

# **DEVA MANUFACTURING SERVICES LIMITED**

Registered No. 2763400

## **ANNUAL REPORT AND ACCOUNTS**

31 March 2000



# Deva Manufacturing Services Limited

## **DIRECTORS**

D Millington (Chairman)  
W Heafield  
S Jee

## **SECRETARY**

C S Reid

## **AUDITORS**

Ernst & Young  
100 Barbirolli Square  
Manchester  
M2 3EY

## **BANKERS**

National Westminster Bank Plc  
Spring Gardens  
Manchester  
M60 2DB

## **REGISTERED OFFICE**

Risley  
Warrington  
Cheshire  
WA3 6AS

## DIRECTORS' REPORT

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

### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £348,000 (1999 £211,000).

The Directors do not recommend a final dividend (1999 £nil).

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company's principal activities during the year continued to be the fabrication of stainless steel containers for the nuclear industry. The last 12 months has seen a change in the management team of the Company which has led to a review of the business strategy which has identified the need to focus on its core business.

### DIRECTORS

The Directors who served during the year were as follows:

C F Button (resigned 31/05/2000)  
W Heafield  
S Jee  
D Millington (appointed 21/06/2000)

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

### AUDITORS

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

By order of the Board



C S Reid  
Company Secretary

2 November 2000.

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

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

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

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **REPORT OF THE AUDITORS**

### **to the members of Deva Manufacturing Services Limited**

We have audited the accounts on pages 6 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

#### **Respective responsibilities of Directors and Auditors**

As described on page 4 the company's directors are responsible for the preparation of accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

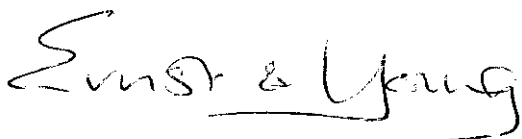
#### **Basis of opinion**

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

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

#### **Opinion**

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



Ernst & Young  
Registered Auditor  
Manchester

31/01/01

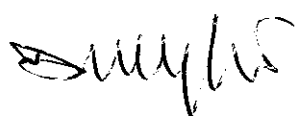
**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 March 2000

	<i>Notes</i>	<b>2000</b> <b>£000</b>	<b>1999</b> <b>£000</b>
<b>TURNOVER</b>	2	5,949	6,232
Net operating costs and expenses	3	(5,398)	(5,863)
<b>OPERATING PROFIT</b>		<u>551</u>	<u>369</u>
Other interest receivable and similar income	6	72	51
Interest payable and similar charges	7	(158)	(189)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>465</u>	<u>231</u>
Tax on profit on ordinary activities	8	(117)	(20)
<b>RETAINED PROFIT FOR THE YEAR</b>		<u>348</u>	<u>211</u>

There are no recognised gains or losses other than the profit for the year.

**BALANCE SHEET**  
at 31 March 2000

	Notes	2000 £000	1999 £000
<b>FIXED ASSETS</b>			
Tangible assets	9	2,597	3,120
<b>CURRENT ASSETS</b>			
Stocks	10	808	992
Debtors	11	1,205	1,787
Cash at bank and in hand		1,655	992
		<u>3,668</u>	<u>3,771</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	(5,105)	(5,539)
<b>NET CURRENT LIABILITIES</b>		<u>(1,437)</u>	<u>(1,768)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,160	1,352
<b>CREDITORS: Amounts falling due after more than one year</b>	13	(1,855)	(2,404)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	(179)	(214)
<b>NET LIABILITIES</b>		<u>(918)</u>	<u>(1,266)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	1,000	1,000
Profit and loss account	16	(1,918)	(2,266)
<b>SHAREHOLDERS' FUNDS - EQUITY</b>		<u>(918)</u>	<u>(1,266)</u>



Chairman

22 March 2000

## NOTES TO THE ACCOUNTS

at 31 March 2000

### 1. ACCOUNTING POLICIES

#### *Accounting convention*

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

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost, net of depreciation and provision for diminution in value. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. Depreciation is provided on all tangible fixed assets, except assets in course of construction, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Fixtures and fittings	-	10% - 20% straight line
Plant and machinery	-	10% straight line
Computer equipment	-	25% - 33% straight line
Jigs and fixtures	-	10% - 25% straight line

#### *Government grants*

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments over the period related assets are depreciated. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition and, where appropriate, attributable overheads based on a normal level of activity. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

#### *Research and development*

Research and development expenditure on projects not specifically recoverable directly from customers is written off as incurred.

#### *Repairs and maintenance*

Repairs and maintenance are expensed as occurred.

#### *Deferred taxation*

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

#### *Foreign currencies*

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

#### *Leasing and hire purchase commitments*

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet. The interest element of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

## NOTES TO THE ACCOUNTS (continued)



at 31 March 2000

1. ACCOUNTING POLICIES (continued)

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

*Pensions*

The Company operates a defined benefit pension scheme which requires contributions to be made to a separately administered fund. The contributions to this fund are based on independent actuarial valuations designed to secure the benefits as set out in the rules. Contributions are charged in the profit and loss account so as to spread the cost of pensions over the employees' working lives with the Company. The regular cost is attributed to individual years using a projected unit credit method. Variations in pension costs, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs.

*Cash flow statement*

Under Financial Reporting Standard 1 (revised 1996) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the ultimate parent undertaking includes the Company in its own published consolidated financial statements.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. Turnover is attributable to one continuing activity, the fabrication of stainless steel container. The source and destination of all turnover is the UK.

3. NET OPERATING COSTS AND EXPENSES

Net operating costs and expenses include:	2000	1999
	£000	£000
Raw materials and consumables	2,295	2,754
Employee costs (see note 4)	1,844	1,801
Depreciation - owned fixed assets	187	176
Depreciation - finance lease and hire purchase assets	371	374
Auditors' remuneration - audit services	5	7
Operating lease rentals - other	170	145
Changes in stocks of finished goods and WIP	84	(125)
Other external and operating charges	453	742
Deferred Government grants released	(11)	(11)
	<hr/>	<hr/>
	5,398	5,863
	<hr/>	<hr/>

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

**4. EMPLOYEE INFORMATION (including Executive Directors)**

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

	2000 No.	1999 No.
Industrial	65	66
Non-industrial	10	10
	<hr/> 75	<hr/> 76

Employee costs during the year were as follows:

	2000 £000	1999 £000
Wages and salaries	1,549	1,583
Social security costs	113	123
Pension costs	182	95
	<hr/> 1,844	<hr/> 1,801

**5. DIRECTORS' EMOLUMENTS**

	2000 £000	1999 £000
Aggregate emoluments	43	-
	<hr/>	<hr/>

There are no retirement benefits accruing to Directors (1999 £0) under the company's defined benefit scheme.

**6. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME**

	2000 £000	1999 £000
Bank interest	72	51
	<hr/>	<hr/>

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	2000 £000	1999 £000
Finance charges payable under finance leases	158	189
	<hr/>	<hr/>

# NOTES TO THE ACCOUNTS (continued) at 31 March 2000

## 8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £000	1999 £000
Corporation tax	152	-
Group relief (receivable)	-	(65)
Deferred taxation	(35)	85
	<u>117</u>	<u>20</u>

## 9. TANGIBLE FIXED ASSETS

	Plant & machinery £000	Fixtures & fittings £000	Computing equipment £000	Assets in course of construction £000	Total £000
<b>Cost</b>					
At 1 April 1999	5,226	158	61	52	5,497
Additions	-	-	-	35	35
Transfers	51	-	-	(51)	-
Disposals	-	-	-	-	-
<b>At 31 March 2000</b>	<b>5,277</b>	<b>158</b>	<b>61</b>	<b>36</b>	<b>5,532</b>
<b>Depreciation</b>					
At 1 April 1999	2,221	118	38	-	2,377
Charge for year	536	11	11	-	558
Disposals	-	-	-	-	-
<b>At 31 March 2000</b>	<b>2,757</b>	<b>129</b>	<b>49</b>	<b>-</b>	<b>2,935</b>
<b>Net book value</b>					
<b>At 31 March 2000</b>	<b>2,520</b>	<b>29</b>	<b>12</b>	<b>36</b>	<b>2,597</b>
At 31 March 1999	3,005	40	23	52	3,120
Leased assets net book value included above:					
<b>31 March 2000</b>	<b>1,637</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,637</b>
31 March 1999	2,008	-	-	-	2,008

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

**10. STOCKS**

	2000 £000	1999 £000
Raw materials and consumables	415	515
Work in progress	393	456
Finished goods	-	21
	<hr/> 808	<hr/> 992

**11. DEBTORS**

	2000 £000	1999 £000
Trade debtors	39	120
Amounts owed by Group Undertakings	940	1,369
Prepayments and accrued income	217	293
Other debtors	9	5
	<hr/> 1,205	<hr/> 1,787

**12. CREDITORS: amounts falling due within one year**

	2000 £000	1999 £000
Trade creditors	289	488
Amounts owed to Group Undertakings	4,027	4,000
Corporation tax	120	-
Other taxes and social security costs	116	215
Finance leases and hire purchase obligations	413	382
Accruals and deferred income	105	255
Payments received on account	22	199
Other creditors	13	-
	<hr/> 5,105	<hr/> 5,539

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

**13. CREDITORS: amounts falling due after more than one year**

	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
Amounts owed to Group Undertakings	<b>162</b>	243
Finance leases and hire purchase obligations	<b>1,693</b>	2,106
	<hr/> <b>1,855</b> <hr/>	<hr/> <b>2,404</b> <hr/>

Finance leases and hire purchase contracts:

	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
Amounts payable:		
within one year	<b>413</b>	382
within two to five years	<b>1,693</b>	1,841
after five years	<b>-</b>	265
	<hr/> <b>2,106</b> <hr/>	<hr/> <b>2,488</b> <hr/>

**14. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Deferred tax £000</b>
At 1 April 1999	214
Credit in year	(35)
<b>At 31 March 2000</b>	<hr/> <b>179</b> <hr/>

Deferred tax has been provided in full and comprises:

	<b>2000</b>	<b>1999</b>
	<b>£000</b>	<b>£000</b>
Capital allowances in advance of depreciation	<b>144</b>	158
Other timing differences	<b>35</b>	56
	<hr/> <b>179</b> <hr/>	<hr/> <b>214</b> <hr/>

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

**15. ACCURALS AND DEFERRED INCOME**

	Deferred capital grants £000
At 1 April 1999	55
Released during the year	(11)
<b>At 31 March 2000</b>	<b>44</b>

**16. SHARE CAPITAL**

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

**17. RESERVES**

	Profit and loss account £000
At 1 April 1999	(2,266)
Retained profit for the year	348
<b>At 31 March 2000</b>	<b>(1,918)</b>

**18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2000 £000	1999 £000
Profit for the financial year	348	211
Net addition to shareholders' funds	348	211
Opening shareholders' funds	(1,266)	(1,477)
Closing shareholders' funds	(918)	(1,266)

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

**19. CAPITAL EXPENDITURE AUTHORISED**

	2000 £000	1999 £000
Contracted but not provided for	35	-

**20. CONTINGENT LIABILITIES**

a. Annual commitments under non-cancellable operating leases are as follows:

	2000 £000	1999 £000
Operating leases which expire:		
within one year		
land and buildings	-	-
Other	2	6
in two to five years		
land and buildings	-	-
Other	11	9
After five years		
land and buildings	165	181
Other	-	2
	<b>178</b>	<b>198</b>

**21. PENSIONS**

The Company participates in the BNFL Group Pension Scheme which is a defined benefit (final salary) pension scheme and is available to all employees. The scheme is separately administered and is funded by contributions, partly from the employees and partly from the participating companies. The Company contributions are based on the results of independent actuarial triennial valuations using the projected unit credit method, the particulars of which are contained in the Group accounts of British Nuclear Fuels plc.

**22. RELATED PARTY TRANSACTIONS**

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

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

The Company, being a wholly owned subsidiary of British Nuclear Fuels plc has taken advantage of the exemption from the disclosure requirements as available in para. 3(c) of FRS8.