	6.1
Station decommissioning	5.9	1.6	1.6
Other	1.7	0.7	0.7
Total	18.2	8.9	8.4

The differences between the total discounted amounts and those provided to date will be charged to the profit and loss account over the remaining station lives since they relate to future use of fuel and station facilities. The differences between the total discounted and undiscounted amounts reflect the fact that the cost concerned will not fall due for payment for a number of years.

19 - Nuclear Liabilities (continued)

Under the terms of the contracts with BNFL referred to on the previous page, and the projected pattern of payments for decommissioning and other liabilities, future payments are expected to become payable as follows:

	Within 5 years £bn	6 to 10 years £bn	11 to 25 years £bn	26 to 50 years £bn	51 years and over £bn	Total £bn
Future payments	4.6	2.5	2.5	1.8	6.8	18.2

20 - Other Provisions

	At 1 April 1995 £m	Change in accounting policy (note 23) £m	At 1 April 1995 (Restated) £m	Utilised in the year £m	Charged/ (credited) to profit & loss account £m	Transferred on sale of AGR/PWR business £m	At 31 March 1996 £m
Restructuring	359	-	359	(58)	-	(192)	109
Insurance	66	-	66	-	(25)	(13)	28
Pensions	15	-	15	-	(15)	-	-
Future losses on inherited contract for second tier supply	241	(9)	232	(29)	(37)	-	166
Total Group and Company	681	(9)	672	(87)	(77)	(205)	303

The profit and loss account (credit)/charge comprises:	1996 £m	1995 £m
Materials and services		
- continuing	(33)	(6)
- exceptional	(32)	-
Staff costs - exceptional	(26)	(57)
Financing charges	14	16
Total Group and Company	(77)	(47)

Pensions

The provision was originally created in 1990 for the estimated cost of the equalisation of pension benefits between men and women. Following the triennial valuation of the pension scheme in 1995 it was found that the additional liability can be funded without any additional contribution from the Company, and consequently the provision has been released to the profit and loss account during the year.

21 - Called up share capital

	1996 £	1995 £
Authorised:		
50,000 ordinary shares of £1 each	50,000	50,000
Allotted and called up:		
2 ordinary shares of £1 each fully paid	2	2
49,998 ordinary shares of £1 each 25p paid	12,500	12,500
	12,502	12,502

Notes to the Accounts continued

22 - Reserves

	Group Profit and loss account £m	Company Profit and loss account £m
At 1 April 1995	(2,231)	(2,351)
Changes in accounting policies (note 23)	1,075	1,075
At 1 April 1995 (Restated)	(1,156)	(1,276)
Loss for the year	(175)	(210)
Exchange differences on consolidation	3	-
At 31 March 1996	(1,328)	(1,486)

23 - Changes in Accounting Policies

(a) Discount rate for nuclear and other long term liabilities

Following a review of the appropriate discount rates applicable to long term liabilities, in the light of long term real rates of interest and its future financial structure, the Group has revised its estimate of the real long term discount rate from 2% to 3%. The effect of this change is as follows:

	Continuing 1996 £m	Discontinued 1996 £m	Total 1996 £m	Total 1995 £m
Profit and loss account				
Increase in profit before revision of previous years' nuclear liabilities	31	31	62	68
Revision of previous years' nuclear liabilities	49	11	60	(76)
Increase /(decrease) in operating profit	80	42	122	(8)
Increase/(decrease) in profit on ordinary activities before taxation	70	34	104	(21)
Balance sheet				
Decrease in nuclear liabilities	1,087	387	1,474	1,369
Decrease in other provisions	6	-	6	9
Increase in reserves	1,093	387	1,480	1,378

(b) Application of FRS 5 to station decommissioning

The Company has changed its accounting policy to make provision for the full cost of decommissioning its nuclear power stations at the time the stations are commissioned. In addition, the decommissioning costs now include all staff costs relating to station closures.

Profit and loss account				
Increase in profit before revision of previous years' nuclear liabilities	14	15	29	30
Revision of previous years' nuclear liabilities	2	-	2	(145)
Increase/(decrease) in operating profit	16	15	31	(115)
Increase/(decrease) in profit on ordinary activities before taxation	2	2	4	(133)
Balance sheet				
Fixed assets - cost	61	243	304	238
- depreciation	(58)	(82)	(140)	(131)
Increase in net book value	3	161	164	107
Increase in nuclear liabilities	(229)	(230)	(459)	(410)
Decrease in reserves	(226)	(69)	(295)	(303)

23 - Changes in Accounting Policies (continued)

(c) Total

	Continuing 1996 £m	Discontinued 1996 £m	Total 1996 £m	Total 1995 £m
Profit and loss account				
Increase in profit before revision of previous years' nuclear liabilities	45	46	91	98
Revision of previous years' nuclear liabilities	51	11	62	(221)
Increase/(decrease) in operating profit	96	57	153	(123)
Increase/(decrease) in profit on ordinary activities before taxation	72	36	108	(154)
Balance sheet				
Increase in net book value of fixed assets	3	161	164	107
Decrease in nuclear liabilities	858	157	1,015	959
Decrease in other provisions	6	–	6	9
Increase in reserves	867	318	1,185	1,075

24 - Notes on the Group Cash Flow Statement

		1996 £m	1995 £m
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit before financing charges		249	1,467
Depreciation charges	- continuing	300	261
	- first-of-a-kind costs written off	813	–
Nuclear liabilities charged to operating costs		463	182
Nuclear liabilities discharged		(701)	(1,232)
Other provisions credited to operating costs		(91)	(63)
Other provisions discharged		(87)	(74)
Loss on disposal of fixed assets		(2)	3
Exchange differences on consolidation		3	(4)
Decrease/(increase) in stocks		17	(3)
Decrease/(increase) in debtors		(105)	299
Increase in creditors		49	52
Net cash inflow from operating activities		908	888

Analysis of changes in cash and cash equivalents and other liquid investments during the year

	1996 Cash & cash equivalents £m	1996 Other liquid investments £m	1996 Total £m	1995 Cash & cash equivalents £m	1995 Other liquid investments £m	1995 Total £m
At 1 April	499	1,341	1,840	468	1,122	1,590
Net cash (outflow)/inflow	(261)	–	(261)	31	–	31
Purchase of investments	–	6,012	6,012	–	4,241	4,241
Sale of investments	–	(5,141)	(5,141)	–	(4,022)	(4,022)
At 31 March	238	2,212	2,450	499	1,341	1,840

Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1996 £m	1995 £m	Change in year £m	1995 £m	1994 £m	Change in year £m
Cash at bank and in hand	4	8	(4)	8	7	1
Short term investments	379	507	(128)	507	549	(42)
Bank overdrafts	(145)	(16)	(129)	(16)	(88)	72
Total cash and cash equivalents	238	499	(261)	499	468	31
Other liquid investments	2,212	1,341	871	1,341	1,122	219
Total liquid investments	2,450	1,840	610	1,840	1,590	250

25 - Acquisitions and Disposals

On 31 March 1996 the Company:

a) acquired, from Scottish Nuclear Limited, the net liabilities of the Hunterston A magnox station and the remaining 20% minority interests in the Company's subsidiary undertakings, EPIC and PRI; and

b) sold to Nuclear Electric Limited the business and assets associated with its AGR and PWR stations.

Consideration for these transactions, which were made at the book value of the assets and liabilities, was settled by a debt from Scottish Nuclear Limited and Nuclear Electric Limited which was subsequently transferred to the Secretary of State for Trade and Industry in exchange for a financial Undertaking (see note 15).

The book values of the assets and liabilities acquired and sold were:

	£m	£m
Acquisitions		
Hunterston A liabilities	(1,246)	
PRI minority interest	5	
EPIC minority interest	41	
		(1,200)
Disposals		
Sale of AGR/PWR business		
Fixed assets	(4,758)	
Stocks	(507)	
Debtors	(103)	
Cash	(226)	
Creditors	162	
Nuclear liabilities	2,703	
Other provisions	205	
		(2,524)
		(3,724)
Satisfied by:		
Debt transferred in consideration for the Secretary of State's Undertaking		3,724

The directors consider that, in the case of the acquisitions, the fair values of the assets and liabilities acquired are equal to their book values.

The Company also acquired creditors and accruals relating to Hunterston A of £1 million for an equivalent transfer of cash.

26 - Contingent Liabilities

(i) The Company guarantees banking facilities granted to subsidiary undertakings in the ordinary course of business. At the balance sheet date maximum guarantees outstanding amounted to US$8.5 million of which US$7.8 million had been utilised. These facilities expire by 21 October 1996.

(ii) The Company is involved in a number of claims and disputes arising in the ordinary course of business which are not expected to have a material effect on the Company's financial position.

27 - Financial Commitments

(i) Capital expenditure in respect of which the Group has entered into commitments amounted to approximately £23 million at 31 March 1996 (1995: £44 million).

(ii) At 31 March 1996 and 31 March 1995 the Company had no material commitments under non-cancellable operating leases.

(iii) The Company participates in the Electricity Supply Pension Scheme (ESPS), which is a defined benefit scheme, externally funded and subject to periodic actuarial valuation. Any deficiency disclosed following an actuarial valuation has to be made good by the participating employers, the Company making its appropriate contribution.

The most recent actuarial valuation of the Scheme was carried out as at 31 March 1995. The assumptions which have the most significant effect on the result of the valuation are those relating to the return on investments and the rates of increase in salaries and pensions. Adopting the projected unit method it was assumed that the investment returns would be 9% per annum, that salary increases would be 6.5% per annum and that pensions would increase at the rate of 5% per annum.

At the date of the actuarial valuation the value of the Scheme assets that relate to Nuclear Electric plc was estimated at £1,590 million. This represents 103% of the benefits that had accrued to members after allowing for expected future increases in earnings. The contributions of the Company and employees remain at 12% and 6% respectively.

At 30 September 1996 a proportion of the Scheme's assets and liabilities will be transferred to a new group within the Electricity Supply Pension Scheme on behalf of Nuclear Electric Limited.

Notes to the Accounts continued

28 - Directors' Remuneration

Directors' emoluments	Salary £000	Fees £000	Benefits £000	Bonus £000	Total emoluments excluding pension contributions 1996 £000	1995 £000	Pension contributions 1996 £000	1995 £000
Executive directors								
Mr J G Collier FRS FEng - Chairman (Deceased 18 November 1995)	112	-	13	28	153	188	13	36
Dr R Hawley DSc FEng - Chief Executive	190	-	20	48	258	194	26	20
Mr M A W Baker	98	-	13	25	136	100	12	10
Mr B V George CBE FEng (Resigned 11 August 1995)	38	-	6	9	53	117	78	12
Mr R W Hall CBE FEng	102	-	8	26	136	110	-	11
Mr M R Kirwan	150	-	19	37	206	158	21	22
Mr P T Warry	144	-	20	36	200	40	16	4
Non executive directors:								
Mr J Bullock	-	19	-	-	19	12	-	-
Sir Noel Davies CEng (Appointed Chairman, 13 December 1995)	29	15	1	-	45	6	-	-
Mr P L Macdougall	-	11	-	-	11	4	-	-
Professor R Perry DSc FEng (Deceased 31 October 1995)	-	6	-	-	6	4	-	-
Mr M H Spence CBE	-	18	-	-	18	11	-	-
Ms S E Stoessl	-	15	-	-	15	11	-	-
Total 1996	863	84	100	209	1,256	-	166	-
Total 1995	770	48	76	61	-	955	-	115

The emoluments of Mr J G Collier (Chairman, deceased 18 November 1995) inclusive of pension contributions of £13,000 (1995 £36,000) were £166,000 (1995 £224,000). The emoluments of Sir Noel Davies as Chairman of the Company from 13 December 1995 inclusive of pension contributions of £nil were £30,000. The emoluments of the highest paid director, inclusive of pension contributions of £26,000 (1995 £20,000), were £284,000 (1995 £214,000).

Pension contributions include £70,000 additional costs relating to the payment of Mr George's pension from 11 August 1995, the date he left the Company.

The remuneration of the executive directors is determined by the shareholder. It consists of a basic salary and a performance related bonus based on corporate performance targets which are set annually. For 1995/96, these targets were based on costs, output, profit and restructuring.

29 - Regulatory Accounts

In addition to the Report and Accounts, a separate set of regulatory accounts for the generation business will be available from 30 September 1996 free of charge, on request to the Company Secretary at the Registered Office:

Magnox Electric plc,
Berkeley Centre,
Berkeley,
Gloucestershire
GL13 9PB

Performance Summary

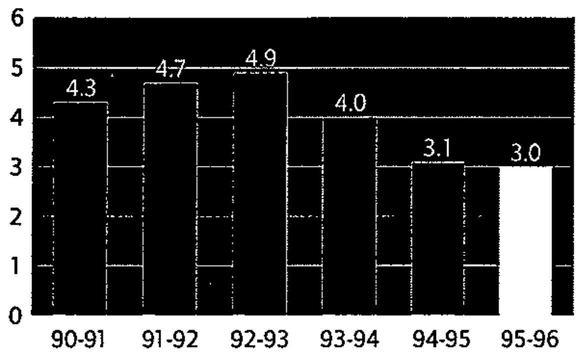
This summary shows performance indicators which are relevant to the continuing magnox business and for which data are available to show a meaningful year on year trend.

Presentation of this information is based on established Nuclear Electric plc methodology. The statistics refer only to the magnox business of Magnox Electric plc (formerly Nuclear Electric plc).

In 1990 the World Association of Nuclear Operators (WANO) established a programme of performance indicators, two of which are shown in this summary. These indicators allow nuclear operators to compare their performance with that of others using internationally recognised measures. WANO median values for 1995 are those recorded by the 400 or so reactors throughout the world.

Financial Performance

Magnox Operating Cost per Unit Sold*
p/kWh

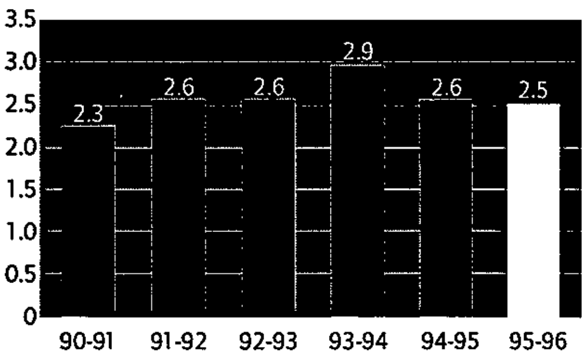


* All stated at 1995/96 price levels on gross/net/net basis of measurement

Operating unit cost is calculated by dividing the year's operating costs as allocated to electricity generation by the year's electricity output after excluding imported power.

Despite a reduction in output during the current year, operating unit cost fell by a further 0.1 p/kWh to 3.0 p/kWh in real terms.

Magnox Income per Unit Sold*†
p/kWh

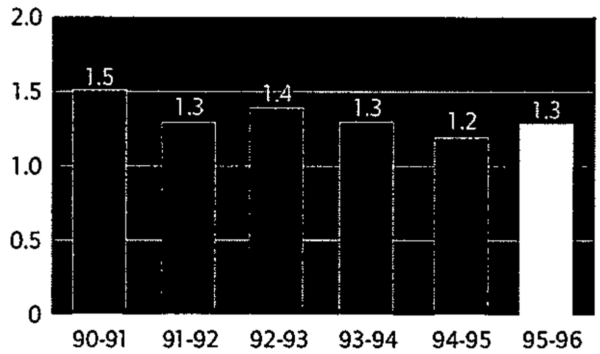


* Represents electricity market price and excludes the nuclear premium

† All stated at 1995/96 price levels

Income per unit sold is calculated by dividing the year's income applicable to electricity generation by the year's electricity output after excluding imported power.

Magnox Avoidable Unit Cost †
p/kWh



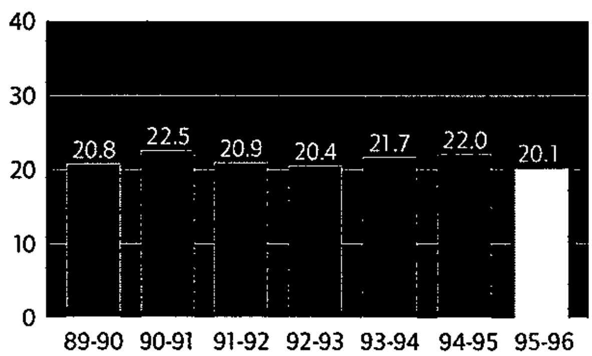
† All stated at 1995/96 price levels

Avoidable unit cost is defined as the cost of continuing operation to the end of a station's assumed life minus the costs that would be incurred if the station was to close immediately divided by the projected future output.

As the graph "Magnox Income per Unit Sold" shows, magnox avoidable costs continue to be well below market electricity prices.

Operational Performance

Magnox Output*
TWh



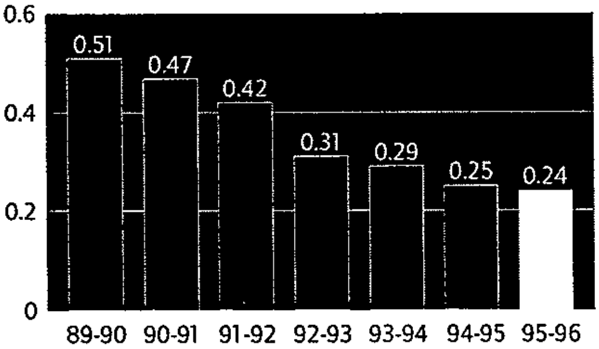
* Gross/net/net basis of measurement

In 1995/96 magnox station performance continued to be relatively steady and consistent although output was affected significantly by the need for extended overhaul outages at Wylfa, Sizewell A and Bradwell and by shutdowns for plant investigations at Hinkley Point A and Dungeness A power stations.

Performance Summary continued

Safety Performance

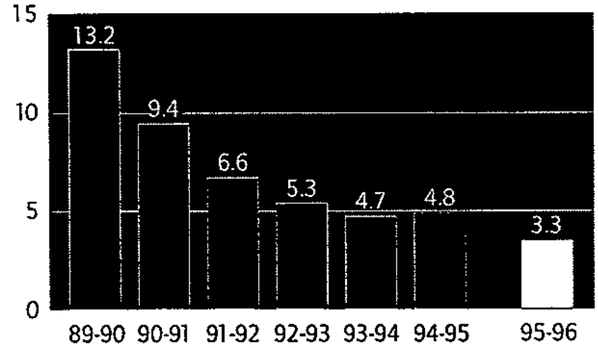
Collective Radiation Dose per Reactor*
From Operating Magnox Stations (Man-Sieverts)



* Indicator adopted by WANO

During 1995/96 there was a further small reduction in the collective radiation dose to workers and contractors. No employee received a dose in excess of 10mSv. This compares with the current legal maximum of 50mSv. The 1995/96 outturn of 0.24 Man-Sieverts is lower than the worldwide average for 1995 as reported by WANO of 1.28 Man-Sieverts.

Lost Time Industrial Accidents at Magnox Power Stations
Not including Hunterston A (per million hours worked)

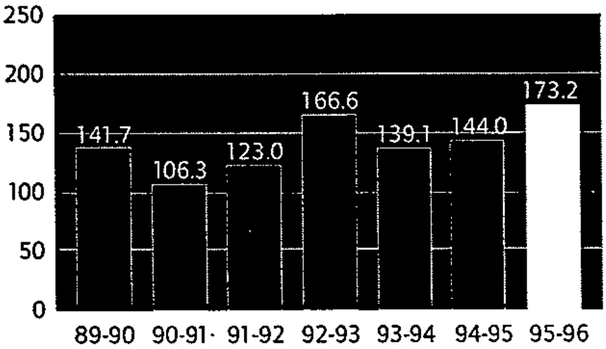


* Indicator adopted by WANO

— 1995 WANO Median Value

The number of lost time accidents at magnox power stations showed a further decrease in 1995/96, re-establishing the downward trend achieved at magnox power stations between 1989 and 1993. The accident frequency rate for the Company for one-day lost time accidents now stands at 3.3 per million hours worked whilst the comparable figure for three-day lost time accidents is 2.1.

Liquid Discharges from Operating Magnox Stations
Excluding Tritium (Bq/kWh)



Liquid discharges are a measure of the radiological impact of operations on the environment. Following a reduction by a factor of around three in the late 1980s, the liquid discharges over the past few years have remained relatively steady. The variation from year to year is due partly to small differences in operational requirements and partly to changes in electricity production levels.

Number of Recorded INES Events at Operating Magnox Stations

	Level 1	Level 2
1989/90	62	4
1990/91	35	3
1991/92	23	1
1992/93	11	0
1993/94	15	1
1994/95	17	0
1995/96	15	0

Level 1 = anomaly Level 2 = incident

The International Nuclear Event Scale (INES) provides an indication of the seriousness of events at nuclear installations. In 1995/96 there were no events at Level 2 or above on the seven point scale. The number of Level 1 events (anomalies) remained approximately the same as for the last three years. None of these was serious in terms of safety significance, although the opportunity has been taken to learn lessons from these minor events.

Glossary

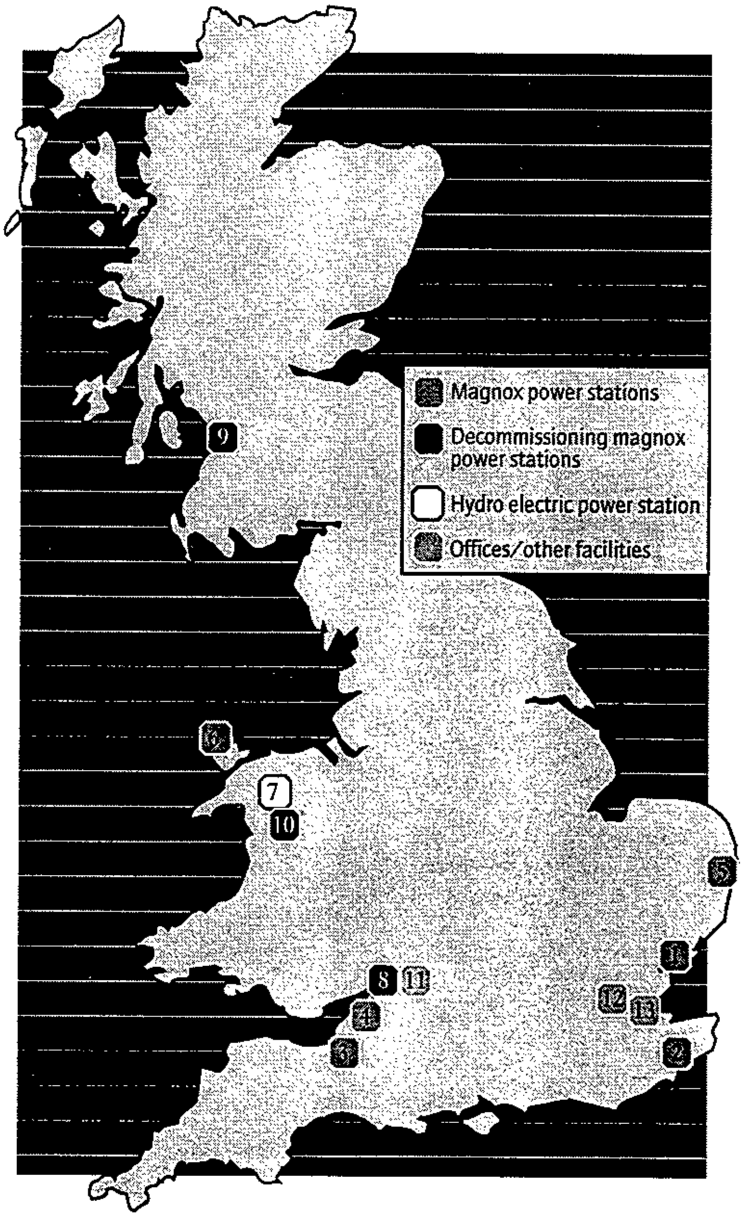
A number of specific terms are used within this report, and for convenience their definitions are set out as follows:

AGR	The advanced gas-cooled reactor, developed from the earlier magnox reactor.
Bq	Becquerel - the radioactivity of a substance. The rate at which the decaying process takes place is measured in becquerels. A sample of radioactive material in which one decay takes place each second has activity of one becquerel.
CEGB	Central Electricity Generating Board.
Collective radiation dose	The total external whole body dose received by all personnel on site as a result of the station's operation.
FRS 5	Financial Reporting Standard No. 5 "Reporting the substance of transactions."
Gross/net	The electrical output measured at the national grid side of the generator transformer.
Gross/net/net	The electrical output measured at the national grid side of the transformer, less any imports from the grid.
INES	The International Nuclear Event Scale was devised to provide members of the public with an indication of the severity of nuclear events. It runs on a scale of zero to seven. A level of zero has no safety significance whereas level seven equates to a major accident with widespread consequences.
kWh	Kilowatt-hour - one thousand watt hours. The energy used by a single bar electric fire in one hour.
Long Term Safety Review	A review of the safety of magnox reactors undertaken at the request of the Nuclear Installations Inspectorate (NII) to confirm that the plant is adequately safe for continued operation, identifying any factors which might limit safe operation and introducing any improvements which are reasonably practicable.
MW	Megawatt - one million watts.
MWh	Megawatt hour - one million watt hours.

Glossary continued

Magnox	The first generation of British gas-cooled, graphite-moderated reactors used for electricity generation. The name is derived from the non-oxidising magnesium alloy can which surrounds the uranium fuel.
Man-Sievert	A unit of measure of the collective radiation dose received by a given group of people.
mSv	Millisievert - a measure of one thousandth of a sievert (see below). The average adult receives more than two millisieverts a year from natural sources which is referred to as background radiation.
PWR	The pressurised water reactor. The latest generation of British reactor which is water-cooled and moderated.
Reference Unit Power	The maximum net electrical output capability.
Reheat Cracking	The formation of cracks in welds which are subjected to high temperatures.
Sv	Sievert - the amount of radiation is called the "radiation dose". Different types of radiation and their effects are taken into account, and the units used to measure the radiation are called sieverts. One sievert is a very large unit, so units of measurement are normally expressed in millisieverts.
Tritium	A radioactive isotope of hydrogen.
TWh	Terawatt hour - a unit of electrical energy equal to 1,000 million kWh.

Magnox Electric plc Locations



Location	Station	Reference Unit Power (MW)
1	Bradwell Power Station	245
2	Dungeness A Power Station	440
3	Hinkley Point A Power Station	470
4	Oldbury Power Station	434
5	Sizewell A Power Station	420
6	Wylfa Power Station	950
7	Maentwrog Power Station	30
8	Berkeley Power Station	Decommissioning
9	Hunterston A Power Station	Decommissioning
10	Trawsfynydd Power Station	Decommissioning
11	Berkeley Centre	-
12	London Office	-
13	Littlebrook Facility	-

Bradwell Power Station
Magnox Electric
Bradwell-on-Sea
Southminster
Essex CM0 7HP

Dungeness A Power Station
Magnox Electric
Romney Marsh
Kent TN29 9PP

Hinkley Point A Power Station
Magnox Electric
Nr Bridgwater
Somerset TA5 1UD

Oldbury Power Station
Magnox Electric
Oldbury Naite
Thornbury
South Gloucestershire BS12 1RQ

Sizewell A Power Station
Magnox Electric
Nr Leiston
Suffolk IP16 4UE

Wylfa Power Station
Magnox Electric
Cemaes Bay
Anglesey
Gwynedd LL67 0DH

Maentwrog Power Station
Magnox Electric
Maentwrog
Blaenau Ffestiniog
Gwynedd LL41 4HY

Berkeley Power Station
Magnox Electric
Berkeley
Gloucestershire GL13 9PA

Hunterston A Power Station
Magnox Electric
West Kilbride
Ayrshire KA23 9QF

Trawsfynydd Power Station
Magnox Electric
Blaenau Ffestiniog
Gwynedd LL41 4DT

Berkeley Centre
Berkeley
Gloucestershire
GL13 9PB

London Office
Magnox Electric
17 Waterloo Place
London SW1Y 4AR

Littlebrook Facility
Littlebrook Manor Way
Dartford
Kent DA1 5PY