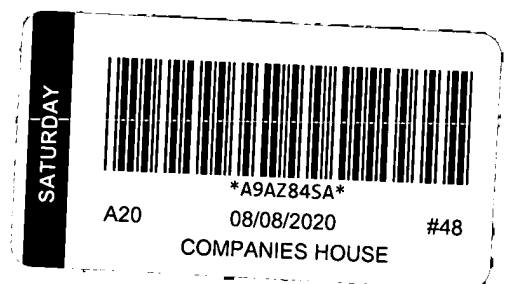


Registered Number 6040606

UK Nuclear Waste Management Limited

**Annual report and financial statements for the year
ended 31 March 2020**



UK Nuclear Waste Management Limited

Annual report for the year ended 31 March 2020

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UK Nuclear Waste Management Limited

Directors and statutory information

Directors

RM Grenier
D G Thompson
D Oxberry (appointed 19 June 2019)
OKM Karlsson (resigned 19 June 2019)
G McGill (resigned 20 October 2019)
P Pointon (appointed 11 November 2019)
KR Tebbit (resigned 20 November 2019)
D Batters (appointed 20 November 2019)

Secretary

R C Cowen

Auditor

Mazars LLP
One St Peter's Square
Manchester
M2 3EY

Registered Office

UK Nuclear Waste Management Limited
Low Level Waste Repository Ltd
Old Shore Road
Drigg
Holmrook
Cumbria, UK
CA19 1XH

Registered Number

6040606

UK Nuclear Waste Management Limited

Strategic report for the year ended 31 March 2020

The directors present their Strategic report for the year ended 31 March 2020.

Principal activities

The Company's principal activity is to act as the Parent Body Organisation ("PBO") of LLWR Repository Limited ("LLWR Limited") which manages and operates the Low Level Waste Repository ("LLWR") on behalf of the Nuclear Decommissioning Authority ("NDA"). The Company acquired 100% of the issued share capital of LLWR Limited together with the associated voting rights on 1 April 2008. The directors of UK Nuclear Waste Management Limited have concluded that, due to the nature of the contractual arrangements between itself, LLWR Limited and the NDA, although the Company owns 100% of the share capital of LLWR Limited, it has significant influence rather than control over its investment. Accordingly, the Company has not consolidated its investment in LLWR Limited.

The directors and management of the Company have concluded that although LLWR Limited is a subsidiary undertaking within the meaning of s1162 of the Companies Act 2006, the contractual arrangements are such that the Company's control over the subsidiary undertaking is restricted. However, the Company does have significant influence over its subsidiary and therefore, in accordance with IAS 28 "Investment in associates", LLWR Limited has been treated as an associate and accounted for using equity accounting.

The principal role of LLWR Limited is to operate the LLWR nuclear site under a site licence and operation contract (M&O contract) with the NDA. This includes nuclear facility management and radioactive waste disposal operations, remediation of legacy facilities, delivery of key work programmes and managing the customer interface between the Company and operations in the UK that send low level nuclear waste to the site.

In addition, LLWR Limited is tasked with the development and subsequent implementation of the UK National Waste Strategy with regards to low level waste. This focuses on extending the useful life of the repository through application of a waste hierarchy which encourages reduction, reuse and recycling of waste in preference to disposal. During the financial year LLWR Limited generated £23,950,000 gross revenues (2019: £30,109,000) in relation to waste treatment services. These services are managed at nil margins on behalf of the NDA as part of the implementation of the above strategy.

All costs incurred by LLWR Limited in the performance of the M&O contract are reimbursed by the NDA, provided that they are not in excess of the Annual Site Funding Limit or otherwise specifically disallowable under the contract. In return LLWR Limited is paid a fee against achievement of targets agreed annually with the NDA.

UK Nuclear Waste Management Limited has an obligation under the M&O contract to fund a £1,000,000 working capital facility. This enables LLWR Limited to meet its liabilities in advance of funding being made available from the NDA under the defined contract terms.

The Company's shareholders are Amentum International Holdings (75%) previously known as AECOM International Holdings UK Limited. The company was renamed on 5th February 2020. Studsvik Limited (15%) and Orano Cycle (10%). There have been no changes in shareholdings in the financial year.

Review of business and future developments

The key financial performance indicators monitored by the directors include turnover, dividend income and profit before tax. The profit for the year of the Company was £3,499,000 (2019 – £3,198,000), including £3,571,000 (2019 – £3,326,000) of equity accounted profits relating to LLWR Limited.

UK Nuclear Waste Management Limited

Strategic report for the year ended 31 March 2020

Review of business and future developments (continued)

Revenue earned by the Company was £1,002,000 (2019 – £1,187,000). The decrease in revenue was the result of changes in the mix of the management team providing services to LLWR. The Company's own administrative costs totalled £71,000 (2019 – £126,000). The decrease in administrative expense is primarily due to a reduction of costs due to the award of the new five year contract in the prior year. Profit before tax increased to £3,500,000 in 2020 from £3,200,000. The Company's performance has been in line with the directors' expectations.

The directors consider that there are no non-financial performance indicators.

Principal risks and uncertainties

The principal risks faced by LLWR Limited, which in turn impact the Company through dividend flows, are set out below:

- **Ownership change** - The Company's financial outturn is driven by operational achievement against the NDA's performance-based incentives (PBIs) and waste diversion targets that form the basis of fees earned under the M&O contract and associated Parent Body Agreement (PBA), through which all the issued share capital of the Company is vested in UKNWM Ltd.
- **FY2020** saw the successful completion of the second year of the NDA contract. FY2021 will be the third and final year of the contract following the announcement of the termination by the NDA. The LLWR contract will therefore have a 12-month transition period concluding on 12th July 2021.
- **Covid-19** - Whilst the long-term consequences of the Covid-19 global pandemic are uncertain; the Directors are satisfied that the Company's emergency response and business continuity arrangements are robust and do not believe that impact of Covid-19 would have a material adverse effect on the Company's financial condition or liquidity. Funding for 2021 has been confirmed by the NDA and the Directors are satisfied that the Company has the ability to continue as a going concern.
- **Limited resources** - Effective management at the Repository is measured by a series of mechanisms, one of which is delivery of PBIs against which fee is earned. Risks associated with balancing the priority work with limited resources will continue to be addressed through the implementation of proven prioritisation processes which assist in successful delivery of PBIs and manage priority of emergent scopes.
- **Waste misconsignment** - Mitigating the risk of incorrect acceptance of waste for disposal or treatment due to inappropriate or erroneous waste radiological characterisation or failure to identify other hazardous properties remains a key focus. The consequence of this may be reputational damage, financial liability, and the loss of a waste treatment route due to regulatory or public pressure.
- **Cyber** - The Company's resilience to cyber threats has been further improved in line with the Company's cyber security resilience plan. Workforce cyber-security awareness continues to be a key focus with induction training and regular awareness briefings being carried out across the organisation, including senior management and the Board. The Company records cyber security incidents alongside other safety, security and environmental issues. None of the cyber incidents in FY2020 have had a material effect on the Company.
- **Going Concern** – Given the nature of the Company's business, the NDA's confirmation of continued funding and the response to external impacts described above, the Directors are satisfied that the Company has the ability to continue as a going concern.

UK Nuclear Waste Management Limited

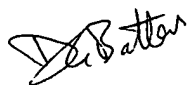
Strategic report for the year ended 31 March 2020

In addition the Company has identified the risk of bearing any disallowable costs that would not be borne by either LLWR Limited or the NDA. This risk is managed and mitigated by the Company's governance procedures and its oversight of LLWR Limited.

Financial instruments

The risks associated with financial instruments, and the financial instrument risk management objectives, policies and strategies are discussed in note 14 of these financial statements.

By order of the Board

A handwritten signature in black ink, appearing to read 'D Batters', is positioned above the printed name and title.

D Batters
Director
30 July 2020

UK Nuclear Waste Management Limited

Directors' report for the year ended 31 March 2020

The directors present their directors' report for the year ended 31 March 2020.

Going concern

The Company's forecasts and projections of the return on its investment in its legal subsidiary, taking into account possible changes in circumstances, indicate that the future cash flows from the Company's investments will enable the Company to meet short term liabilities and the repayment of the loan on or before March 2023. The customer (NDA) has terminated the contract for convenience which will result in the share transfer on 12th July 2021. The company will however continue to exist for some time whilst tax issues are closed out and dividends received. The shareholders have commenced initial discussions about the possibility of bidding for new work together. The directors have therefore, prepared the financial statements on a going concern basis.

Future developments

The Nuclear Decommissioning Authority (NDA) made a decision to terminate for convenience the Low-Level Waste Repository (LLWR) contracts. The LLWR contract will have a 12-month transition period concluding July 2021.

This decision is part of a broader NDA strategy to transition into "One NDA" where all site license companies within the NDA estate will become direct subsidiaries of the NDA. This move comes as no surprise to us. This decision is not a reflection of UK NWM performance; this is simply a contracting model change that the customer believes will provide a more integrated approach to management.

UKNWM has through LLWR delivered significant benefits for the UK low-level radioactive waste management mission across the UK, averting the requirement for a second Low Level Waste Repository, securing more than £400M in savings and revolutionizing the way the nuclear industry manages its radioactive waste. We will ensure a smooth and safe transition to support the important mission of our NDA customer..

With successful completion of two five year NDA contracts and the award of a further five year contact term in 2019, management attention at LLWR continues to be focussed on sustained delivery, namely:

1. Management of the National LLW Programme and provision of waste management services.
LLWR Limited will continue to integrate the activities of waste producers and suppliers to deliver both UK Government policy objectives and the NDA's strategy for LLW Management.
2. Repository Development – LLWR Limited will deliver the Repository Development Programme to ensure that new disposal capacity and final closure engineering works are designed, constructed and made available in line with regulatory expectations and the NDA's requirements
3. Historic Liabilities – LLWR Limited will continue to progress the decontamination, decommissioning and demolition of historic PCM facilities. To support this scope LLWR Limited will undertake further work on licensing, manufacture, commissioning and operation of replacement transport containers (Industrial Package Type - B) to support transfer of drummed fissile wastes from the LLWR, Winfrith, Harwell and Aldermaston sites to Sellafield for interim storage.
4. Repository Operations – LLWR Limited will continue to operate the UK's national Low Level Waste Disposal site in a safe and environmentally responsible manner.
5. LLWR Limited will support the NDA in two important areas that will determine the future prospects of the Company:
 - a. Development of an NDA-led National Programme for Integrated Waste Management;
 - b. Preparation for possible changes to the ownership of the Company at the end of the third term in 2023.

UK Nuclear Waste Management Limited

Directors' report for the year ended 31 March 2020

The contract objectives outlined above will deliver LLWR's vision and achieve the following outcomes:

- Maintain the capability to manage all currently foreseeable UK industry low level waste to 2135 and eliminate the requirement for a second UK Low Level Waste Repository
- Deliver savings for NDA, public and private sector waste producers through the diversion of waste for treatment;
- Enable waste producers to adopt a more integrated waste management approach in line with NDA strategy;
- Realise cost savings through implementation of an optimised site development plan;
- Reduction in historic liabilities relating to LLW Repository

UK Nuclear Waste Management Limited

Directors' report for the year ended 31 March 2020

Results and dividends

The profit after taxation amounted to £3,499,000 (2019: £3,198,000); the directors have recommended and paid dividends of £4,032,000 (2019: £2,944,000) to the shareholders of UK Nuclear Waste Management Limited in respect of the year ended 31 March 2020.

Distributable retained earnings

At the year end the Company has reserves of £1,911,000 (2019 – £2,444,000). This balance includes the equity accounted profit of Low Level Waste Repository Limited of £3,571,000 for the current year (2019 – £3,326,000) less the PBO's own costs, less dividends paid during the year of £4,032,000. Distributable retained earnings of the Company are based upon dividends received from Low Level Waste Repository Limited rather than equity accounted profit. At the year-end distributable retained earnings were £158,000 (2019 – £260,000) (see note 16).

Post balance sheet events

On 17 June 2020, LLW Repository Limited declared a dividend to the Company of £1,586,000.

The Nuclear Decommissioning Authority (NDA) made a decision to terminate for convenience the Low-Level Waste Repository (LLWR) contracts. The LLWR contract will have a 12-month transition period concluding 12 July 2021.

Charitable donations

The Company has made charitable donations of £10,000 (2019: £30,000) during the year to local charities.

Directors

The company paid £11,000 (2019: £11,000) for directors and officers liability insurance. The level of cover is £1,500,000.

The directors who held office during the year and up to the date of the approval of these financial statements are given below

RM Grenier

D G Thompson

D Oxberry (appointed 19 June 2019)

Paul Pointon (appointed 11 November 2019)

D Batters (appointed 20 November 2019)

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union.

Under Company Law the directors must not approve the Company's financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Company for the year. In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state that the Company has complied with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- make judgments and estimates that are reasonable and prudent.

UK Nuclear Waste Management Limited

Directors' report for the year ended 31 March 2020

Directors' responsibilities statement (continued)

The directors are responsible for keeping adequate accounting records that 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.

Auditor

Each person who is a director at the date of approval of this report confirms that:

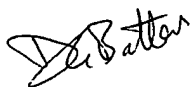
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and;
- the director has taken all the steps that he ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Annual General Meetings and Auditor

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 Auditor on an annual basis.

By order of the Board



D Batters
Director
30th July 2020

UK Nuclear Waste Management Limited

Independent auditor's report to the members of UK Nuclear Waste Management Limited

Opinion

We have audited the financial statements of UK Nuclear Waste Management Limited (the 'company') for the year ended 31 March 2020 which comprise the Income statement, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

UK Nuclear Waste Management Limited

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

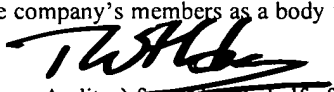
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

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.


Timothy Hudson (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor 31 July 2020

UK Nuclear Waste Management Limited

One St Peters Square, Manchester, M2 3DE

Date:

Income statement for the year ended 31 March 2020

		2020	2019
	Notes	£'000	£'000
Revenue	2	1,002	1,187
Cost of sales		(1,002)	(1,187)
Gross profit		-	-
Administrative expenses		(71)	(126)
Operating loss	3	(71)	(126)
Share of post-tax results of associate	8	3,571	3,326
Finance revenue	5	21	21
Finance expense	6	(21)	(21)
Profit before taxation		3,500	3,200
Tax on profit	7	(1)	(2)
Profit for the financial year	16	3,499	3,198

All of the results included in the profit and loss account are from continuing activities.
The Company has no other comprehensive income other than the results for the year as set out above.


UK Nuclear Waste Management Limited

Statement of financial position as at 31 March 2020

		2020	2019
		£'000	£'000
ASSETS			
Non-current assets			
Investments accounted for using the equity method	8	1,753	2,184
Loans to associated undertakings	9	1,000	1,000
		2,753	3,184
Current assets			
Current trade and other receivable	10	276	74
Cash and cash equivalents	11	1,334	273
		1,610	347
Total assets		4,363	3,531
LIABILITIES			
Current liabilities			
Trade and other payables	12	(1,452)	(87)
		(1,452)	(87)
Non-current liabilities			
Financial liabilities	13	(1,000)	(1,000)
Total liabilities		(2,452)	(1,087)
Net assets		1,911	2,444
Equity			
Share capital	15	-	-
Retained earnings	16	1,911	2,444
Total equity attributable to equity holders of the Company	16	1,911	2,444

Company Number: 6040606

The financial statements were approved by the board of directors on 30th July 2020 and were signed on its behalf by:



D Batters

Director

UK Nuclear Waste Management Limited

Statement of changes in equity for the year ended 31 March 2020

	Note	Equity share capital £'000	Retained earnings £'000	Total Equity £'000
At 1 April 2018		-	2,190	2,190
Total comprehensive income for the year		-	3,198	3,198
Equity dividends paid		-	(2,944)	(2,944)
At 1 April 2019		-	2,444	2,444
Total comprehensive income for the year		-	3,499	3,571
Equity dividends paid		-	(4,032)	(4,032)
At 31 March 2020	16	-	1911	1,983

UK Nuclear Waste Management Limited

Statement of cash flows for the year ended 31 March 2020

	Notes	2020 £'000	2019 £'000
<i>Cash flow from operating activities</i>			
Operating loss		(71)	(126)
(Increase)/ Decrease in receivables		(203)	118
Increase / (Decrease) in payables		1,365	(138)
Cash absorbed by operations		1,091	(146)
Income tax paid		(2)	(3)
<i>Net cash inflow/ (outflow) from operating activities</i>		1,089	(149)
<i>Investing activities</i>			
Interest received		21	21
Dividends received from subsidiary undertaking		4,003	3,048
<i>Net cash inflow from investing activities</i>		4,024	3,069
<i>Financing activities</i>			
<i>Interest paid</i>		(20)	(21)
Dividends paid to shareholders		(4,032)	(2,944)
<i>Net cash outflow from financing activities</i>		(4,052)	(2,965)
<i>Net inflow/(outflow) in cash and cash equivalents</i>		1,061	(45)
Cash and cash equivalents at the beginning of the year		273	318
<i>Cash and cash equivalents at the year end</i>	11	1,334	273

UK Nuclear Waste Management Limited

Notes to the financial statements for the year ended 31 March 2020

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

Basis of preparation

UK Nuclear Waste Management Limited is a private limited Company by shares, incorporated and domiciled in England and Wales. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted for use in the EU ("adopted IFRS"), International Financial Reporting Interpretations Committee ("IFRIC") interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements of UK Nuclear Waste Management Limited for year ended 31 March 2020 were authorised for issue by the board of Directors on 30th July 2020 and the balance sheet was signed by G McGill on the board's behalf.

New standards and interpretations applied

The adoption of the following mentioned standards, amendments and interpretations in the current year have not had a material impact on the Company's financial statements for the year ended 31 March 2020

• 'Annual Improvements to IFRS Standards 2015–2017 Cycle,'	1 January 2020
• 'Prepayment Features with Negative Compensation (Amendments to IFRS 9)'	1 January 2020
• 'Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)'	1 January 2020
• 'Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)'	1 January 2020
• IFRIC 23 'Uncertainty over Income Tax Treatments'	1 January 2020
• IFRS 16 'Leases'	1 January 2020
• 'Definition of a Business (Amendments to IFRS 3)'	1 January 2020
• 'Definition of Material (Amendments to IAS 1 and IAS 8)'	1 January 2020

The adoption of the following mentioned standards, amendments and interpretations in future years are not expected to have a material impact on the Company's financial statements:

• IFRS 17 'Insurance Contracts'	1 January 2021
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The calculation of accruals includes estimates and judgements that are reasonable and prudent.

Significant influence under IAS 28 requires UK Nuclear Waste Management Limited to account for LLWR Limited as an associate and not as a subsidiary for financial reporting purposes. Therefore, under IAS 28, UK Nuclear Waste Management Limited is required to equity account for its interest in LLWR Limited.

Interests in associates

The Company's interest in its associates, being those entities over which it has significant influence, and which are neither subsidiaries nor joint ventures, are accounted for using the equity method of accounting. Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the associate, less distributions received and less any impairment in value of individual investments. The income statement reflects the share of the associate's income after tax, and the statement of comprehensive income represents the share of the associates other comprehensive income after tax.

Financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies used into line with those of the Company; to take into account fair values assigned at the date of acquisition and to reflect impairment losses where appropriate. Adjustments are also made in the equity accounted financial statements to eliminate the share of unrealised gains and losses on transactions between the Company and its associates.

UK Nuclear Waste Management Limited

Notes to the financial statements for the year ended 31 March 2020

1. Accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, excluding value added tax. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue for secondees services supplied to LLWR Limited is recognised based upon time, expenses incurred and performance criteria.

Interest income

Revenue is recognised as interest accrues using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount.

Dividends

Revenue is recognised when the Company's right to receive payment is established.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade and other receivables

Trade receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Financial liabilities

Interest bearing loans from shareholders

Obligations for loans from shareholders are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans from shareholders are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of financial liabilities are recognised respectively in finance revenue and finance expense.

The financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

Going concern

The Company's forecasts and projections of the return on its investment in its legal subsidiary, taking into account possible changes in circumstances, indicate that the future cash flows from the Company's investments will enable the Company to meet short term liabilities and the repayment of the loan on or before March 2023. The customer (NDA) has terminated the contract for convenience which will result in the share transfer on 12th July 2021. The company will however continue to exist for some time whilst tax issues are closed out and dividends received. The shareholders have commenced initial discussions about the possibility of bidding for new work together. The directors have therefore, prepared the financial statements on a going concern basis.

UK Nuclear Waste Management Limited

Notes to the financial statements for the year ended 31 March 2020

1. Accounting policies (continued)

Further details regarding how the directors reached their conclusion on going concern are set out in the Directors' report on page 6.

Contract renewal costs

Costs associated with contract renewal are expensed as they are incurred.

Taxation

Income tax expense comprises the sum of current tax charge and the movement in deferred tax.

Current tax payable or recoverable is based on taxable profit for the year using tax rates and laws that have been enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable in respect of previous years. Tax is recognised in the income statement except to the extent that it relates to items recognised in equity, in which case it is recognised in the statement of changes in equity.

1a. Judgements in applying accounting policies and key sources of estimation uncertainty

The key judgements used by the Company in preparing the Financial Statements relate mainly to:

- **Equity accounting** – management judgement is required to determine the level of control of the subsidiary LLW Repository Limited such that it is treated as an associate under equity accounting rather than consolidated as a subsidiary.

There were no significant estimates involved in the preparation of the financial statements around items where there is high uncertainty around the outcome.

2. Revenue

Revenue is derived from secondees services supplied to LLWR Limited in accordance with the M&O agreement. All revenue has arisen in the United Kingdom.

	2020 £'000	2019 £'000
United Kingdom	1,002	1,187

3. Operating loss

The operating loss is stated after charging:

	2020 £'000	2019 £'000
Audit of the Company financial statements	12	10
Other fees to auditors:		
- Other services relating to taxation	-	3
- All other services	-	1

UK Nuclear Waste Management Limited

Notes to the financial statements for the year ended 31 March 2019

4. Staff costs and directors' emoluments

The directors received no emoluments from the Company for their services (2019 - nil) as these services are inconsequential to their other roles.
The Company has no employees (2019-nil).

5. Finance revenue

	2020 £'000	2019 £'000
Interest receivable from associate	21	21

6. Finance expense

	2020 £'000	2019 £'000
Interest payable on loans from group companies	16	16
Interest payable on loans from related party companies	5	5
	21	21

7. Taxation – continuing operations

	2020 £'000	2019 £000
(a) Tax charge in the income statement		
Current income tax	1	2
	1	2
(b) Reconciliation of the total tax charge		
	2020 £'000	2019 £'000
Profit before taxation	3,499	3,200
Tax on profit of ordinary activities at standard UK corporation tax rate of 19% (2019- 19%)	665	608
Effects of:		
Post-tax profits of associate	(691)	(632)
Transfer pricing adjustment	27	26
	1	2

UK Nuclear Waste Management Limited

Notes to the financial statements for the year ended 31 March 2019

7. Taxation – continuing operations (continued)

(c) Factors that may affect future tax charges

Changes to the UK corporation tax rate have been announced that will have an effect on future tax charges. The change in the corporation tax rate to remain at 19% from 1 April 2020 and not be reduced to 17% has been enacted at the balance sheet date. In addition, during 2019 the UK government announced changes to the rules regarding loss relief and the deductibility of interest, which was effective from 1 April 2019. These new rules were enacted during the prior period and hence they have been reflected in these financial statements.

8. Investment in associate

	2020	2019
	£'000	£000
Investment in associate	1,753	2,184
Share of post-tax results of associate	3,571	3,326
Investment in associate - movement	2020	2019
	£'000	£'000
As at 1 April	2,184	1,906
Share of post-tax results of associate	3,571	3,326
Dividends received	(4,003)	(3,048)
As at 31 March	1,752	2,184

The Company has a 100% interest in LLW Repository Limited, a private Company which provides nuclear facility management and operations, clean-up of legacy facilities and managing the customer interface between the Company and operations in the UK that send low level nuclear waste to the site. The Company is registered in England and Wales. The investment in Low Level Waste Repository Limited was acquired on 1 April 2008 for consideration of £2 paid in cash. As explained in note 1, Low Level Waste Repository Limited is accounted for as an associate due to contractual restrictions over UK Nuclear Waste Management Limited's ability to exercise control.

UK Nuclear Waste Management Limited

Notes to the financial statements for the year ended 31 March 2020

8. Investment in associate (continued)

The following table illustrates summarised financial information of the Company's investment in LLW Repository Limited:

	2020	2019
	£'000	£'000
Share of the associate's balance sheet:		
Share of gross assets	47,071	51,525
Share of gross liabilities	(45,319)	(49,341)
Share of net assets	1,752	2,184
Share of the associate's income statement for the year 1 April to 31 March:		
Revenue	4,445	4,025
Profit after tax	3,571	3,326
Share of the associate's statement of equity for the year 1 April to 31 March		
Actuarial gain/(loss) recognized in the Combined Nuclear Pension Plan ("CNPP")	3,088	(1,603)
Actuarial (gain)/loss on GPS/ONPP funded by NDA	(3,088)	1,630
Net changes in equity	-	-
	2020	2019
	£'000	£'000
Additional information: Share of the associate's gross fees and reimbursement of Site Licence Company costs for the year 1 April to 31 March	85,669	104,768

The gross fees and reimbursement of Site License Company costs includes both fee income (revenue) earned and the reimbursement of costs by the Nuclear Decommissioning Authority under the terms of the M&O agreement. This is memorandum information and does not form part of the primary statements of the associate.

	2020	2019
	£	£
Investment at cost and net book value	2	2

UK Nuclear Waste Management Limited

Notes to the financial statements for the year ended 31 March 2020

8. Investment in associate (continued)

The investment in associate as at 31 March 2020 and at 31 March 2019 was as follows:

	Country of incorporation	Percentage of Ordinary shares held by the Company
Company:		
LLW Repository Limited	England & Wales	100%
Activities:		
Operation of the Low Level Waste Repository nuclear site under site licence and operation contracts with the Nuclear Decommissioning Authority		

Shareholdings are held in the name of UK Nuclear Waste Management Limited.

As a result of the operation of the contractual arrangement between the Company, LLW Repository Limited and the Nuclear Decommissioning Authority, the directors have concluded that, although the investment in LLW Repository Limited is a legal subsidiary undertaking within the meaning of S1162 of Companies Act 2006, the circumstances are such that the Company is restricted from controlling its legal subsidiary and instead has significant influence over it. As a consequence, under S405 (3) (a) of Companies Act 2006, the Company has concluded that it should not consolidate its legal subsidiary. In accordance with IFRS 10, as the Company has no other legal subsidiary undertakings, the Company has further concluded that it should not prepare consolidated financial statements.

9. Loans to associated company or undertaking

	2020 £'000	2019 £'000
Non- current		
Loan to associated undertaking	1,000	1000

Amounts owed to shareholders comprise the following unsecured loans shown at their carrying value as at 31 March 2020, with interest being charged at a variable rate of LIBOR +1.5% margin. The revolving credit facility loan is due for repayment on the earlier of 31 March 2023 or on the date on which the borrower ceases to be a wholly owned subsidiary. No repayments were made in year (2019 – Nil). Interest accrued at 31 March 2020 was £4,000 (2019 – £5,000).

UK Nuclear Waste Management Limited

Notes to the financial statements for the year ended 31 March 2019

10. Current trade and other receivables

	2020 £'000	2019 £'000
Amounts expected to be recovered within one year:		
Prepaid expenses	3	2
Amounts owed by associated undertaking	228	67
Amounts owed by group undertakings	45	-
Other tax	-	5
	276	74

The amounts owed by associate are amounts receivable from LLWR Limited, none of which are overdue.

11. Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and short-term deposits	1,334	273

12. Current trade and other payables

	2020 £'000	2019 £'000
Trade payables and Accruals	22	20
Other taxes and social security	11	-
Amounts owed to group undertakings	1,090	43
Amounts owed to related party undertakings	328	22
Corporation tax	1	2
	1,452	87

UK Nuclear Waste Management Limited

Notes to the financial statements for the year ended 31 March 2020

13. Financial liabilities

	Non-Current	
	2020 £'000	2019 £'000
Amounts owed to group undertakings	750	750
Amounts owed to related party undertakings	250	250
	1,000	1,000

Amounts owed to shareholders comprise the following unsecured loans shown at their carrying value as at 31 March 2020, with interest being charged at a variable rate of LIBOR +1.5% margin. The revolving credit facility loan is due for repayment on the earlier of 31 March 2023 or on the date on which the borrower ceases to be a wholly owned subsidiary. No repayments were made in year (2019 – Nil). Interest accrued at 31 March 2020 was £3,500 (2019 – £5,000).

14. Financial instruments

Financial instrument risk management objectives, policies and strategies

The Company finances its activities with loans from shareholders and cash and short-term deposits. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's trading activities. The Company does not trade in financial instruments. Financial instruments give rise to foreign currency, interest rate, credit, price and liquidity risk. Information on how these risks arise is set out below, as are the objectives, policies and processes agreed by the board for their management and the methods used to measure each risk.

Foreign exchange rate risk

Even though all of the shareholders are ultimately owned by companies which are not registered in the United Kingdom, the Company itself has minimal exposure to foreign currency risk as all transactions and balances are in British Pound Sterling.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation from its operations.

Interest rate risk

The rate of interest charged to LLW Repository Limited and the rate of interest credited to the shareholders on the revolving facility loan are both linked to LIBOR and therefore, the interest rate risk to the Company is therefore minimised, given that there will be a nil profit effect with any interest rate fluctuations.

Credit risk

As disclosed in note 10, there is a credit risk in relation to balances due from LLW Repository Limited. However, as noted in the accounting policies, the contractual arrangements between the Company, its associate and the Nuclear Decommissioning Authority "NDA" are such that this risk is mitigated. In the unlikely event that the NDA was no longer able to provide the funding for LLW Repository Limited, the NDA would be required to purchase LLW Repository Limited for a nominal sum, thus reinforcing the NDA's responsibility for the underlying liabilities and reducing the credit risk to the Company.

UK Nuclear Waste Management Limited

Notes to the financial statements for the year ended 31 March 2020

14. Financial instruments (continued)

Liquidity risk

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Repayable:	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000
<i>Interest bearing loans:</i>				
2020	-	4	-	1,000
2019	-	5	-	1000
<i>Trade and other payables:</i>				
2020		287	1	-
2019		80	2	-

Fair values of financial assets and liabilities

For financial instruments not traded in active markets for which no quoted market price is available the fair value was determined using valuation techniques. The fair value of loan notes, other financial assets and borrowings has been calculated by discounting the expected future cash flows at prevailing market interest rates for instruments with substantially the same terms and characteristics. The carrying value of short term receivables and payables are assumed to approximate their fair values where discounting is not material.

The fair values of the financial assets and liabilities are not materially different from their book values.

15. Share capital

	2020 £	2019 £
Called up and allotted and fully paid:		
100 ordinary shares of £1 each	100	100

UK Nuclear Waste Management Limited

Notes to the financial statements for the year ended 31 March 2020

16. Reserves

	Retained earnings		Total
	£'000	£'000	£'000
At 1 April 2018		2,190	2,190
Total comprehensive income for the year		3,198	3,198
Equity dividends paid			
1 st dividend (£16,940 per share)	1,694		
2 nd dividend (£2,000 per share)	200		
3 rd dividend (£10,500 per share)	1,050		
		2,944	2,944
At 1 April 2019		2,444	2,444
Total comprehensive income for the year		3,499	3,499
Equity dividends paid			
1 st dividend (£22,000 per share)	2,200		
2 nd dividend (£1,600 per share)	160		
3 rd dividend (£5,080 per share)	508		
4 th dividend (£11,640 per share)	1,164		
		(4,032)	(4,032)
At 31 March 2020		1,911	1,911

The Company's share of the associate's profit after tax, as recorded in the income statement, is not distributable until such time as it is received by the Company by way of dividends from LLW Repository Limited. At 31 March 2020 the amount recorded within reserves which is not considered distributable is £1,753,000 (2019 – £2,184,000). The distributable retained earnings at 31 March 2020 are £158,000 (2019 – £260,000).

17. Financial commitments

At 31 March 2020 and 31 March 2019, the Company has no capital commitments or lease commitments.

UK Nuclear Waste Management Limited

Notes to the financial statements for the year ended 31 March 2020

18. Related party transactions

At 31 March 2020, the Company identified the following companies as related parties:

<i>Company</i>	<i>Relationship with UK Nuclear Waste Management Limited</i>
LLW Repository Limited	Associate by virtue of the Company's 100% shareholding in LLW Repository Limited
Orano Cycle (formerly known Areva-NC)	Related party by virtue of its 10% shareholding in the Company
Orano Projects Limited (formerly known as Areva Risk Management Consulting)	Related party by virtue of shareholder in common, via Orano Cycle
Studsvik Limited	Related party by virtue of its deemed 15% shareholding in the Company
Amentum International Holdings UK Limited (formerly AECOM International Holdings UK Limited, renamed on 5th February 2020)	Group undertaking by virtue of its 75% shareholding in the Company
AECOM E&C UK Limited	Group undertaking by virtue of common control via AECOM International Holdings UK Limited's 75% shareholding in the Company
AECOM Infrastructure & Environment UK Limited	Group undertaking by virtue of common control of ultimate parent undertaking

Associated undertaking

Included within Note 9 as 'Loans to associated company is a balance of £1,000,000 (2019: £1,000,000) in respect of a loan to LLWR Limited. Interest on this loan is receivable at 1.5% above LIBOR per annum, payable on a quarterly basis. Interest receivable amounted to £21,000 for the financial year (2019: £21,000). At the balance sheet date, interest of £3,500 (2019: £5,000) was due and disclosed within Note 10 as 'Amounts owed by associated undertaking.'

Also included in Note 10 as 'Amounts owed by associated undertaking' is a balance of £228,163 (2019: £67,000) receivable from LLWR Limited in respect of services provided by the Company and interest receivable. The total value of services provided in the financial year was £1,002,000 (2019: £1,187,000). There is a balance of £45,354 owed by Amentum EC (UK) Ltd (2019 nil).

Related party and group undertakings

Note 12, 'Current trade and other payables' and note 13 'Financial liabilities' include £2,248,987 (2019: £1,065,000); this comprised amounts payable to related party and group undertakings of £81,487 (2019: £61,000) and £1,003,500 (2019: £1,005,000), respectively. Included in the balance is a dividend due to group undertakings of £1,164,000 (2019: nil) which was paid on 3rd April 2020.

The amounts payable to related party and group undertakings comprise amounts outstanding in respect of, trade services of £81,487 (2019: £60,000), loans of £1,000,000 (2019: £1,000,000) and interest payable of £3,500 (2019: £5,000).

The revolving credit facility loan is due for repayment on the earlier of 31 March 2023 or on the date on which the borrower ceases to be a wholly owned subsidiary. Interest is charged at 1.5% above LIBOR per annum, payable on a quarterly basis. Details of the amounts payable to each of the Company's related parties are provided below.

UK Nuclear Waste Management Limited

Notes to the financial statements for the year ended 31 March 2020

18. Related party transactions (continued)

Trade Services

Included in Note 12, 'Current trade and other payables', is a balance of £81,487 (2019: £60,000) relating to services provided to the Company. This balance outstanding and the value of services provided in the financial year are analysed between the Company's related parties in the following table:

	<i>Studsvik Limited</i>	<i>Orano Cycle</i>	<i>Amounts owed to related party undertakings</i>	<i>Amounts owed to group undertakings</i>	<i>Total</i>
31 March 2020	£	£	£	£	£
Services Provided	191,072	-	191,072	717,402	908,474
Trade Payables	19,317	-	19,317	62,170	81,487
31 March 2019					
Services Provided	171,000	23,000	194,000	1,089,000	1,283,000
Trade Payables	20,000	-	20,000	40,000	60,000

Loans

Included within Note 13, 'Financial liabilities', is a balance of £1,000,000 (2019: £1,000,000) relating to loans made to the Company by its related parties. The balance of loans outstanding at the balance sheet date is split between the Company's related parties as shown in the following table:

	<i>Studsvik Limited</i>	<i>Orano Cycle</i>	<i>Amounts owed to related party undertakings</i>	<i>Amounts owed to group undertakings</i>	<i>Total</i>
31 March 2020	£	£	£	£	£
Loan Outstanding	150,000	100,000	250,000	750,000	1,000,000
31 March 2019					
Loan Outstanding	150,000	100,000	250,000	750,000	1,000,000

Interest payable

Included within Note 12, 'Current trade and other payables', is a balance outstanding of £5,000 (2019: £5,000) relating to interest charged on loans from the Company's related parties. Interest is charged at 1.5% above LIBOR per annum, payable on a quarterly basis. The balance outstanding at the balance sheet date and the value of interest accrued in the financial year are analysed between the Company's related parties in the following table:

The balance outstanding at the balance sheet date and the value of interest accrued in the financial year are analysed between the Company's related parties in the following table:

	<i>Studsvik Limited</i>	<i>Orano Cycle</i>	<i>Amounts owed to related party undertakings</i>	<i>Amounts owed to group undertakings</i>	<i>Total</i>
31 March 2020	£	£	£	£	£
Interest Accrued	4,000	2,000	6,000	19,000	25,000
Interest Paid	3,000	1,000	4,000	16,000	20,000
Interest Payable	1,000	-	1,000	3,000	4,000
31 March 2019					
Interest Accrued	3,000	2,000	5,000	16,000	21,000
Interest Paid	3,000	1,000	4,000	12,000	16,000
Interest Payable	1,000	-	1,000	4,000	5,000

UK Nuclear Waste Management Limited

Notes to the financial statements for the year ended 31 March 2020

19. Events after the balance sheet date

On 17 June 2020, LLW Repository Limited declared a dividend to the Company of £1,586,000.

The Nuclear Decommissioning Authority (NDA) announced their decision on 10 July 2020 to terminate for convenience the Low-Level Waste Repository (LLWR) contracts. The LLWR contract will have a 12-month transition period concluding 12 July 2021.

This decision is part of a broader NDA strategy to transition into “One NDA” where all site license companies within the NDA estate will become direct subsidiaries of the NDA.

20. Ultimate parent Company and controlling party

The immediate parent undertaking is Amentum International Holdings UK Limited (previously known as AECOM International Holdings Limited), a company incorporated in the United Kingdom and registered in England and Wales.

The ultimate controlling party is American Securities LLC and Lindsay Goldberg.

American Securities

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Lindsay Goldberg

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