

**NUCLEAR LIABILITIES MANAGEMENT COMPANY
LIMITED**

Registered No. 2970356

ANNUAL REPORT AND ACCOUNTS

31 March 2001



Nuclear Liabilities Management Company Limited

DIRECTORS

D R Bonser

SECRETARY

A J Shuttleworth

AUDITORS

Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

BANKERS

National Westminster Bank Plc
55 King Street
Manchester
M60 2DB

REGISTERED OFFICE

Risley
Warrington Road
Warrington
Cheshire
WA3 6AS

DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 March 2001.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £18,000 (2000: profit of £74,000).

The Directors do not recommend a final dividend (2000: £nil).

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company ceased trading during the year ended 31 March 2001. It's principal activity before cessation of trade was to help drive and demonstrate improvements in the totality of liabilities management on BNFL sites by constructive but firm challenge and peer review and to oversee the funding of BNFL's share of liabilities on its sites.

DIRECTORS

The Directors who served during the year were as follows:

R A N Chiese (Chairman), resigned 1 August 2000
D May (Managing Director), resigned 30 Nov 2000
D R Bonser

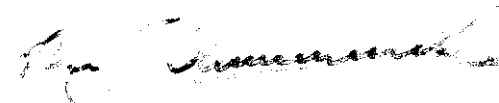
There are no Directors' interests requiring disclosure under the Companies Act 1985.

AUDITORS

On 20 December 2000 the Directors passed elective resolutions under section 366A and 386 of the Companies Act 1985 to dispense with the holding of Annual General Meetings and the obligation to appoint auditors annually.

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001.

By order of the Board



A J Shuttleworth
Company Secretary
2001, 20 December

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.

Nuclear Liabilities Management Company Limited

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NUCLEAR LIABILITIES MANAGEMENT COMPANY LIMITED

We have audited the company's financial statements for the year ended 31 March 2001 which comprise Profit and Loss Account, Balance Sheet and the related notes 1 to 14. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 financial statements in accordance with applicable United Kingdom law and accounting standards.

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

We report to you our opinion as to whether the financial statements 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 financial statements, 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 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 as at 31 March 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Manchester

Date 7.1.02

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2001

	<i>Notes</i>	2001 £000	2000 £000
TURNOVER	2	-	23
Net operating costs and expenses	3	(30)	(31)
OPERATING LOSS		(30)	(8)
Other Income		2	66
Other interest receivable and similar income	6	10	7
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(18)	65
Tax on profit on ordinary activities	7	-	9
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(18)	74
Dividends paid and proposed		-	-
RETAINED (LOSS)/PROFIT FOR THE YEAR		(18)	74

STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES
for the year ended 31 March 2001

There are no recognised gains or losses other than the loss for the year (2000:profit).

BALANCE SHEET

at 31 March 2001

	<i>Notes</i>	2001 £000	2000 £000
CURRENT ASSETS			
Debtors	8	587	231
Cash at bank and in hand		7	387
		<hr/> 594	<hr/> 618
CREDITORS: Amounts falling due within one year	9	(29)	(35)
		<hr/> 565	<hr/> 583
NET CURRENT ASSETS			
		<hr/> 565	<hr/> 583
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<hr/> 565	<hr/> 583
NET ASSETS			
		<hr/> 565	<hr/> 583
CAPITAL AND RESERVES			
Called up share capital	10	500	500
Profit and loss account	11	65	83
		<hr/> 565	<hr/> 583
SHAREHOLDERS' FUNDS - EQUITY	12	565	583
		<hr/> 565	<hr/> 583



D R Bonser

Director

2001, 20 December.

NOTES TO THE ACCOUNTS

at 31 March 2001

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 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:

Leasehold improvements	-	20% straight line
Computer equipment	-	33% straight line
Fixtures and fittings	-	20% straight line

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.

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 the parent undertaking.

Turnover is attributable to one activity, the challenge and peer review of liabilities management on BNFL sites and the overseeing of the funding of BNFL's share of liabilities on its sites. The source and destination of all turnover is the UK. All turnover ceased during the year ending 31 March 2000.

NOTES TO THE ACCOUNTS (continued)
at 31 March 2001

3. NET OPERATING COSTS AND EXPENSES

Net operating costs and expenses include:

	2001 £000	2000 £000
Depreciation - owned fixed assets	-	10
Auditors' remuneration - audit services	-	3
Bad debt expense	17	6
Other external and operating charges	13	12
	<hr/> 30	<hr/> 31

4. EMPLOYEE INFORMATION (including Executive Directors)

The average weekly number of employees during the year was 0 (2000: 5).

5. DIRECTORS' EMOLUMENTS

None of the listed directors are paid by the Company.

6. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2001 £000	2000 £000
Bank interest	10	7
	<hr/>	<hr/>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £000	2000 £000
Corporation tax @30% (2000: 30%)	-	8
Adjustments in respect of prior years	-	1
	<hr/> -	<hr/> 9

The company has no deferred tax asset or liability.

NOTES TO THE ACCOUNTS (continued)
at 31 March 2001

8. DEBTORS

	2001 £000	2000 £000
Amounts owed by Group Undertakings	580	199
Corporation Tax Debtor	5	5
Other Debtors & Prepayments	2	27
	<hr/> 587	<hr/> 231

9. CREDITORS: amounts falling due within one year

	2001 £000	2000 £000
Trade creditors	-	1
Amounts owed to Group Undertakings	29	31
Amounts owed to related parties	-	3
	<hr/> 29	<hr/> 35

10. SHARE CAPITAL

	2001 £000	2000 £000
Authorised: 2 million ordinary shares of £1 each	2,000	2,000
Allotted, called up and fully paid: 500,000 ordinary shares of £1 each	<hr/> 500	<hr/> 500

11. RESERVES

	Profit and loss account £000
At 1 April 2000	83
Loss for the year	(18)
At 31 March 2001	<hr/> 65

NOTES TO THE ACCOUNTS (continued)
at 31 March 2001

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £000	2000 £000
(Loss)/Profit for the financial year	(18)	74
Opening shareholders' funds	583	509
	<hr/>	<hr/>
Closing shareholders' funds	565	583
	<hr/>	<hr/>

13. 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.

14. 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.