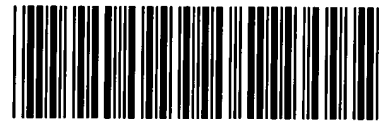


Registered Number 6040606

UK Nuclear Waste Management Limited

Annual report for the year ended 31 March 2017

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UK Nuclear Waste Management Limited

Annual report for the year ended 31 March 2017

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UK Nuclear Waste Management Limited

Directors and statutory information

Directors

R C Bonner

P E A H de Montaignac de Chauvance

G McGill

D G Thompson

Secretary

R C Cowen

Auditors

Ernst & Young LLP

100 Barbirolli Square

Manchester, UK

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 2017

The directors present their Strategic report for the year ended 31 March 2017.

Principal activities

The Company's principal activity is to act as the Parent Body Organisation ("PBO") of LLW Repository Limited ("LLWR Limited") which manages and operates the Low Level Waste Repository ("LLWR") near Drigg in West Cumbria on behalf of the Nuclear Decommissioning Authority ("NDA"). The Company acquired 100% of the issued share capital of LLWR Limited 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 Company acquired 100% of the issued share capital of LLWR Limited together with the associated voting rights on 1 April 2008. The directors and management of UK Nuclear Waste Management Limited 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, UK Nuclear Waste Management Limited 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 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.

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 £21,328,000 gross revenues (2016: £15,612,000) 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.

In October 2015 LLWR Limited submitted a revised planning application to Cumbria County Council to enable the phased construction of an extension to existing Repository structures, higher stacking of containers in the Repository and construction of a final cap of the existing and new Repository structures. Planning consent was granted in July 2016 and work is anticipated to start in 2017.

The Company's shareholders are URS International Holdings (UK) Limited (75%), Studsvik Limited (15%) and Areva NC (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 £5,822,000 (2016 – £6,424,000), including £6,072,000 (2016 – £6,599,000) of equity accounted profits relating to LLWR Limited. The prior year equity accounted profit includes the additional £401,000 earned in FY2016 from the Alternative Remuneration Task (ART) in relation to the extended Environmental Safety Case. The Company has successfully achieved 97% of available fee targets set during the year nearly matching the exceptional 2016 value of 98%.

UK Nuclear Waste Management Limited

Strategic report for the year ended 31 March 2017

Review of business and future developments (continued)

Revenue earned by the Company was £1,441,000 (2016 – £1,609,000). The 11% 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 £246,000 (2016 – £173,000). The increase in administrative expense is primarily due to costs incurred as part of the ongoing contract renewal process. Profit before tax decreased to £5,826,000 in 2017 from £6,426,000. 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 risk faced by the Company is that the NDA may not extend the Parent Body and M&O agreements beyond March 2018. The negotiations to date have focused primarily on the scope of the 3rd term, and while the final outcome is still to be determined, the UKNWM Board believe the risk of the NDA not extending the contract to be very small.

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

- Financial outturn is driven by operational performance against the NDA's performance-based incentives (PBI's) and waste diversion targets that form the basis of fees earned under the M&O contracts. The M&O contract is for a maximum of 17 years and awarded on a 5 + 5 + 2 basis.
- LLWR Limited is required to demonstrate effective management at the Repository, measured by a series of mechanisms, one of which is delivery of Performance Based Incentive's "PBIs" against which a fee is earned. Risks associated with prioritisation will be addressed during FY2017 with the implementation of an improved prioritisation process which will assist in successful delivery of PBIs and manage priority of emergent scopes.
- In an environment of continued funding pressure from government one of the key challenges facing LLWR Limited is to satisfy nuclear industry regulators by ensuring appropriate funding allocations to key risk mitigation projects. These include ensuring performance of key assets such as Repository drainage systems, repairs to historic Repository capping structures and demolition of legacy radioactive waste storage facilities. LLWR Limited is committed to ensuring these risks are actively managed through its prioritisation processes and continuing discussion with regulators to remain within funding levels.
- The risk of incorrect acceptance of waste for disposal or treatment due to inappropriate or erroneous waste identification is a key focus for FY2018. This risk results from instrumentation failure, interpretation or human errors, either by the Company or its customers or suppliers. The consequence of this may be reputational damage, financial liability, and the loss of a waste treatment route due to regulatory or public pressure. This risk is managed by supply chain and Company procedures and assurance activities. For FY2018, the LLWR Board has commissioned a piece of work to further look at this risk with a specific focus on ways to further mitigate the risk.
- LLWR Limited is also dealing with legacy wastes on the Site for which the provenance data continues to be assessed. Much of FY2017 was spent sampling and analysing these waste drums, and as a result, the contents are now much better understood. With this new information, the focus in FY2017 will be to develop a strategy for disposal.
- The cyber threat to LLWR Limited can range from the defacing of its website to the detected or undetected penetration of existing IT systems with malicious intent. As a result, LLWR Limited are implementing an IT strategy that specifically deals with many of the associated risks. To date the NDA have funded the IT strategy.

UK Nuclear Waste Management Limited

Strategic report for the year ended 31 March 2017

Principal risks and uncertainties (continued)

- Planning permission associated with ongoing disposal of waste at the Repository was approved in July 2016 and enabling works for Repository Development will be ongoing through FY2018. Further planning approval is required to comply with ESC requirements and to implement the plans for repository optimisation that provide capacity for LLW disposal into the future. These approvals have been integrated into the Repository Development schedule and will be managed accordingly.
- Continuing implementation of the national strategy is a key objective. Supply chain capability to provide treatment and disposal services is a key risk to this objective. LLWR Limited will continue help to mitigate this risk by working with the supply chain to increase its maturity and ensure sustainability.
- In the unlikely event that the NDA was no longer able to provide the funding for LLWR Limited to continue its waste management and decommissioning activities in compliance with the site licence conditions, the NDA would be required to purchase LLWR Limited for a nominal sum, thus reinforcing the NDA's responsibility for the underlying liabilities.

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



G McGill
Director
13 June 2017

UK Nuclear Waste Management Limited

Directors' report for the year ended 31 March 2017

The directors present their directors' report for the year ended 31 March 2017.

Going concern

The initial five year contract awarded by the NDA ended on 31 March 2013. A further 5 year contract extension was awarded to UKNWM during March 2013, extending the contract to March 2018. The Company is confident that the contract will be extended beyond March 2018. 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 repayments on the loans as they fall due. The directors have therefore, prepared the financial statements on a going concern basis.

Future developments

With successful completion of the first four years of the second NDA contract term, management attention at LLWR continues to be focussed on sustained delivery of contract objectives, 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. Prepare for the 3rd term of the contract between the NDA and UKNWM Ltd. The Company will develop the business case and associated lifetime plan for the period 2018 to 2023 in anticipation of the NDA's acceptance of UKNWM's proposal for the 3rd term. Formal notice of NDA's intention in this regard is expected by 30 September 2017

The contract objectives outlined above will deliver LLWR's vision and achieve the following by 2018:

- Maintain the capability to manage all currently foreseeable UK industry low level waste to 2129 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

During FY17 a contract assurance review was undertaken by LLWR Limited, with NDA oversight, with the purpose of assessing LLWR performance in relation to four core contract areas at the mid-point of the second term contract. These areas were Benefits Realisation, Target and Milestone Achievement, Incentive Fee criteria/performance, and Contract Management. The review analysed the impact of LLWR's activities on NDA Estate and Non-Estate customers over previous financial years and analysed the benefits realised to date from the Waste Diversion approach. The outcome was a positive overall position with some enhancements identified to improve contract performance.

UK Nuclear Waste Management Limited

Directors' report for the year ended 31 March 2017

Future developments (continued)

In addition an operational review was also carried out by the UKNWM parent companies during the year. This review looked at all operational areas of the Repository site and provided an assessment with regards to disciplined operations, emergency preparedness, radiological controls and ability of the current structures to accommodate future strategic developments. The review report noted that "the level of performance has been raised through attention to proper organisational structure and rigor in work execution".

Results and dividends

The profit after taxation amounted to £5,822,000 (2016: £6,424,000); the directors have recommended and paid dividends of £5,651,000 (2016: £7,283,000) to the shareholders of UK Nuclear Waste Management Limited in respect of the year ended 31 March 2017.

Distributable retained earnings

At the year end the Company has reserves of £3,454,000 (2016 – £3,283,000). This balance includes the equity accounted profit of Low Level Waste Repository Limited of £6,072,000 for the current year (2016 – £6,599,000) less the PBO's own costs, less dividends paid during the year of £5,651,000. 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 £354,000 (2016 – £604,000) (see note 16).

Post balance sheet events

On 31 May 2017, LLW Repository Limited declared and paid a dividend to the Company of £2,217,000. The company then declared and paid a dividend of £2,217,000 on 07 June 2017.

Charitable donations

The Company has made charitable donations of £Nil (2016: £Nil) during the year to local charities.

Directors

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

R C Bonner
P E A H de Montaignac de Chauvance
G McGill
D G Thompson
S G Usher (Resigned 30 April 2017)

UK Nuclear Waste Management Limited

Directors' report for the year ended 31 March 2017

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.

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.

Auditors

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 auditors are 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 auditors are 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 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

By order of the Board



G McGill
Director

13 June 2017

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

We have audited the Directors' report and the financial statements of UK Nuclear Waste Management Limited for the year ended 31 March 2017 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 20. 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.

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 Directors' Responsibilities Statement set out on page 8 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 strategic report and 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 the 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 2017 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.

Opinion on other matter prescribed by the Companies Act 2006

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

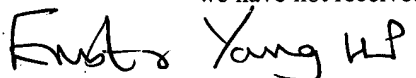
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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 identified no material misstatements in the Strategic Report or Directors' Report.

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.



Julian Yates (Senior statutory auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor,
Manchester

16 June 2017

UK Nuclear Waste Management Limited

Income statement for the year ended 31 March 2017

		2017	2016
	Notes	£'000	£'000
Revenue	2	1,441	1,609
Cost of sales		(1,441)	(1,609)
Gross profit		-	-
Administrative expenses		(246)	(173)
Operating loss	3	(246)	(173)
Share of post-tax results of associate	8	6,072	6,599
Finance revenue	5	18	30
Finance expense	6	(18)	(30)
Profit before taxation		5,826	6,426
Tax on profit	7	(4)	(2)
Profit for the financial year	16	5,822	6,424

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 2017

		2017	2016
		£'000	£'000
ASSETS			
Non-current assets			
Investments accounted for using the equity method	8	3,100	2,679
Loans to associated undertakings	9	-	1,000
		3,100	3,679
Current assets			
Loans to associated undertakings	9	1,000	-
Trade and other receivables	10	298	238
Cash and cash equivalents	11	381	652
		1,679	890
Total assets		4,779	4,569
LIABILITIES			
Current liabilities			
Financial liabilities	13	(1,000)	-
Trade and other payables	12	(325)	(286)
		(1,325)	(286)
Non-current liabilities			
Financial liabilities	13	-	(1,000)
Total liabilities		(1,325)	(1,286)
Net assets		3,454	3,283
Equity			
Share capital	15	-	-
Retained earnings	16	3,454	3,283
Total equity attributable to equity holders of the Company	16	3,454	3,283

Company Number: 6040606

The financial statements were approved by the board of directors on 13 June 2017 and were signed on its behalf by:



G McGill

Director

UK Nuclear Waste Management Limited

Statement of changes in equity for the year ended 31 March 2017

	Note	Equity share capital £'000	Retained earnings £'000	Total Equity £'000
At 1 April 2015		-	4,142	4,142
Total comprehensive income for the year		-	6,424	6,424
Equity dividends paid		-	(7,283)	(7,283)
At 1 April 2016		-	3,283	3,283
Total comprehensive income for the year		-	5,822	5,822
Equity dividends paid		-	(5,651)	(5,651)
At 31 March 2017	16	-	3,454	3,454

UK Nuclear Waste Management Limited

Statement of cash flows for the year ended 31 March 2017

	Notes	2017 £'000	2016 £'000
<i>Cash flow from operating activities</i>			
Operating loss		(246)	(173)
(Increase)/Decrease in receivables		(60)	1
Increase/(Decrease) in payables		37	(3)
Cash absorbed by operations		(269)	(175)
Income tax paid		(2)	(1)
<i>Net cash outflow from operating activities</i>		(271)	(176)
<i>Investing activities</i>			
Interest received		18	30
Loan repaid by subsidiary undertakings		-	500
Dividends received from subsidiary undertaking		5,651	7,790
<i>Net cash inflow from investing activities</i>		5,669	8,320
<i>Financing activities</i>			
Interest paid to shareholders		(18)	(30)
Borrowings repaid to shareholders		-	(500)
Dividends paid to shareholders		(5,651)	(7,283)
<i>Net cash outflow from financing activities</i>		(5,669)	(7,813)
<i>Net (outflow)/inflow in cash and cash equivalents</i>		(271)	331
Cash and cash equivalents at the beginning of the year		652	321
<i>Cash and cash equivalents at the year end</i>	11	381	652

UK Nuclear Waste Management Limited

Notes to the financial statements for the year ended 31 March 2017

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 2017 were authorised for issue by the board of Directors on 13 June 2017 and the balance sheet was signed by G McGill on the board's behalf.

New standards and interpretations not applied

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below and have not been adopted by the Company. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments
- IFRS 16 Leases
- IAS7 Statement of Cashflows

The directors do not expect the adoption of the other standards and interpretations to have a material impact on the company financial statements in the period of initial application.

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 2017

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 secondeed 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 is financed solely by loans from its shareholders. The Company's forecasts and projections of the return on its investment in its legal subsidiary Company, taking into account possible changes in circumstances, indicate that the future cash flows from the Company's investments will enable the Company to meet repayments on the loans as they fall due. 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.

UK Nuclear Waste Management Limited

Notes to the financial statements for the year ended 31 March 2017

1. Accounting policies (continued)

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.

2. Revenue

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

	2017 £'000	2016 £'000
United Kingdom	1,441	1,609

3. Operating loss

The operating loss is stated after charging:

	2017 £'000	2016 £'000
Audit of the Company financial statements	10	10
Other fees to auditors:		
- Other services relating to taxation	3	3
- All other services	1	1

4. Staff costs and directors' emoluments

The directors received no emoluments from the Company for their services (2016 - nil.)

The Company has no employees (2016-nil).

5. Finance revenue

	2017 £'000	2016 £'000
Interest receivable from associate	18	30

6. Finance revenue

	2017 £'000	2016 £'000
Interest payable on loans from group companies	14	22
Interest payable on loans from related party companies	4	8
	18	30

UK Nuclear Waste Management Limited

Notes to the financial statements for the year ended 31 March 2016

7. Taxation – continuing operations

	2017	2016
	£'000	£000
(a) Tax charge in the income statement		
Current income tax	4	2
	4	1
	2017	2016
	£'000	£'000
(b) Reconciliation of the total tax charge		
Accounting profit	<u>5,826</u>	<u>6,426</u>
Tax on profit of ordinary activities at standard UK corporation tax rate of 20% (2015- 21%)	1,165	1,285
Effects of:		
Post-tax profits of associate	(1,211)	(1,320)
Transfer pricing adjustment	50	37
	4	2

(c) Factors that may affect future tax charges

The UK corporation tax rate reduced to 20% from April 2015. The UK government announced reductions in the main rate of UK corporation tax to 19%, from 1 April 2017, and to 17%, from 1 April 2020. These reduced tax rates were enacted at the balance sheet date hence they have been reflected in the unrecognised deferred tax balances as at 31 March 2017.

UK Nuclear Waste Management Limited

Notes to the financial statements for the year ended 31 March 2017

8. Investment in associate

	2017	2016
	£'000	£000
Investment in associate	3,100	2,679
Share of post-tax results of associate	6,072	6,599

Investment in associate - movement	2017 £'000	2016 £'000
As at 1 April	2,679	3,870
Share of post-tax results of associate	6,072	6,599
Dividends received	(5,651)	(7,790)
As at 31 March	3,100	2,679

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.

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Notes to the financial statements for the year ended 31 March 2017

8. Investment in associate (continued)

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

	2017	2016
	£'000	£'000
Share of the associate's balance sheet:		
Share of gross assets	50,370	31,968
Share of gross liabilities	(47,270)	(29,289)
Share of net assets	3,100	2,679
Share of the associate's income statement for the year 1 April to 31 March:		
Revenue	7,648	8,313
Profit after tax	6,071	6,599
Share of the associate's statement of equity for the year 1 April to 31 March		
Actuarial loss/(gain) recognized in the Combined Nuclear Pension Plan ("CNPP")	(6,831)	2,216
Actuarial loss/(gain) on GPS/ONPP funded by NDA	6,831	(2,216)
Net changes in equity	-	-
	2017	2016
	£'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	88,795	77,022

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.

	2017	2016
	£	£
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 2017

8. Investment in associate (continued)

The investment in associate as at 31 March 2017 and at 31 March 2016 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

	2017 £'000	2016 £'000
Current		
Loan to associated undertaking	1,000	-
Non- current		
Loan to associated undertaking	-	1,000

The loan comprises amounts receivable from LLWR Limited. The loan is repayable on 31 March 2018 or earlier by agreement of the parties. £500,000 was repaid on 30 March 2016. Interest is charged at a rate of 1.5% above LIBOR on an annual basis.

UK Nuclear Waste Management Limited

Notes to the financial statements for the year ended 31 March 2017

10. Current trade and other receivables

	2017 £'000	2016 £'000
Amounts expected to be recovered within one year:		
Prepaid expenses	2	4
Amounts owed by associated undertaking	296	215
Other tax	-	18
	298	237

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

11. Cash and cash equivalents

	2017 £'000	2016 £'000
Cash at bank and short-term deposits	381	652

12. Current trade and other payables

	2017 £'000	2016 £'000
Trade payables	2	-
Amounts owed to group undertakings	260	209
Amounts owed to related party undertakings	35	49
Corporation tax	4	3
Other tax	5	-
Accruals	19	25
	325	286

UK Nuclear Waste Management Limited

Notes to the financial statements for the year ended 31 March 2017

13. Financial liabilities

	Current		Non-Current	
	2017 £'000	2016 £'000	2017 £'000	2016 £'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 2017, 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 2018 or on the date on which the borrower ceases to be a wholly owned subsidiary. No repayments were made in year (2016 – £500,000). Interest accrued at 31 March 2017 was £4,000 (2016 – £7,000).

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 2017

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>				
2017	-	4	1,000	-
2016	-	7	-	1,000
<i>Trade and other payables:</i>				
2017	319	2	4	-
2016	283	-	3	-

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

	2017 £	2016 £
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 2017

16. Reserves

	Retained earnings		Total
	£'000	£'000	£'000
At 1 April 2015		4,142	4,142
Total comprehensive income for the year		6,424	6,424
Equity dividends paid			
1 st dividend (£31,020 per share)	3,102		
2 nd dividend (£5,500 per share)	550		
3 rd dividend (£8,800 per share)	880		
4 th dividend (£1,570 per share)	157		
5 th dividend (£8,840 per share)	884		
6 th dividend (£12,100 per share)	1,210		
7 th dividend (£5,000 per share)	500		
		(7,283)	(7,283)
At 1 April 2016		3,283	3,283
Total comprehensive income for the year		5,822	5,822
Equity dividends paid			
1 st dividend (£24,000 per share)	2,400		
2 nd dividend (£9,480 per share)	948		
3 rd dividend (£8,050 per share)	805		
4 th dividend (£3,730 per share)	373		
5 th dividend (£8,900 per share)	890		
6 th dividend (£2,350 per share)	235		
		(5,651)	(5,651)
At 31 March 2017		3,454	3,454

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 2016 the amount recorded within reserves which is not considered distributable is £3,100,000 (2016 – £2,679,000). The distributable retained earnings at 31 March 2017 are £354,000 (2016 – £604,000).

17. Financial commitments

At 31 March 2017 and 31 March 2016, the Company has no capital commitments or operating lease commitments.

UK Nuclear Waste Management Limited

Notes to the financial statements for the year ended 31 March 2017

18. Related party transactions

At 31 March 2017, 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
Areva-NC	Related party by virtue of its 10% shareholding in the Company
Areva Risk Management Consulting Limited	Related party by virtue of shareholder in common, via Areva-NC
Studsvik Limited	Related party by virtue of its deemed 15% shareholding in the Company
URS International Holdings (UK) Limited	Group undertaking by virtue of its 75% shareholding in the Company
AECOM E&C UK Limited	Group undertaking by virtue of common control via URS 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 (2016: £1,500,000) 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 £18,000 for the financial year (2016: £30,000). At the balance sheet date, interest of £4,000 (2016: £7,000) 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 £292,000 (2016: £209,000) 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 £1,441,000 (2016: £1,609,000).

Related party and group undertakings

Note 12, 'Current trade and other payables' and note 13 'Financial liabilities' include £1,295,000 (2016: £1,258,000); this comprised amounts payable to related party and group undertakings of £285,000 (2016: £299,000) and £1,010,000 (2016: £959,000), respectively.

The amounts payable to related party and group undertakings comprise amounts outstanding in respect of, trade services of £291,000 (2016: £251,000), loans of £1,000,000 (2016: £1,000,000) and interest payable of £4,000 (2016: £7,000).

The loans are repayable on 31 March 2018 or by agreement of the parties. £500,000 was repaid on 30 March 2016. 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 2017

18. Related party transactions (continued)

Trade Services

Included in Note 12, 'Current trade and other payables', is a balance of £291,000 (2016: £251,000) 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>Areva Risk Management Consulting Limited</i>	<i>Amounts owed to related party undertakings</i>	<i>Amounts owed to group undertakings</i>	<i>Total</i>
31 March 2017	£	£	£	£	£
Services Provided	233,000	39,000	272,000	1,235,000	1,507,000
Trade Payables	35,000	-	35,000	256,000	291,000
31 March 2016					
Services Provided	357,000	-	357,000	1,301,000	1,658,000
Trade Payables	47,000	-	47,000	204,000	251,000

Loans

Included within Note 13, 'Financial liabilities', is a balance of £1,000,000 (2016: £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>Areva- NC</i>	<i>Amounts owed to related party undertakings</i>	<i>Amounts owed to group undertakings</i>	<i>Total</i>
31 March 2017	£	£	£	£	£
Loan Outstanding	150,000	100,000	250,000	750,000	1,000,000
31 March 2016					
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 £4,000 (2016: £7,000) 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:

	<i>Studsvik Limited</i>	<i>Areva- NC</i>	<i>Amounts owed to related party undertakings</i>	<i>Amounts owed to group undertakings</i>	<i>Total</i>
31 March 2017	£	£	£	£	£
Interest Accrued	2,000	2,000	4,000	14,000	18,000
Interest Paid	2,000	1,000	3,000	15,000	18,000
Interest Payable	1,000	-	1,000	3,000	4,000
31 March 2016					
Interest Accrued	4,000	3,000	7,000	23,000	30,000
Interest Paid	4,000	3,000	7,000	23,000	30,000
Interest Payable	1,000	1,000	2,000	5,000	7,000

UK Nuclear Waste Management Limited

Notes to the financial statements for the year ended 31 March 2017

19. Events after the balance sheet date

On 31 May 2017, LLW Repository Limited declared and paid a dividend to the Company of £2,217,000. The company then declared and paid a dividend of £2,217,000 on 07 June 2017.

20. Ultimate parent Company and controlling party

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

The ultimate controlling party and parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up which include the company, is AECOM incorporated in the United States of America. Copies of AECOM's financial statements can be obtained from 1999 Avenue of the Stars, Suite 2600, Los Angeles, CA 90067, United States of America.