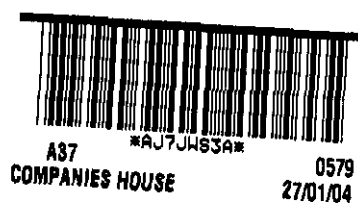


BNFL PROPERTIES LIMITED

Registered No. 2970356

ANNUAL REPORT AND ACCOUNTS

31 March 2003



DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 March 2003.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £108,000 (2002: profit of £3,000).

The Directors do not recommend a final dividend (2002: £nil).

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company owns property which is let to other group companies. The Company intends to acquire property going forward with the intention to let to third parties.

DIRECTORS

The Directors who served during the year were as follows:

A J Shuttleworth
J F Edwards

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

ELECTIVE RESOLUTIONS

The Company has elected to dispense with the holding of Annual General Meetings pursuant to Section 366A of the Companies Act 1985.

The Company has elected to dispense with the appointment of Auditors pursuant to Section 386 of the Companies Act 1985.

The Company has elected to dispense with the laying of accounts and reports in general meeting pursuant to Section 252 of the Companies Act 1985.

By order of the Board



C S Reid
Company Secretary
8. Dec . 2003

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BNFL PROPERTIES LIMITED

We have audited the company's accounts for the year ended 31 March 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 15. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 31 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Manchester

24 January 2004

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2003

	<i>Notes</i>	2003 £000	2002 £000
TURNOVER		1,750	-
Administrative expenses	3	(1,175)	(1)
OPERATING PROFIT/(LOSS)		575	(1)
Interest receivable and other income	6	1,506	-
Interest payable	7	(1,973)	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		108	(1)
Tax on profit/(loss) on ordinary activities	8	-	4
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		108	3

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

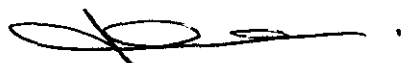
There are no recognised gains or losses other than the profit for the year.

BNFL Properties Limited

BALANCE SHEET

at 31 March 2003

	Notes	2003 £000	2002 £000
TANGIBLE FIXED ASSETS	9	<u>25,128</u>	<u>25,100</u>
CURRENT ASSETS			
Debtors	10	2	2,848
Cash at bank and in hand		37	7
		<u>39</u>	<u>2,855</u>
CREDITORS: Amounts falling due within one year	11	<u>(14,625)</u>	<u>(17,521)</u>
NET CURRENT LIABILITIES		<u>(14,586)</u>	<u>(14,666)</u>
NET ASSETS		<u>10,542</u>	<u>10,434</u>
CAPITAL AND RESERVES			
Called up share capital	12	10,366	10,366
Profit and loss account	13	176	68
SHAREHOLDERS' FUNDS	13	<u>10,542</u>	<u>10,434</u>



Director

S. Dec 2003

NOTES TO THE ACCOUNTS at 31 March 2003

1. ACCOUNTING POLICIES

Accounting convention

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

Going concern

The accounts have been prepared on a going concern basis.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and provision for permanent diminution in value. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Buildings	-	2% -10% straight line
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Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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.

NOTES TO THE ACCOUNTS (continued)

at 31 March 2003

2. TURNOVER

All turnover which is stated net of value added tax, is derived from property rental income, all of which is generated within the UK.

3. ADMINISTRATIVE EXPENSES

Administrative expenses include:

	2003 £000	2002 £000
Auditors' remuneration - audit services	3	1
Depreciation	1,172	-
	<hr/> 1,175	<hr/> 1

4. EMPLOYEE INFORMATION (including Executive Directors)

The Company had no employees during the year (2002: Nil).

5. DIRECTORS' EMOLUMENTS

None of the listed directors are paid by the Company.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2003 £000	2002 £000
Interest receivable from parent undertaking	1,476	-
Other income	30	-
	<hr/> 1,506	<hr/> -

7. INTEREST PAYABLE

	2003 £000	2002 £000
Interest payable to parent undertaking	1,973	-
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS (continued)**at 31 March 2003****8. TAX**

	2003	2002
	£000	£000
Corporation Tax:		
Adjustment in respect of prior years	-	4
Current tax credit	<u>-</u>	<u>4</u>

The tax assessed on the loss on ordinary activities for the year is different from the standard rate of UK Corporation tax of 30%. The differences are reconciled below.

	2003	2002
	£000	£000
Profit/(loss) on ordinary activities before tax	<u>108</u>	<u>(1)</u>
Tax on profit/(loss) at 30% (UK standard rate)	32	-
Expenses not deductible for tax purposes	69	-
Capital allowances in excess of depreciation	(308)	-
Losses carried forward	207	-
Tax overprovided in previous years	-	4
Current tax credit	<u>-</u>	<u>4</u>

The company has no deferred tax assets or liability at the year end.

9. TANGIBLE FIXED ASSETS

	Freehold land & buildings £000
Cost	
At 1 April 2002	25,100
Additions	<u>1,200</u>
Balance at 31 March 2003	<u>26,300</u>
Depreciation	
At 1 April 2002	-
Charge in the year	<u>(1,172)</u>
Balance at 31 March 2003	<u>(1,172)</u>
Net book value	
At 31 March 2003	<u>25,128</u>
At 31 March 2002	<u>25,100</u>

NOTES TO THE ACCOUNTS (continued)

at 31 March 2003

10. DEBTORS

	2003 £000	2002 £000
Amounts owed by group undertakings	-	580
Amounts owed by parent undertaking	-	2,266
Other debtors & prepayments	2	2
	<u>2</u>	<u>2,848</u>

11. CREDITORS: amounts falling due within one year

	2003 £000	2002 £000
Amounts owed to parent undertaking	14,625	17,521

12. SHARE CAPITAL

	2003 £000	2002 £000
Authorised: 50 million ordinary shares of £1 each	50,000	50,000
Allotted, called up and fully paid: 10,365,607 ordinary shares of £1 each	10,366	10,366

13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT OF RESERVES

	Share capital £000	Profit & loss account £000	Total shareholders' funds £ 000
At 1 April 2002	10,366	68	10,434
Profit for the year	-	108	108
At 31 March 2003	<u>10,366</u>	<u>176</u>	<u>10,542</u>

14. RELATED PARTIES

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.

NOTES TO THE ACCOUNTS (continued)

at 31 March 2003

15. PARENT UNDERTAKING AND CONTROLLING PARTY

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 1100 Daresbury Park, Daresbury, Warrington, WA4 4GB. 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.