

Registered No. 2970356

# **NDA PROPERTIES LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

For the year ended 31 March 2016

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COMPANIES HOUSE

**Directors**

D M Atkinson  
A M Oldham  
R Higgins  
M Glass

**Secretary**

E Hodgson

**Auditors**

Ernst & Young LLP  
100 Barbirolli Square  
Manchester  
M2 3EY

**Bankers**

National Westminster Bank Plc  
PO Box 305  
Spring Gardens  
Manchester  
M60 2DB

**Registered office**

Herdus House  
Ingwell Drive  
Westlakes Science & Technology Park  
Moor Row  
Cumbria  
CA24 3HU

## Strategic report

In accordance with section 414B of the Companies Act 2006, the company has taken advantage of the small companies' exemption in relation to the strategic report.

## Directors' report

The directors present their report, together with the audited financial statements of the Company, for the year ended 31 March 2016.

### Principal activities and business review

The Company is a wholly owned subsidiary of the Nuclear Decommissioning Authority (NDA) that owns property which is let to the NDA, other NDA group companies, contractors to the NDA Group and others. The increase in revenue from the prior year to £13,145,000 (2015: £7,588,000) reflects the income from new projects (CNC Training Centre in Cumbria and the National Nuclear Archive in Wick), the release of deferred income due to the sale of Lea Sports Ground in Preston, and a full year of income from the Albion Square development in Whitehaven.

The Company is in contract with Morrison Construction to construct a National Nuclear Archive in Wick, Scotland. This is funded by a 25 year loan of £21,000,000 from another group entity, Rutherford Indemnity Limited.

The Company is also in contract with Morgan Sindall to construct a Training Centre for the Civil Nuclear Constabulary near Sellafield, Cumbria. The centre will be owned by the parent, NDA and consequently income is received from the parent to offset all associated costs which are recognised in the Income Statement.

As a result of revaluations of the company's investment property portfolio, a gain of £700,000 (2015: £4,989,000) has been recognised and recorded in the current year Income Statement.

The Company has been included in the NDA tax group and the directors anticipate using group losses to offset taxable profits incurred in the future.

### Results and dividends

The profit for the financial year end and total comprehensive income for the year amounted to £2,864,000 (2015: £6,348,000). The balance sheet illustrates closing shareholders' funds of £21,203,000 (2015: £18,339,000). The directors do not recommend payment of a final dividend (2015: £nil).

### Directors

The directors who served during the year and up to the date of this report were as follows:

D M Atkinson  
A M Oldham  
R Higgins  
M Glass

**Directors' report (continued)****Directors' statement as to disclosure of information to auditors**

The directors who were members of the board at the time of approving the directors' report are listed on page 3. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- So far as the directors are aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2006.

**Going concern**

The directors have received confirmation from the company's parent undertaking, the NDA, that they will not seek repayment of the amounts due to the NDA, where no formal payment terms exist, within 12 months from the date of signing the 2016 accounts. A budget has been prepared, and sensitivities run. The directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Report and Accounts.

**Directors' and Officers' Liability Insurance**

During the year the Company had in force indemnity insurance in favour of one or more directors of the Company subject to the conditions set out in section 236 of the Companies Act 2006.

**Small company exemptions**

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

**Annual general meeting and auditors**

In accordance with the requirements of the Companies Act 2006 the Company is not required to hold an Annual General Meeting or to re-appoint the auditors on an annual basis.

Approved by the Board and signed on its behalf by:



A M Oldham  
Director

Date: 21 October 2016

**Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing the financial statements the directors are required

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 AUDITOR'S REPORT TO THE MEMBERS OF NDA PROPERTIES LIMITED**

We have audited the financial statements of NDA Properties Limited for the year ended 31 March 2016 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor**

As explained more fully in the Statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NDA PROPERTIES LIMITED (CONTINUED)**

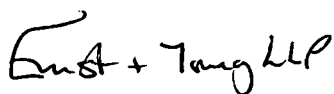
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Jennifer Hazlehurst (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Manchester  
Date: 24 October 2016

**Income Statement**  
**For the year ended 31 March 2016**

	<i>Note</i>	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
<b>Turnover</b>		<b>13,145</b>	<b>7,588</b>
<b>Costs</b>		<b>(9,995)</b>	<b>(6,239)</b>
Movement in operating provisions	13	<b>98</b>	<b>(568)</b>
Fair value gains arising on revaluation of investment properties	9	<b>700</b>	<b>4,989</b>
<b>Net operating expenses</b>		<b>(9,197)</b>	<b>(1,818)</b>
Grant received	5	<b>-</b>	<b>1,326</b>
Loss on disposal of fixed assets		<b>(231)</b>	<b>-</b>
<b>Operating profit</b>	5	<b>3,717</b>	<b>7,096</b>
Interest payable and similar charges	7	<b>(853)</b>	<b>(748)</b>
<b>Profit on ordinary activities before tax</b>		<b>2,864</b>	<b>6,348</b>
Tax	8	<b>-</b>	<b>-</b>
<b>Profit on ordinary activities after tax and total comprehensive income for the year</b>		<b>2,864</b>	<b>6,348</b>

All amounts derive from continuing operations (2015: same)

**Statement of Comprehensive Income**  
**For the year ended 31 March 2016**

There are no recognised gains or losses other than the results shown in the income statement for the year ended 31<sup>st</sup> March 2016 or for the year ended 31 March 2015.

Accordingly no separate statement of comprehensive income has been prepared.



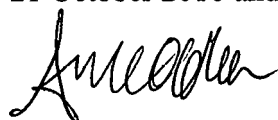
## Balance Sheet

As at 31 March 2016

	Note	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Investment property	9	56,665	50,949
		<u>56,665</u>	<u>50,949</u>
<b>Current assets</b>			
Debtors	10	5,839	3,354
Cash at bank and in hand	11	34,357	15,390
		<u>40,196</u>	<u>18,744</u>
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	12	(22,300)	(5,723)
<b>Net current assets</b>		<u>17,896</u>	<u>13,021</u>
<b>Total assets less current liabilities</b>		<u>74,561</u>	<u>63,970</u>
Creditors: amounts falling due after more than one year	12	(51,137)	(42,673)
Provisions for liabilities and charges	13	(2,221)	(2,958)
<b>Net assets</b>		<u>21,203</u>	<u>18,339</u>
<b>Capital and reserves</b>			
Share capital	14	-	-
Profit and loss account		21,203	18,339
<b>Total shareholders' funds</b>		<u>21,203</u>	<u>18,339</u>

The directors confirm that these accounts have been prepared in accordance with the provisions applicable to entities subject to the small entities regime.

The financial statements were approved by the Board of directors and authorised for issue on 21 October 2016 and were signed on its behalf by:



A M Oldham

Director

Company registration number: 2970356

**Statement of Changes in Equity**  
**As at 31 March 2016**

	Share capital £'000	Retained earnings £'000	Total £'000
<b>Balance at 1 April 2014</b>	-	11,991	11,991
Profit and total comprehensive income for the year	-	6,348	6,348
<b>Balance at 31 March 2015</b>	-	18,339	18,339
Profit and total comprehensive income for the year	-	2,864	2,864
<b>Balance at 31 March 2016</b>	-	<b>21,203</b>	<b>21,203</b>

The balance classified as share capital includes the total net proceeds on issue of the Company's share capital, comprising £1 ordinary shares.

## **Notes to the financial statements**

### **Authorisation of financial statements and statement of compliance with FRS 101**

The financial statements of NDA Properties Limited for the year ended 31 March 2016 were authorised for issue by the Board of directors on 21 October 2016 and the Balance Sheet was signed on the Board's behalf by A M Oldham.

These financial statements have been prepared in accordance with FRS 101 as issued by the Financial Reporting Council.

#### **1. General information**

The Company is a limited company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the Directors' report on page 3.

The immediate parent undertaking is the Nuclear Decommissioning Authority (NDA). The consolidated financial statements of the NDA are available to the public and may be obtained from its headquarters at Herdus House, Moor Row, Cumbria CA24 3HU. In the directors' opinion, the Company's ultimate controlling party is Her Majesty's Government.

These financial statements are presented in pounds sterling and all values are rounded to the nearest thousand (£'000) except when otherwise indicated.

#### **2. Statement of accounting policies**

##### ***Basis of preparation***

These financial statements have been prepared under the historical cost convention, modified to include the revaluation of investment property. These statements have been prepared in accordance with Financial Reporting Statement 101, 'Reduced Disclosure Framework'.

As permitted by FRS 101, for both periods presented, the Company has taken advantage of the disclosure exemptions available under that standard in relation to the following:

- a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- b) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of IAS 40 Investment Property (paragraphs 76 and 79(d));
- c) the requirements of paragraphs 134-136 of IAS 1 'Presentation of Financial Statements';
- d) the requirements of IAS 7 'Statement of Cash Flows';
- e) the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Estimate and Errors'; and
- f) the requirements of paragraph 17 of IAS 24 'Related Party Disclosures' and the requirement of the same standard to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

## **Notes to the financial statements (continued)**

### **2. Statement of accounting policies (continued)**

#### ***Basis of preparation (continued)***

Where required, equivalent disclosures are given in the group accounts of the Nuclear Decommissioning Authority (NDA), which are available to the public and can be obtained as set out in Note 1 above.

#### ***Going concern***

The directors have received confirmation from the company's parent undertaking, the NDA, that they will not seek repayment of the amounts due to the NDA, where no formal payment terms exist, within 12 months from the date of signing the 2016 accounts. A budget has been prepared, and sensitivities run. The directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Report and Accounts.

#### ***Changes in accounting policy and disclosures***

The accounting policies adopted are consistent with those of the previous year.

The company has adopted all applicable amendments to standards with an effective date from 1 April 2015. Adoption of these revised standards and interpretations did not have any material impact on the financial performance or position of the company.

#### ***Revenue recognition***

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for property rentals in the UK provided in the normal course of business, net of value added tax. Property rental income from property leased out under operating leases is recognised in the income statement on a straight-line basis over the lease term.

For projects where the Company acts as Principal, revenue and expenditure are recognised separately in the income statement in the period that they relate to.

#### ***Government Grants***

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Government grants in respect of capital expenditure are credited to a deferred income account and are released as income by equal annual amounts over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

#### ***Leasing***

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

## **Notes to the financial statements (continued)**

### **2. Statement of accounting policies (continued)**

#### ***The Company as lessee***

Rentals payable under operating leases, including lease incentives, are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

#### ***The Company as lessor***

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

#### ***Operating profit***

Operating profit is stated after charging operating expenses loss on disposal of fixed assets, grant received, movement in value of investment property, charge by parent for services provided, auditors remuneration in respect of statutory audit and movement in onerous lease provision but before interest payable and similar charges.

#### ***Taxation***

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exception:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss .

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income.

## **Notes to the financial statements (continued)**

### **2. Statement of accounting policies (continued)**

#### ***Taxation (continued)***

Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

#### ***Investment property***

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property, is recognised in the income statement in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use.

#### ***Borrowing costs***

In respect of assets recognised at cost, borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. In respect of assets recognised at fair value, borrowing costs are not capitalised and are expensed in the period they occur. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### ***Financial instruments***

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

There are no derivative financial instruments in use.

#### ***Financial assets***

Financial assets are classified as either financial assets 'at fair value through profit or loss' (FVTPL) or loans and receivables. Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

#### ***Financial assets at FVTPL***

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL. Book value of the assets is fair value. A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling in the near future or it is a derivative that is not designated and effective as a hedging instrument.

## **Notes to the financial statements (continued)**

### **2. Statement of accounting policies (continued)**

#### ***Financial assets at FVTPL (continued)***

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise or it forms part of a contract containing one or more embedded derivatives, and IAS 39 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Debtors and other receivables, and cash and cash equivalents, that have fixed or determinable payments that are not quoted in an active market, are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

#### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand and demand deposits.

#### ***Derecognition of financial assets***

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

#### ***Financial liabilities***

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' (FVTPL) or other financial liabilities.

#### ***Financial liabilities at FVTPL***

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

#### ***Other financial liabilities***

Other financial liabilities, including creditors and other payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled or they expire.

#### ***Provisions***

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

## **Notes to the financial statements (continued)**

### **3. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### ***Critical judgements in applying the Company's accounting policies***

There are no critical judgements, apart from those involving estimations (which are dealt with separately below), that management has made in the process of applying the Company's accounting policies and that would have a significant effect on the amounts recognised in the financial statements.

#### ***Key sources of estimation uncertainty***

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### ***Investment properties***

The fair value of investment properties in the Balance Sheet represents an estimate by independent professional valuers of the open market value of those properties as at 31 March 2016.

In assessing the open market value of investment properties, the professional valuers will consider lettings, tenants' profiles, future revenue streams, capital values of both fixtures and fittings, and plant and machinery, any environmental matters and the overall repair and condition of the property in the context of the local market. Data regarding local market conditions is primarily historic in nature and provides a guide as to current letting values and yields.

#### ***Provisions***

The onerous lease provision is inherently judgemental as it is based on estimates of future rent, rates and other servicing costs payable under operating leases relating to 1100, Daresbury Park. Similarly, judgement is required in determining the level of dilapidation provision required, based on future discussions with landlords.



## Notes to the financial statements (continued)

### 4. Turnover

Turnover recognised in the income statement is analysed as follows:

	2016 £'000	2015 £'000
Rental and other associated property income	9,032	7,588
Project management fees	4,113	-
	<b>13,145</b>	<b>7,588</b>

### Deferred revenue

	2016 £'000	2015 £'000
At 1 April	2,757	545
Deferred during the year	16,859	2,289
Released to the income statement	(3,936)	(77)
At 31 March	<b>15,680</b>	<b>2,757</b>

Deferred income refers to payment in advance received from the parent in relation to the CNC Training Centre construction project and income invoiced in advance.

### 5. Operating profit

Operating profit is stated after charging/(crediting):

	2016 £'000	2015 £'000
Auditors' remuneration in respect of the statutory audit of the Company	23	29
Increase in fair value of investment property	(700)	(4,989)
Charge for services provided by NDA	232	210
(Decrease)/Increase in onerous lease provision for Daresbury Park (Note 13)	(98)	587
Grant received from BEC	-	(1,326)
Operating lease payments	971	1,085

The grant received from BEC (Britain's Energy Coast) in 2015 was in respect of the construction of the office complex at Albion Square, Whitehaven.

## Notes to the financial statements (continued)

### 5. Operating profit (continued)

Property with a book value of £2,822,000 was disposed of during the year resulting in a loss of £231,000.

### 6. Employee information

As a wholly owned subsidiary of the NDA whose principal activity is to own properties which are used mainly by other NDA group companies and contractors to the NDA, all employee costs are borne by the NDA and a reasonable estimate is recharged for services provided. As such, the Company had no employees during the year (2015: nil).

#### *Directors' emoluments*

All directors are employees of the NDA and their emoluments are borne by the NDA. In both the current and prior year, in the Board's view, the services provided by the directors to the Company are incidental to their employment by and services to the NDA.

A management charge of £232,000 (2015: £210,000) in respect of management services costs has been made by the NDA. This includes the directors' remuneration which it is not possible to identify separately (2015: same).

### 7. Interest payable and similar charges

	2016 £'000	2015 £'000
Interest on NDA group loan	683	702
Interest on Rutherford Indemnity loan	145	-
Total interest expense	828	702
Unwinding of discount on provisions (Note 13)	25	46
Total interest payable and similar costs	853	748

#### *NDA group loan*

In February 2013, the NDA advanced a loan to the company for the purposes of financing capital projects. The loan amounted to £20,000,000 which is repayable with interest in equal annual instalments of £1,227,000 over twenty five years. The interest on this loan is recognised in the income statement as it is incurred.

#### *Other group entity loan*

In June 2015, a loan agreement for £21,000,000 was signed for the purposes of financing the National Nuclear Archive capital build project. The loan is repayable with interest in equal annual instalments of £1,476,000 over twenty five years.

## Notes to the financial statements (continued)

### 7. Interest payable and similar charges (continued)

The first instalment of £6,000,000 was drawn down in November 2015 and the second instalment of £4,500,000 was drawn down in February 2016. The remaining £10,500,000 will be drawn down during 2016/17. The interest on this loan is recognised in the income statement as it is incurred.

### 8. Taxation

(a) Tax charged in the income statement:

	2016 £'000	2015 £'000
<i>Current income tax:</i>		
Current income tax charge	–	–
Total expense in the income statement	–	–

(b) Reconciliation of the total tax charge:

The tax expense in the income statement for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 21%). The difference is explained below:

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	2,864	6,348
Tax calculated at UK standard rate of 20% (2015: 21%)	573	1,333
<b>Effects of:</b>		
Expenses not deductible for tax purposes	263	201
Revaluation adjustment not taxable	(140)	(1,048)
Provision release not taxable	(152)	(30)
Capital Gains Tax on disposal of Fixed Assets	448	42
Group relief received for nil payment	(992)	(498)
Current tax charge for the year	–	–
Deferred tax charge	–	–
Total tax charge	–	–

No deferred tax asset has been recognised in respect of unclaimed capital allowances as it is anticipated that any taxable profits in NDA Properties Limited in the foreseeable future will be

## Notes to the financial statements (continued)

### 9. Investment property

	<b>Assets under construction £'000</b>	<b>Land £'000</b>	<b>Buildings £'000</b>	<b>Total £'000</b>
<b>Fair value</b>				
At 1 April 2015	-	8,764	42,185	50,949
Additions	7,762	-	76	7,838
Disposals	-	(447)	(2,375)	(2,822)
Increase/(decrease) in fair value in the year	2,238	228	(1,766)	700
<b>At 31 March 2016</b>	<b>10,000</b>	<b>8,545</b>	<b>38,120</b>	<b>56,665</b>

The fair value of the Company's investment property at 31 March 2016 has been arrived at on the basis of a valuation carried out at that date by independent qualified valuers. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors in the United Kingdom Valuation Standards by Bilfinger GVA Chartered Surveyors, acting as external valuers. They have valued the subject properties as at 31 March 2016, on the basis of Market Value as defined by the RICS Valuation Standards and have adopted the normal assumptions required to arrive at their opinion of value.

There are no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.

The difference between the carrying value of investment properties and their historical cost is a reduction of £3,738,000 (2015: £8,063,000).

The property rental and services charge income earned by the Company from its investment property, all of which is leased out under operating leases, amounted to £9,032,000 (2015: £7,588,000). Direct operating expenses arising on the investment properties in the period amounted to £5,338,000 (2015: £5,997,000).

As a result of revaluations of the company's property a gain of £700,000 (2015: £4,988,000) has been recognised and recorded in the current year Income Statement.

#### ***Assets under construction***

The value of assets under construction at the balance sheet date was £10,000,000 and relates to the National Nuclear Archive project in Wick, Scotland.

## Notes to the financial statements (continued)

### 9. Investment property

	<b>Assets under construction £'000</b>	<b>Land £'000</b>	<b>Buildings £'000</b>	<b>Total £'000</b>
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#### ***Assets under construction***

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## Notes to the financial statements (continued)

### 10. Debtors

	2016 £'000	2015 £'000
Intercompany debtors	433	130
Trade debtors	3,306	2,510
Prepayments	1,436	714
VAT recoverable	664	-
	<b>5,839</b>	<b>3,354</b>

Prepayments include rent charges paid in advance on Albion Square Car Park, of which £183,000 relate to periods beyond 31 March 2017.

Debtors are reported at book value which is deemed to be fair value.

### 11. Cash at bank and in hand

	2016 £'000	2015 £'000
Cash and cash equivalents	<b>34,357</b>	<b>15,390</b>

Cash and cash equivalents represents balances held in NDA Properties Limited own name and in a client bank account managed on the company's behalf by Bilfinger GVA.

### 12. Creditors

	2016 £'000	2015 £'000
<i>Amounts falling due within one year:</i>		
Amounts owed to parent undertaking – group loan	1,227	1,227
Amounts owed to other group entity – loan	1,352	-
Trade creditors	1,509	141
VAT payable	-	215
Income tax payable	29	-
Accruals	2,503	1,846
	<b>6,620</b>	<b>3,429</b>
Deferred revenue (note 4)	15,680	2,294
	<b>22,300</b>	<b>5,723</b>

## Notes to the financial statements (continued)

### 13. Provisions for liabilities and charges

	<b>Onerous lease provisions £'000</b>	<b>Dilapidation &amp; repair provisions £'000</b>	<b>Total £'000</b>
At 31 March 2015	2,358	600	2,958
Utilisation (Southmoor)	(254)	-	(254)
Utilisation (Daresbury)	(410)	-	(410)
Decrease in onerous lease provision for Daresbury	(98)	-	(98)
Unwinding of discount (Note 7)	25	-	25
At 31 March 2016	<b>1,621</b>	<b>600</b>	<b>2,221</b>
Analysed as:			
Current	502	600	1,102
Non-current	1,119	-	1,119

No dilapidations provision has been created at 1100, Daresbury Park as the lease does not expire until 2023 (break point 2019), and in the directors' view, the building is being maintained to the standard required under the terms of the lease.

In the current year, the onerous lease provisions have been discounted at (1.55)% per annum based on Treasury guidance. Whilst acknowledging that Treasury guidance is not binding for this company, the directors have concluded that the guidance is relevant and have applied it accordingly.

In respect of the dilapidation provisions for Southmoor House, discussions with the Landlord are ongoing. In respect of the onerous lease provision for Daresbury Park, it is expected that the costs will be incurred by May 2019.

## Notes to the financial statements (continued)

### 14. Share capital

	Number	£'000
Authorised:		
Ordinary shares of £1 each		
At 1 April 2015 and 31 March 2016	50,000,000	50,000
Allotted, called up and fully paid:		
Ordinary shares of £1 each		
At 1 April 2015 and 31 March 2016	1	-

### 15. Operating lease arrangements

#### *The Company as lessee*

At the reporting date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £'000	2015 £'000
Not later than one year	661	929
Later than one year and not later than five years	1,741	2,553
Later than five years	3,333	3,170
	<u>5,735</u>	<u>6,652</u>

#### *The Company as lessor*

At the reporting date the Company had contracted with tenants for the following future minimum lease payments:

	2016 £'000	2015 £'000
Not later than one year	4,530	5,085
Later than one year and not later than five years	6,859	8,943
Later than five years	38,819	21,032
	<u>50,208</u>	<u>35,060</u>



## **Notes to the financial statements (continued)**

### **16. Capital commitments**

There is a capital commitment contracted but not provided for in the financial statements as at 31 March 2016 of £12,498,000 in respect of the National Nuclear Archive construction (2015: £Nil).

### **17. Ultimate parent undertaking and controlling party**

The company's immediate and ultimate parent undertaking is the Nuclear Decommissioning Agency.

The smallest and largest publicly available group financial statements containing those of the Company are those of Nuclear Decommissioning Agency.

Copies of these financial statements are available from Herdus House, Ingwell Drive, Westlakes Science & Technology Park, Moor Row, Cumbria CA24 3HU.

### **18. Events after the period end**

None identified