

REPORT AND ACCOUNTS

DEVA MANUFACTURING SERVICES LTD

FOR THE YEAR ENDED 31 MARCH 1995



DEVA MANUFACTURING SERVICES LTD

DIRECTORY

DIRECTORS

A J Mills (Chairman)
N P Dick (Managing Director)

SECRETARY

A J Shuttleworth

AUDITORS

Ernst and Young
Commercial House
Albert Square
Manchester M2 6LP

BANKERS

National Westminster Bank plc
55 King Street
Manchester M60 2DB

REGISTERED OFFICE

British Nuclear Fuels plc
Risley
Warrington WA3 6AS

MANUFACTURING PREMISES

Chester Gates
Dunkirk
Chester CH1 6LT

DEVA MANUFACTURING SERVICES LTD

DIRECTOR'S REPORT

The Directors present their report for the year ended 31 March 1995. The loss for the year was £1,640,000 (1994, 17 months - £514,000). The directors do not propose a dividend.

PRINCIPAL ACTIVITY

The principal activity of the company has been the acquisition of fixed assets, commissioning of plant and commencement of fabrication of stainless steel containers to meet initial sales.

DIRECTORS AND THEIR INTERESTS

The directors at 31 March 1995 were:

A J Mills	(appointed 30 November 1992)
N P Dick	(appointed 22 April 1993)

The directors have no notifiable interest under sections 324 and 325 of the Companies Act 1985.

The directors will continue in office, there being no requirement to offer themselves for re-appointment.

POLITICAL AND CHARITABLE CONTRIBUTIONS

No political or charitable donations were made by the Company.

FIXED ASSETS

Movements in fixed assets are set out in note 7 to the accounts.

DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS

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

- ♦ select suitable accounting policies and then apply them consistently.
- ♦ make judgements and estimates that are reasonable and prudent.
- ♦ prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

DEVA MANUFACTURING SERVICES LTD

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the account 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.

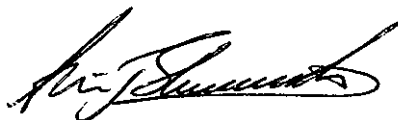
RESEARCH AND DEVELOPMENT

The Company continued the development of fabrication methods for a range of stainless steel containers.

AUDITORS

A resolution to re-appoint the Auditors, Ernst and Young, will be proposed at the Annual General Meeting.

By order of the Board



A J SHUTTLEWORTH

Secretary

6.6.95

AUDITORS' REPORT

REPORT OF THE AUDITORS

to the members of Deva Manufacturing Services Ltd

We have audited the accounts on page 6 to 16 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

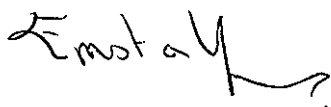
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 March 1995 and of its loss for the year then ended and have been properly prepared in accordance with the provision of the Companies Act 1985.



Ernst and Young

24 August 1995

DEVA MANUFACTURING SERVICES LTD

PROFIT AND LOSS ACCOUNT for the year ended 31 March 1995

		1995	1994
	Notes	£000	(17 months) £000
TURNOVER	2	66	-
Operating Costs	3	<u>1464</u>	<u>514</u>
OPERATING LOSS		1398	514
Interest receivable		(1)	-
Interest payable	6	<u>243</u>	<u>-</u>
LOSS FOR YEAR		<u>1640</u>	<u>514</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 March 1995

	1995	1994
	£000	(17 months) £000
Total recognised gains and losses for the year	<u>1640</u>	<u>514</u>

DEVA MANUFACTURING SERVICES LTD**BALANCE SHEET**

as at 31 March 1995

	Notes	1995 £000	1994 £000
FIXED ASSETS			
Tangible Assets	7	<u>4719</u>	<u>2525</u>
CURRENT ASSETS			
Stocks	8	511	17
Debtors	9	168	250
Cash at Bank in Hand		<u>35</u>	<u>6</u>
		714	273
CREDITORS: amounts	10	<u>(2954)</u>	<u>(2262)</u>
falling due within one year			
NET CURRENT LIABILITIES		<u>(2240)</u>	<u>(1989)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2479	536
CREDITOR DUE AFTER 1 YEAR			
Finance Lease		(3534)	-
ACCRUALS AND DEFERRED INCOME			
Deferred Capital Grants	13	<u>(99)</u>	<u>(50)</u>
		<u>(1154)</u>	<u>486</u>
CAPITAL AND RESERVES			
Called Up Share Capital	14	1000	1000
Profit and Loss Account	15	<u>(2154)</u>	<u>(514)</u>
		<u>(1154)</u>	<u>486</u>

On Behalf of the Board

A J Mills



6.6.95

NOTES TO THE ACCOUNTS

at 31 March 1995

1. ACCOUNTING POLICIES

Accounting Convention

The accounts are prepared under the historical cost convention, and in accordance with applicable accounting standards. The company is a wholly owned subsidiary of an undertaking registered in England and Wales. It has therefore not presented a cash flow statement, as permitted under Financial Reporting Standard 1.

Fixed Assets

All fixed assets are recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its useful life as follows:

Fixtures and Fittings	-	over 5 to 10 years
Computing Equipment	-	over 3 to 4 years
Plant and Machinery	-	over 10 years
Jigs and Fixtures	-	over 4 years

Foreign Currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each item to its present location and condition as follows:

Raw Materials	- purchase cost on a first in first out basis.
Work in Progress	- cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any other further costs expected to be incurred to completion and disposal.

DEVA MANUFACTURING SERVICES LTD

NOTES TO THE ACCOUNTS

at 31 March 1995

Pensions

Some employees have been seconded from British Nuclear Fuels plc which operates a pension scheme for the benefit of its employees. The scheme which is funded partly by contributions from the employees and partly from British Nuclear Fuels plc is administered by the United Kingdom Atomic Energy Authority and is completely independent of British Nuclear Fuels plc. Government actuaries complete valuations at least every three years and, in accordance with their recommendations, annual contributions from British Nuclear Fuels plc are paid to the scheme to secure the benefits as set out in the rules. The cost of these annual contributions attributable to employees seconded to Deva Manufacturing Services Ltd is reimbursed to British Nuclear Fuels plc in the year in which contributions are made.

No other pension contributions for employees are funded by the company.

Deferred Taxation

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

Deferred tax assets are not recognised.

Grants

Grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the useful lives to the relevant assets by equal annual instalments.

Research and Development

Research and Development is written off as incurred.

Obligations under Finance and Operating Leases

Assets held under finance leases are capitalised in the balance sheet and are depreciated over their useful lives. The corresponding lease obligation is capitalised in the balance sheet as a liability. The interest element of the rental obligation is charged to the Profit and Loss Account over the period of the lease and represents a constant proportion of the balance of the capital repayments outstanding.

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

DEVA MANUFACTURING SERVICES LTD

NOTES TO THE ACCOUNTS

at 31 March 1995

2. TURNOVER

Turnover which is stated to net of value added tax represents the provision of goods and services relating to the company's continuing principal activity. All turnover and operating loss arises from destinations within the United Kingdom.

3. OPERATING LOSS

The Company has adopted the form of profit and loss account which is presented by its parent undertaking and ultimate holding company.

	1995	1994
	£000	(17 months) £000
Raw Materials and Consumables	714	17
Employee Costs	406	147
Audit Fees - audit services	4	3
Hire of Plant and Machinery	11	-
Depreciation of Owned assets	13	3
Depreciation of assets held under finance lease	235	-
Operating lease rentals - building	159	-
Other External and Operating Charges	<u>427</u>	<u>360</u>
	1969	531
Less:		
Grants released	11	-
Increase in stocks of raw materials and work in progress	<u>494</u>	<u>17</u>
	<u>1464</u>	<u>514</u>

Comparatives are restated to disclose audit fees separately

DEVA MANUFACTURING SERVICES LTD

NOTES TO THE ACCOUNTS

at 31 March 1995

4. STAFF COSTS	£000	£000 (17 months)
Wages and Salaries	357	129
Social Security Costs	32	12
Pensions	<u>17</u>	<u>6</u>
	<u>406</u>	<u>147</u>

The average weekly number of employees was 15 (1994-3).

5. DIRECTORS REMUNERATION	1995	1994 (17 months)
	£000	£000
Fees	-	-
Other emoluments	<u>59</u>	<u>53</u>
	<u>59</u>	<u>53</u>

Comparatives are restated to include pension contributions.

The amounts paid as Directors emoluments (excluding pension contributions) falls into the following ranges:

0 to £5000	1	1
£50001 to £55000	<u>1</u>	<u>1</u>

No emolument was paid to the Chairman (1994- Nil). The emoluments to the highest paid director were £58800 (1994 - £48,000).

6. INTEREST PAYABLE	1995	1994 (17 months)
	£000	£000
Bank loans and overdrafts wholly repayable within five years	19	-
Finance charges payable under finance leases	<u>224</u>	<u>-</u>
	<u>243</u>	<u>-</u>

DEVA MANUFACTURING SERVICES LTD

NOTES TO THE ACCOUNTS

at 31 March 1995

7. TANGIBLE FIXED ASSETS

	Plant & Equipment £000	Furniture & Fittings £000	Computing Equipment £000	Assets in Course of Construction £000	Total £000
At Cost as at 1 April 1994	-	65	19	2444	2528
Additions		87	9	2356	2452
Transfers	<u>4499</u>	<u>152</u>	<u>28</u>	<u>(4499)</u>	<u>-</u>
	<u>4499</u>	<u>152</u>	<u>28</u>	<u>301</u>	<u>4980</u>
Depreciation as at 1 April 1994	-	2	1	-	3
Provided during year	<u>235</u>	<u>17</u>	<u>6</u>	<u>-</u>	<u>258</u>
	<u>235</u>	<u>19</u>	<u>7</u>	<u>-</u>	<u>261</u>
Net Book Value at 31 March 1995	<u>4264</u>	<u>133</u>	<u>21</u>	<u>301</u>	<u>4719</u>
Net Book Value at 31 March 1994	<u>-</u>	<u>63</u>	<u>18</u>	<u>2444</u>	<u>2525</u>

The net book value of plant and equipment includes an amount of £3,681,000 (1994 - Nil) in respect of assets held under finance leases.

8. STOCKS

	1995 £000	1994 £000
Raw materials and consumables	355	15
Work in progress	<u>156</u>	<u>2</u>
	<u>511</u>	<u>17</u>

DEVA MANUFACTURING SERVICES LTD

NOTES TO THE ACCOUNTS

at 31 March 1995

9. DEBTORS	1995	1994
	£000	£000
Sundry Debtors	150	248
Prepayments	<u>18</u>	<u>2</u>
	<u>168</u>	<u>250</u>

10. CREDITORS: amounts falling due within one year	1995	1994
	£000	£000
Trade Creditors	430	172
Amount due to Group Undertakings	2090	2041
Accruals	181	49
Obligations under finance lease	<u>253</u>	<u>-</u>
	<u>2954</u>	<u>2262</u>

11. FINANCE LEASES	1995	1994
	£000	£000

The maturity of obligations under finance leases is as follows:

Amounts payable:		
Within one year	566	-
Between two and five years	<u>4754</u>	<u>-</u>
	5320	-
Less finance charges allocated to future periods	<u>(1533)</u>	<u>-</u>
	<u>3787</u>	<u>-</u>

DEVA MANUFACTURING SERVICES LTD

NOTES TO THE ACCOUNTS

at 31 March 1995

12. DEFERRED TAXATION

	Provided		Not Provided	
	1995	1994	1995	1994
	£000	£000	£000	£000
Accelerated capital allowances	-	-	66	(1)
Other timing differences	-	-	-	(166)
Losses	-	-	(239)	-
	<u>-</u>	<u>-</u>	<u>(173)</u>	<u>(167)</u>

13. DEFERRED CAPITAL GRANTS

	1995	1994
	£000	(17 months) £000
Balance as at 1 April 1994	50	-
Grants received	60	50
Released	<u>(11)</u>	<u>-</u>
Balance as at 31 March 1995	<u>99</u>	<u>50</u>

14. SHARE CAPITAL

	1995	1994
	£000	£000
Authorised, allotted and fully paid Ordinary Shares of £1 each	<u>1000</u>	<u>1000</u>

DEVA MANUFACTURING SERVICES LTD

NOTES TO THE ACCOUNTS

at 31 March 1995

15. RECONCILIATION OF SHAREHOLDERS FUNDS

	Share Capital £000	Profit & Loss Account £000	Total £000
On incorporation	-	-	-
Shares issued	1000		1000
Loss for the period		(514)	(514)
As at 31 March 1994	1000	(514)	486
Loss for the year		(1640)	(1640)
At 31 March 1995	<u>1000</u>	<u>(2154)</u>	<u>(1154)</u>

All funds relate to equity shareholders.

16. CAPITAL COMMITMENTS

	1995 £000	1994 £000
Contracted	<u>29</u>	<u>-</u>
Authorised but not contracted	<u>76</u>	<u>-</u>

17. PENSION COMMITMENTS

The Company has undertaken to reimburse British Nuclear Fuels plc for contributions made by it for employees seconded to Deva Manufacturing Services Ltd. The assets of this scheme are held separately from British Nuclear Fuels plc and are independently administered by the United Kingdom Atomic Energy Authority.

No other pension commitments have been made.

DEVA MANUFACTURING SERVICES LTD

NOTES TO THE ACCOUNTS

at 31 March 1995

18. OTHER FINANCIAL COMMITMENTS

At 31 March 1995 the company had annual commitments under non-cancellable operating leases set out as below:

	Buildings		Other	
	1995	1994	1995	1994
	£000	£000	£000	£000
Operating Leases which expire				
within one year	-	-	-	-
within two-five years	-	-	18	16
in over five years	<u>115</u>	<u>86</u>	<u>-</u>	<u>4</u>
	<u>115</u>	<u>86</u>	<u>18</u>	<u>20</u>

The comparatives have been changed to correct the disclosure of the building lease.

19. CONTINGENT LIABILITIES

There are no contingent liabilities.

20. ULTIMATE PARENT COMPANY

The ultimate parent company of Deva Manufacturing Services Ltd is British Nuclear Fuels plc which is registered in England. Copies of the group accounts of British Nuclear Fuels plc may be obtained from its registered office at Risley, Warrington WA3 6AS.