INTERNATIONAL NUCLEAR SERVICES LIMITED

Registered No. 1144352

Annual Report and Financial Statements for the year ended 31 March 2020

Contents

Company information

Officers and professional advisors

DIRECTORS
Alaine Greaves
Anna Evangelidis
Archie Robertson
Chris Watson
Clive Nixon
Jeremy Gilmour
Kate Ellis
Peter Buchan
Seth Kybird

SECRETARY
Helen Hodgson (resigned 23 January 2020)
Khalil Bukhari (appointed 23 January 2020)

AUDITOR
Mazars LLP
One St Peters Square
Manchester
M2 3DE

BANKERS
RBS plc
1 Spinningfield Square
Manchester
M3 3AP

REGISTERED OFFICE
Herdus House
Westlakes Science & Technology Park
Moor Row
Cumbria
CA24 3HU

Strategic report

for the financial year ended 31 March 2020

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

Principal activities
The principal activity of International Nuclear Services Limited (the "Company") is the provision of transportation services, including the operation of a fleet of ships for the carriage of nuclear materials to fulfil transportation contracts on behalf of the Nuclear Decommissioning Authority (NDA) and other customers.

Review of the business and future development
The profit for the financial year is £7,177,000 (2019: £6,314,000). The Company and its subsidiaries' principal activity during the year was the provision of transportation services, as noted above. The Company has committed business for a number of years. The focus of the Directors is to manage the business and to prepare and execute a future business development strategy around existing contracts on behalf of NDA, but also new shipping contracts for other customers and consultancy services to enable International Nuclear Services Limited and its subsidiaries to remain a leading international transport group and a provider of nuclear fuel cycle services. The Company's key financial and other performance indicators' performance during the year were:

Key performance indicators	*Actual*	*Target*
Profit for the financial year ended 31 March 2020	*£7.2m*	*£4.3m*
Profit for the financial year ended 31 March 2019	*£6.3m*	*£4.8m*
Total Recordable Incident Rate (TRIR)	*0.7*	*0.0*

During the year the Company monitored performance across a number of key performance indicators (KPIs). These KPIs included measures on safety, security, operational, financial and people performance targets. Through regular, structured management reviews, the Directors have satisfied themselves that a high level of performance has been achieved throughout the year.

The Company had a successful year with profit for the financial year ahead of target by £2.9m, driven by higher income and cost reductions in a number of areas across the business. The Company's financial position remains strong with net assets of £60m (2019: £52.9m).

Covid-19
Covid-19 has had a limited financial impact on the Company and is anticipated to have limited impact going forward. No employees have been made redundant or furloughed as a result of the global pandemic and the resultant UK lockdown. The Company has continued to make payments to suppliers and to support the supply chain. Asset values have not been impacted.

It is the Directors' assessment that due to the ongoing funding arrangements in place with the ultimate parent company, the COVID-19 outbreak has little to no impact on the Company's ability to settle liabilities as they fall due; the going concern basis of preparation is therefore considered appropriate.

Whilst shipments were temporarily suspended when UK lockdown commenced, the most significant shipping programmes (Japanese MOX and Japanese HLW) have not been significantly impacted, with only minor changes to the timing of the current programme agreed with the ultimate customers. Whilst some shipments were delayed as a direct result of the Covid-19, the Company is now looking forward to resuming all shipping activities safely in line with government guidance, with reviews well underway to plan and implement the measures required. Some shipping activity has now resumed.

Strategic report

for the financial year ended 31 March 2020

Section 172 (1) statement
As required by the Companies (Miscellaneous Reporting) Regulations 2018, this S172 statement describes how the Company's Directors have had regard to the matters set out in Section 172(1) (a) to (f) of the Companies Act 2006, when performing their duty to promote the success of the Company. This includes how the Directors have had regard for other stakeholders, while acting in the interest of the Company's shareholder.

This S172 statement, which is reported for the first time, focuses on matters of strategic importance to the Company and details issues, factors and stakeholders that the Directors consider are material to their duty under Section 172, specifying how the Directors have engaged with key stakeholders and have taken the interests of key stakeholders impacted into account for principal decisions taken by the Directors during the financial year ended 31 March 2020.

General confirmation of Directors' duties
The Company's Board has a clear framework for determining the matters within its remit and has approved Terms of Reference which identify matters requiring Board consideration and approval and for the matters delegated to its Committees.

When making decisions, each Director acts in a way that would most likely promote the Company's success for the benefit of its members as a whole, and in doing so has regard to:

(a) The likely consequences of any decision in the long term

The Directors understand the business and the evolving environment, including the opportunities and challenges that the Company will face in the future. The strategy set by the Board explains how the Company will use the expertise and capabilities built up over many years to become the best global provider of nuclear transport solutions in the future.

The Directors are committed to four strategic objectives that will help achieve the strategic vision:
- Successfully deliver nuclear transport solutions to support the Nuclear Decommissioning Authority (NDA);
- Operate commercially and be self-funding;
- Deliver external business in transport and consultancy;
- Support UK and other Governments' wider policy objectives.

The strategy recognises how critical safety and security are in delivery and the importance of employees.

The Directors have taken decisions that they believe best support the Company's strategic objectives, aligned with the Company's risk appetite and taking account of key stakeholders, including employees.

(b) The interests of the Company's employees

The Directors recognise that the Company's employees are fundamental to the delivery of the Company's operations and strategic objectives. The success of the strategy depends on attracting, retaining and motivating high-performing employees. Directors are committed to ensuring that the Company remains a responsible employer, from health, safety and wellbeing to reward. The Directors consider and have regard for the implications of decisions on employees, where appropriate.

(c) The need to foster the Company's business relationships with suppliers, customers and others

Delivering the strategy requires strong relationships with suppliers, customers, governments and local communities. The Board are regularly updated on and discuss the status of key relationships as part of routine performance updates, strategy discussions and approvals for significant procurement and sales contracts.

(d) The impact of the Company's operations on the community and the environment

The Board "Safety and Security Sub-Committee" reviews information on the environment in more detail and provides a summary written report to each board meeting.

The Board receives information each meeting on environment and sustainability performance and is provided additional information, where appropriate for specific Board decisions.

(e) The desirability of the Company maintaining a reputation for high standards of business conduct

Transporting nuclear materials and trading in nuclear experience and expertise are complex and often controversial challenges which require huge expertise, meticulous preparation and unparalleled rigour in terms of safety and security standards.

The Board "Safety and Security Sub-Committee" reviews these topics in more detail and provides a summary written report to each board meeting.

The Board receives information each meeting on safety and security performance and is provided additional information, where appropriate for specific Board decisions.

The Board recognises that it has a key role to play in ensuring that the desired culture is embedded in the values, attitudes and behaviours manifested in the Company's operations and relations with stakeholders. The Board has established quality, expertise, integrity, cooperation and innovation as the Company's core values.

The Board is also committed to a diverse and inclusive culture, has set targets and receives regular reports on progress towards achieving those targets.

The Company periodically issues surveys on safety, security and equality, diversity and inclusivity to all employees and reports the results to the Board. The consistently high response rates reflect the level of employee engagement and commitment to high standards of business conduct. The results provide the Board valuable insights into employee views.

The Board is informed regularly about business conduct and for each significant business activity performed by the Company, a review is undertaken to determine where standards were successfully met or surpassed and where improvements could be made for the future; this learning from experience (LFE) is reported to the Board, where appropriate.

The Board annually reviews and approves the Company's Modern Slavery Statement, to ensure that high standards are maintained both within the Company and the supply chain.

(f) The need to act fairly between members of the Company

After weighing up all relevant factors, the Directors consider which course of action best enables delivery of the strategic objectives, taking into consideration the impact on all relevant stakeholders. In doing so, the Directors act fairly between the Company's members but are not required to balance the Company's interests with those of other stakeholders, and this can sometimes mean that certain stakeholder interests may not be fully aligned.

Stakeholder engagement (including employee engagement)

The Directors believe that the Company will only succeed by working with and considering the views of all key stakeholders, including customers, governments, suppliers, employees and local communities. To support the Board's knowledge of the significant levels of engagement undertaken, a report is provided to each board meeting covering key activity during the period, success, opportunities, issues and lessons learned. Key campaigns are included in this update, together with media activity. The information covers both internal and external stakeholder engagement.

The Company continues to build on a long track record of working with others, through industry bodies such as the World Nuclear Transport Institute, as sharing knowledge and experience with others offers the Company greater insight into the business to support delivery of the strategy.

During the year individual Directors have engaged with certain stakeholders directly to discuss and understand their views. Board meeting locations are varied to facilitate the Directors in meeting with employees. Directors have undertaken individual site visits to enable more detailed employee engagement to take place and have also attended Company Leadership events and the Company's Strategy Day, attended by all employees. The Board Chair regularly engages with employees.

Principal risks and uncertainties

The Company has an established risk management framework, which is aligned to the ISO3100 standard and the current NDA Group framework. Managing risk is a fundamental INS responsibility. All employees have a duty to make sure risks in their areas of responsibility are identified, reported and managed. The Board is ultimately accountable for risk management activities but delegates some of its responsibility to sub-committees such as the Safety and Security sub-committee.

The Company's vision is to ensure risk management is fully embedded into the way the Company works including all business activities, processes, operations, projects and decisions in order to improve efficiency, effectiveness and stakeholder confidence.

Key risks and uncertainties facing the Company can be broadly grouped as geopolitical, cyber security, safety, pension, credit, liquidity, foreign currency, financial management and asset performance risk.

Geopolitical

Given the end of the EU transition period at the end of December 2020 and the status of negotiations, work is continuing to review the impact of both a Brexit deal and no deal Brexit.

Cyber security

The Company proactively manages its cyber security risk through training, systems software, hardware management and security exercises to raise employee awareness and test resilience in this area.

Safety

Safety is of the highest priority to INS and is managed through a dedicated Health, Safety, Security, Environment and Quality department. Assurance is provided via the Safety and Security sub-committee.

Strategic report

for the financial year ended 31 March 2020

Pension
The Company has managed its risk to pension costs by closing the defined benefit structure of the scheme to new entrants from outside the nuclear estate and making available a defined contribution structure for all new employees. There is still the risk for existing members.

Credit risk
The Company is exposed to credit risk when customers may potentially fail to meet their obligations. The Company has in place policies to manage credit risk, including reviewing customer credit ratings.

Liquidity
The investment policy of the Company is to hold funds in bank deposits which are invested on a short-term basis in the money market. Liquidity is managed by assessing short and medium-term cash flow against which the maturity of the bank deposits is timed.

Foreign currency
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. This is managed by contracting where possible with overseas customers and suppliers in GBP or passing supply chain foreign currency risk to the customer. Where this is not possible, the Company will seek to contract both customer and related supply chain contracts in the same currency, with cash flows from both with similar timings and values. For significant foreign currency contracts with single transactions with a value greater than £1 million equivalent, the Company will look to place a forward contract to buy or sell such currency, where appropriate. There are none in place as at 31 March 2020.

Financial management
Financial risks faced by the Company relate to ship management costs, including fuel oil, which, along with payroll costs and depreciation, constitute major operating costs for the business. Where possible, cost increases are passed to customers as part of contractual arrangements. Budgets are developed and approved each year for all key costs, with regular monitoring and quarterly re-forecasting to manage such costs and financial risk. Negotiations have been held with unions and the pay award for the financial year ended 31 March 2021 has not yet been agreed.

Asset performance
The nature of the business means that the Company requires the appropriate assets (both existing and new assets) to enable safe and effective transportation. If existing assets have technical failures or new assets are unable to be procured at the appropriate time then the Company's ability to meet transport requirements may be at risk. This risk is managed by scheduled maintenance and monitoring existing assets and future asset requirements. The implementation of an improved asset management system, expected to be completed in the financial year ended 31 March 2021 is a key mitigation for this risk.

Other
There is also a key risk of distraction due to significant change faced by the Company in the creation of a new One NDA Transport business group, which will see the Company working much more closely with other businesses within NDA responsible for transport. The Directors are committed to the success of this business group, whilst ensuring focus is retained on existing operations.

By order of the Board,

Alaine Greaves
Director
10 August 2020

Directors' report

for the financial year ended 31 March 2020

The Directors present their annual report and audited financial statements for the Company for the financial year ended 31 March 2020.

Business review and future developments
A review of the business of the Company and future developments is included in the Strategic report on page 4.

Results and dividends
No dividends were paid or proposed in the financial year (2019: nil) nor up to the date of approval of these financial statements.

Financial risk management
Financial risk management of the Company is included in the Strategic report on page 5.

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

Alaine Greaves
Anna Evangelidis
Archie Robertson
Chris Watson
Clive Nixon
Jeremy Gilmour
Kate Ellis
Peter Buchan
Seth Kybird

Directors' indemnities
Pursuant of the Company's articles of association, the Directors were throughout the financial year ended 31 March 2020 and are at the date of this report entitled to a qualifying indemnity provision as defined in section 234 of the Companies Act 2006. The Company maintains Directors' and Officers' liability insurance covering the defence costs of civil legal proceedings and the damages resulting from the unsuccessful defence of such proceedings except, in each case, to the extent that a Director or Officer acted fraudulently or dishonestly. This was the same in the financial year ended 31 March 2019.

Research and development
Research and development expenditure for the financial year ended 31 March 2020 amounted to £nil (2019 £nil).

Employment of disabled persons
The Company recognises that physically or otherwise disabled individuals are not, of necessity, prevented from making a valuable and significant contribution to the business, and where people have the attitudes and abilities necessary for the job, the Company gives sympathetic consideration towards employing them, or retaining them in work should the disability emerge during employment. The Company's policy is to ensure that no discrimination either direct or indirect occurs against employees or applicants, whether in selection, promotion, access to training, or appraisal.

Directors' report
for the financial year ended 31 March 2020

Employee involvement
The Company keeps employees fully informed of the Company's strategies and their impact on the performance of the Company and encourages employee participation. Briefing meetings are held to give information on Company matters and provide an opportunity for discussion. E-mail bulletins are circulated regularly to all employees to ensure a common awareness of financial and economic factors that affect the performance of the Company. Surveys are routinely issued to ell employees to seek feedback on key business issues.

Directors have undertaken individual site visits to enable more detailed employee engagement to take place and have also attended Company Leadership events and the Company's Strategy Day, attended by all employees. The Chair of the Board engages with Company employees on a regular basis.

Stakeholder engagement
During the year individual Directors have engaged with certain stakeholders directly to discuss and understand their views. Such stakeholders include suppliers, customers and others in a business relationship with the Company. Key suppliers have worked with members of the Board to support strategic issues faced by the Company. The Board are also provided with performance information routinely in relation to key customer and supplier relationships. Individual directors have also met with key customers throughout the year.

Directors' responsibilities statement
The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern
The Directors have prepared a budget and 5 year business plan and have reviewed the sensitivities within the plan; quarterly forecasts have also been prepared and reviewed since the budget preparation. As at 31 March 2020, the Company has amounts due to the immediate parent undertaking in respect of capital advances amounting to £119,841k (2019: £128,345k) which are recognised in profit and loss account in line with operational activity. The Directors have received confirmation from the immediate parent undertaking that this balance will not be called for repayment in the period of 12 months from the date of signing the financial statements.

As a result the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors therefore continue to adopt the going concern basis of accounting in preparing these financial statements.

Directors' report
for the financial year ended 31 March 2020

Charitable and political donations
There were no political donations made in the year (2019: £nil). As part of the Company's commitment to the communities in which it operates, contributions totalling £19,523 (2019: £23,699) were made during the year primarily to local charities and community projects.

Supplier payment policy
The Company has continued its commitment to the Prompt Payers Code of Practice drawn up by the Confederation of British Industry (CBI) with rigorous monitoring of payment performance. Copies of the Code are available from CBI, Centre Point, 103 New Oxford Street, London, WC1A 1DU. The Company's main payment terms are net monthly. Suppliers are made aware of the terms of payment, with terms settled on agreement of the details of each transaction. The average age of invoices outstanding at 31 March 2020 was 16 days (31 March 2019 13 days).

Disclosure of information to auditor
The Directors who were members of the board at the time of approving the Directors' Report are listed above. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors (other than those that have resigned as indicated above) confirms that:

- to the best of each director's knowledge and belief, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors is aware of that information.

Directors' view on the impact of the United Kingdom exiting from the European Union
It is the Directors' view that the United Kingdom exiting from the European Union will not have any significant consequences on the Company's business based on risk assessment and mitigation to date. The most likely consequence is the impact of potentially different customs arrangements, exchange rates and supply chain impacts.

Events after the balance sheet date
On 23 April 2020 PNTL settled the remaining 2009 and 2012 deficit obligations to the MNOPF for the sum of £1,164,000 which is fully recoverable from the Company's immediate parent undertaking.

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

By order of the Board

Alaine Greaves
Director
10 August 2020

Independent auditor's report

for the financial year ended 31 March 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL NUCLEAR SERVICES LIMITED

Opinion

We have audited the financial statements of International Nuclear Services Limited (the 'Company') for the year ended 31 March 2020 which comprise the Profit and loss account, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity 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 United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view 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 United Kingdom Generally Accepted Accounting Practice; 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 this report, we do not express any form of assurance conclusion thereon.

Independent auditor's report

for the financial year ended 31 March 2020

Other information continued

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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 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 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 10, 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.

Independent auditor's report

for the financial year ended 31 March 2020

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 https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our 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.

Charlene Lancaster (Aug 10, 2020 17:52 GMT+1)

Charlene Lancaster (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
One St Peter's Square
Manchester, M2 3DE

Profit and loss account

for the financial year ended 31 March 2020

	Notes	2020 £000	2019 £000
Revenue	6	**70,953**	74,847
Operating costs		**(67,244)**	(70,341)
Operating profit	7	**3,709**	4,506
Interest receivable and similar income	9	**3,594**	1,888
Interest payable and similar charges	10	**(126)**	(80)
Profit before tax		**7,177**	6,314
Taxation	11	**-**	-
Profit for the financial year		**7,177**	6,314

All amounts are derived from continuing operations.

Statement of comprehensive income

for the financial year ended 31 March 2020

	Notes	2020 £000	2019 £000
Profit for the financial year		**7,177**	6,314
Other comprehensive income:			
Actuarial gains and losses in defined benefit pension schemes offset by movements in the fair value of the corresponding asset recoverable from parent company.	19	**-**	-
Total comprehensive income for the financial year		**7,177**	6,314

The notes on pages 18 to 45 form an integral part of the financial statements.

Balance sheet
as at 31 March 2020

	Notes	2020 £000	2019 £000 Restated
Non-current assets			
Tangible assets	12	**5,177**	597
Investments in subsidiaries	23	**1,956**	1,956
Trade and other receivables	15	**110,130**	120,552
		117,263	123,105
Current assets			
Inventories	14	**47,062**	39,960
Trade and other receivables	15	**18,065**	25,577
Current asset investments	16	**60,000**	50,000
Cash and cash equivalents	17	**15,349**	12,995
		140,476	128,532
Total assets		**257,739**	251,637
Current liabilities			
Trade and other payables	18	**(82,292)**	(78,222)
Finance lease liabilities < 1 year	13	**(1,100)**	-
		(83,392)	(78,222)
Net current assets		**57,084**	50,310
Non-current assets plus net current assets		**174,347**	173,415
Non-current liabilities			
Trade and other payables	18	**(110,248)**	(120,552)
Finance lease liabilities > 1 year	13	**(3,978)**	-
Defined benefit pension scheme	19	**(81)**	-
		(114,307)	(120,552)
Net assets		**60,040**	52,863
Equity			
Share capital	20	**2,000**	2,000
Retained earnings		**58,040**	50,863
Total equity		**60,040**	52,863

The financial statements were approved by the Board of Directors and authorised for issue on 10 August 2020 and were signed on its behalf by:

Alaine Greaves
Director

The notes on pages 18 to 45 form an integral part of the financial statements.

Statement of changes in equity

for the year ended 31 March 2020

	Share capital £000	Retained earnings £000	**Total equity £000**
Balance at 31 March 2018	2,000	44,549	**46,549**
Total comprehensive income for the year	-	6,314	**6,314**
Balance at 31 March 2019	2,000	50,863	**52,863**
Total comprehensive income for the year	-	7,177	**7,177**
Balance at 31 March 2020	**2,000**	**58,040**	**60,040**

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

The balance classified as retained earnings represents accumulated profits and losses of the Company.

The notes on pages 18 to 45 form an integral part of the financial statements.

Notes to the financial statements

for the year ended 31 March 2020

1. General information

The Company is a private limited Company (limited by shares) incorporated in England under the Companies Act 2006. The registered office is Herdus House, Westlakes Science and Technology Park, Moor Row, Cumbria, CA24 3HU. The Company's principal activities are set out in the Strategic report.

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

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

2. Significant accounting policies

Basis of preparation

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

These financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and in accordance with FRS 101.
The accounting policies which follow set out those policies which apply in preparing the financial statements for the financial year ended 31 March 2020.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1, paragraph 73(e) of IAS 16 Property, Plant and Equipment, paragraph 118(e) of IAS 38 Intangible Assets and paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- the requirements of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
- the requirements of IFRS 16, paragraphs 52 and 58.

Notes to the financial statements

for the year ended 31 March 2020

Turnover and revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in respect of products delivered and services rendered to customers in the normal course of business net of value added tax. Revenue is measured at the fair value of the consideration received, excluding discounts, or other sales taxes or duty. Income received in advance of work performed is held on the Balance sheet (under trade and other payables as deferred income) and released to the profit and loss account when performance obligations are complete. Contracts held by the Company include, over time and at a point in time, performance obligations with revenue recognised accordingly.

Going concern

The Directors have prepared a budget and 5 year business plan and have reviewed the sensitivities within the plan; quarterly forecasts have also been prepared and reviewed since the budget preparation. As at 31 March 2020, the Company has amounts due to the parent undertaking in respect of capital advances amounting to £119,841k (2018: £128,345k) which are recognised in profit and loss account in line with operational activity. The Directors have received confirmation from the parent undertaking that this balance will not be called for repayment in the period of 12 months from the date of signing the financial statements. As a result, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors therefore continue to adopt the going concern basis of accounting in preparing these financial statements.

Consolidation policy

The Company is a wholly owned subsidiary of the NDA, whose registered office is in England and whom produces consolidated financial statements that comply with International Financial Reporting Standards and are available for public use. Consequently the Company is not required to produce consolidated financial statements and has elected not to do so. Accordingly these financial statements are separate financial statements.

Foreign currencies

The financial statements are expressed in pounds sterling, which is the functional currency of the Company. In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions or at the contracted rate if the transaction is covered by a forward foreign exchange contract. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are not significant and are recognised in profit or loss in the period in which they arise.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Notes to the financial statements

for the year ended 31 March 2020

Taxation continued
Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Tangible assets and depreciation
Property, plant and equipment are stated at cost (including decontamination and disposal costs, where appropriate) less accumulated depreciation and any recognised impairment loss. Assets under construction are stated at cost and not depreciated until brought into use.
Depreciation is charged so as to write off the cost of the assets, other than assets under construction to their residual values over their estimated useful lives, using the straight-line method on the following bases:

Plant and equipment	over the life of the contract (4 years)

Residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Right-of-use asset are covered under the accounting policy ‘measurement and recognition of leases as a lessee’.

Leased assets
For any new contracts entered into on or after 1 April 2019, the Company considers whether a contract is, or contains, a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- The Company has the right to direct the use of the identified asset throughout the period of use.

Measurement and recognition of leases as a lessee
At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet.
The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).
The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Notes to the financial statements

for the year ended 31 March 2020

Measurement and recognition of leases as a lessee continued
The right of use assets are depreciated on the following bases:

Land and buildings	over the life of the lease (3 years 9 months)
Plant and equipment	over the life of the lease (4 years 10 months)
Vehicles	over the life of the lease (3 years)

The Company also assess the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate as dictated by HM Treasury.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Investments in subsidiaries
Investments in subsidiaries are stated at cost less provision for any impairment.

Long-term contracts
Long-term contract balances are stated as the amount of contract costs incurred net of any amounts transferred to cost of sales after the deduction of any foreseeable losses and accrued income not matched with turnover. Long term contracts include significant voyages which are ongoing at the end of the financial year and a significant contract to provide assets and transport services.

Impairment of non-financial assets
At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

Notes to the financial statements

for the year ended 31 March 2020

Impairment of non-financial assets continued
A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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

Financial assets
Financial assets are classified as either financial assets 'at fair value through profit or loss' (FVTPL), 'at fair value through other comprehensive income' (FVOCI) or amortised cost. Financial assets are initially recognised at fair value plus transaction costs, except for those assets classified as at fair value through profit or loss, which are initially recognised at fair value (transaction costs are expensed in operating costs). Financial assets are reflected in financial categories, as per IFRS9, which reflect the measurement, namely fair value at amortised cost, through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL).

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

The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying value of the financial asset.

Impairment of financial assets
Financial assets, other than those at FVOCI/FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and short-term bank deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Current asset investments
Current asset investments comprise bank deposits with an original maturity of greater than three months. Bank deposits are made for varying periods depending on the medium to long-term cash requirements of the Company and earn interest based on commercial rates offered by the bank at the time of deposit.

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

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

Notes to the financial statements

for the year ended 31 March 2020

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

Other financial liabilities continued
The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period, to the net carrying value of the financial liability.

De-recognition of financial liabilities
Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled or they expire.

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

Inventories
Inventories are stated at the lower of cost and net realisable value.

Work in progress reflects voyage-related balances charged from the Company's subsidiary undertaking, Pacific Nuclear Transport Limited, and will be charged to the profit and loss account on completion of future voyages, at which point revenue is also recognised.

Retirement benefit costs
The Company provides pension schemes for the benefit of all its employees. The schemes are funded by contributions partly from the employees and partly from the Company. These payments are made to separately administered funds for the GPS section of the Combined Nuclear Pension Plan (CNPP) and the Electricity Supply Pension Scheme (ESPS). The Combined Pension Scheme (CPS) is accounted for as a defined contribution scheme; contributions are paid to and benefits are paid by Her Majesty's Government via the Consolidated Fund. The Company also makes contributions to the defined contribution scheme under CNPP.

The contributions to each of these schemes are based on independent actuarial valuations designed to secure the benefits as set out in the rules. For those schemes with separately administered funds, the assets are measured using market values whilst the liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality bond of equivalent term and currency to the liability.

The Company is unable to identify its share of the underlying assets and liabilities of the GPS section of the CNPP and ESPS on a consistent and reasonable basis and therefore, as required by IAS 19 'Employee Benefits', accounts for the schemes as if they were defined contribution schemes. As a result, the amounts charged to the statement of comprehensive income represent the contributions payable to the schemes in respect of the financial year.

Notes to the financial statements

for the year ended 31 March 2020

Retirement benefit costs continued
The Company, through its subsidiary Pacific Nuclear Transport Ltd ("PNTL"), also makes contributions to two industry-wide marine defined contribution pension schemes, Ensign and the Merchant Navy Ratings' Group Personal Pension Plan (MNRGPPP); and the National Employment Savings Trust (NEST) which is an auto enrolment scheme set up by the government for employees not opting for an industry wide marine scheme; all contributions are made to separately administered funds. Contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme. Furthermore, the Company, through PNTL, makes contributions to two industry-wide defined benefit pension schemes, the Merchant Navy Officers' Pension Fund ("MNOPF") and the Merchant Navy Ratings' Pension Fund ("MNRPF"); all contributions are made to separately administered funds. These schemes are funded by payments determined by periodic calculations prepared for the trustees to the schemes by the schemes' professionally qualified actuaries. These contributions are designed to secure the benefits set out in the rules. Having reviewed all the available information regarding the Company's liability to fund the deficits in the schemes, the Directors have concluded that the "defined benefit" accounting treatment under IAS 19 is appropriate for these schemes.

For the purposes of producing appropriate figures for inclusion in the financial statements, a professionally qualified actuary is appointed each year by the Company. The figures in the financial statements are based on the actuarial calculations which were prepared for the trustees to the schemes and then adjusted to allow for the proportions of the assets and liabilities which the Company has been informed are attributable to it and to allow for the differences between the actuarial assumptions used for funding purposes and those which are compliant with IAS 19.

Where the actuarial calculation results in a deficit, the deficit is recognised in full on the balance sheet and represents the present values of the defined benefit obligations at the reporting date, less the fair value of the scheme assets, to the extent that they are attributable to the Company. The defined benefit obligations represent the estimated amount of future benefits that employees have earned in return for their services in current and prior periods, calculated using the projected unit method and discounted at a rate representing the yield on a high quality bond at the reporting date, denominated in the same currency as the obligations and having the same terms to maturity as the related pension liability, applied to the estimated future cash outflows arising from these obligations.

Movements in the schemes' surplus/deficits are split between operating charges, financing charges and actuarial gains and losses, all of which are recorded within the statement of comprehensive income.
The amounts relating to the current and past service costs and net interest on the defined benefit liability are show in note 19, but are not shown in the income statement. This reflects the fact that any overall pension surplus or deficit is for the benefit of, or to be funded by, the immediate parent company, and therefore offsetting amounts to or from the immediate parent company, which the Company has disaggregated under paragraph 116 of IAS19.

Where the actuarial calculation results in a deficit, this deficit is recognised in full in the Company's balance sheet with a corresponding asset from the immediate parent company for the full value of the deficit, which represents the fair value of the deficit. Where the actuarial calculation results in a surplus, this surplus is restricted to the value that the Directors believe is appropriate for recognition in the financial statements

The MNOPF and MNRPF schemes are CARE schemes and are closed to new members. The MNRPF Scheme closed to future accrual in 2001 and the MNOPF Scheme closed to defined benefit accrual on 31 March 2016. All participating employers, including the Company, are jointly and severally liable for any outstanding deficits.

The Company does not directly participate in the MNOPF and MNRPF schemes, but the Company does recognise its share of the deficit based on a historical allocation between the Company and PNTL.

Notes to the financial statements

for the year ended 31 March 2020

3. Judgement and key sources of estimation uncertainty

Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the financial year.

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Estimated useful lives and impairment of property, plant and equipment
Property, plant and equipment is depreciated over the estimated useful lives of the underlying assets. Estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date. Impairment is measured by comparing the carrying value of the fixed asset or cash-generating unit with its recoverable amount. All assets are reviewed for evidence of impairment. The carrying amount of property, plant and equipment at the reporting date was £4,202,000 (2019: £597,000).

Determining whether a lease exists
Management have exercised judgement when reviewing agreements to determine whether or not a lease exists. Management have considered whether an agreement, in substance, grants the Company the right to direct the use of the asset and allows the Company to receive substantially all of the economic benefit of the asset.

Determining the lease term of contracts with renewal and termination options – Company as lessee
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease, or any periods covered by an option to terminate the lease. When the Company has the option to extend or terminate a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice.

Estimating the incremental borrowing rate
Where the Company cannot readily determine the discount rate implicit in the lease, the incremental borrowing rate has been used to measure lease liabilities. The Company is unable to borrow outside of the exchequer and therefore the incremental borrowing rate is set by treasury via the NDA Group.

Revenue
In calculating revenue to be recognised in the year, a degree of judgement is used for some contracts in allocating the proportion of consideration for each performance obligation within the contract. There were numerous contracts ongoing as at 31 March 2020 of which the contract deliverables are in future years.

Estimates and assumptions

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

Notes to the financial statements

for the year ended 31 March 2020

3. Judgement and key sources of estimation uncertainty continued

Retirement benefit obligations
The nature of the process for valuing retirement benefit obligations for defined benefit schemes means that the calculations and the resulting surplus/deficits are estimates only. However, in the opinion of the Directors, the surplus/deficits recognised are the best estimates based on information available at the date of approving these financial statements. The carrying amount of the Company's share of retirement benefit obligations at the reporting date was a surplus for the MNRPF of £269,000 which has been restricted to £nil (2019: a surplus of £113,000 restricted to £nil), and a deficit for the MNOPF of £81,000 (2019: surplus of £470,000, restricted to £nil) which in the opinion of the Directors reflects the appropriate value to recognise in the financial statements. As year-end scheme asset valuations are not available at the time of the calculations in these financial statements, the asset values have been estimated based on the latest scheme asset value reports available. An allowance has been made for the impact of GMP equalisation however as a number of uncertainties exist this remains an estimate.

4. New and amended standards and interpretations

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2019. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in the year ended 31 March 2020, they did not have a material impact on the annual financial statements of the Company. The nature and the impact of each new standard or amendment is described below:

IAS 19 Employee Benefits
The amendments clarify the accounting when a plan amendment, curtailment or settlement occurs. IAS 19 Employee Benefits ("IAS 19") specifies how entities account for a defined benefit plan - when determining the net defined benefit liability/asset, entities are required to measure the current service cost using actuarial assumptions at the start of the annual reporting period, and likewise the net interest is required to be calculated by multiplying the net defined benefit liability/asset by the discount rate, both as determined at the start of the annual reporting period.

When a plan event occurs, such as a plan amendment (i.e. the withdrawal of, introductions to, or changes to, a defined benefit plan), a curtailment (i.e. a significant reduction by the company in the number of employees covered by the defined benefit plan), or a settlement, IAS 19 requires entities to remeasure the net defined benefit liability/asset, in order to determine the past service cost or gain or loss on settlement of the plan event, using updated assumptions that reflect the current fair value of the plan assets and current actuarial assumptions. The amount determined for the past service cost or gain or loss on settlement shall be recognised in profit or loss.

There have been no plan events during the current or comparative period and accordingly there has been no material impact on these financial statements arising from this amendment.

Notes to the financial statements

for the year ended 31 March 2020

5. Changes in accounting policies

The Company applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of this new accounting standard is described below.

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement Contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The adoption of this new standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value; having a remaining lease term of less than 12 months from the date of initial application; or being deemed to not be a lease under IFRS 16 definitions.

The Company adopted IFRS 16 using the modified retrospective (ii) method of transition, with the date of initial application of 1 April 2019. Prior year figures were not adjusted. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying IAS 17 at the date of initial application.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 April 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

The lease term determined by the Company comprises non-cancellable period of lease contracts, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The Company has benefitted from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

At transition, the Company elected to use the recognition exemption as per IFRS 16, for lease contracts that at the transition date, 1 April 2019, have a lease term of 12 months or less remaining.

On an ongoing basis, the Company has elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less remaining and for leases of low-value assets. Such leases will be recognised on a straight-line basis through the profit or loss.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

On transition, the incremental borrowing rate applied to lease liabilities under IFRS 16 was 1.99%. As the Company is unable to borrow funds from outside of the exchequer the HM Treasury discount rate promulgated in the PES papers is adopted.

Notes to the financial statements

for the year ended 31 March 2020

5. Changes in accounting policies continued

The following is a reconciliation of total operating lease commitments at 31 March 2019 to the lease liabilities recognised at 1 April 2019.

	£000
Total operating lease commitments at 1 April 2019	**5,406**
Short term leases (< 12 months remaining)*	(11)
Vehicle service costs excluded from finance lease liability	(23)
Differences attributable to car charges not prepaid at 31 March 2019	(2)
Effects of Barrow Marine Terminal escalation	18
Effects of Flasks lease extension and escalation	1,052
Effects of discounting	(290)
IFRS 16 lease liability recognised at 1 April 2019	**6,150**

*These costs are still incurred by the business but not included in the IFRS 16 calculation and treated in the same manner as operating leases previously.

6. Revenue

Revenue, which is stated net of value added tax, primarily represents amounts invoiced to the parent undertaking, the Nuclear Decommissioning Authority (NDA). This was the same as in the prior year. Turnover and operating profit materially arises from sources and destinations in the UK. Turnover is attributable to the main activity being the provision of transportation services for the carriage of nuclear materials.

The Company also generates a small level of turnover from miscellaneous work in relation to services provided to other companies requiring technical expertise in relation to package approvals and other miscellaneous services. This was the same as in the prior year.

7. Operating profit

Operating profit is stated after:

	2020 **£000**	2019 £000
Auditor's remuneration in respect of the statutory audit of the Company	**21**	20
Lease payments under operating leases	**-**	1,700
Lease payments under short-term leases (see note 13)	**12**	-
Exchange differences	**113**	-
Depreciation of property, plant & equipment (see note 12)	**1,650**	652
Staff costs (see note 8)	**14,535**	14,902

Non-audit fees are borne by the parent company (NDA) and are financed by the NDA.

Notes to the financial statements

for the year ended 31 March 2020

8. Employees and directors

(a) Staff costs

The average monthly number of employees was as follows:

	2020 No.	2019 No.
Permanently employed staff (including Executive Directors)	**128**	142
Others	**8**	10
	136	152

In addition, there are 42 (2019: 42) officers and crew who hold direct contracts of employment with the Company's subsidiary Pacific Nuclear Transport Limited but who are dedicated to the Company's transport business and thus the costs of which are charged directly to the Company and included in the staff costs below.

Their aggregate remuneration comprised:

	2020 £000	2019 £000
Wages and salaries	**11,584**	11,784
Social security costs	**1,271**	1,380
Pension costs	**1,560**	1,738
	14,415	14,902

Any deficit on the defined benefit pension scheme is fully recoverable from the immediate parent company under the Company's contractual arrangements. Under the service arrangements, the employers' contributions paid by the Company are included in operating costs shown in profit and loss and reimbursed by the immediate parent undertaking under the cost recovery with fee arrangement and recognised as revenue. Any surplus arising is restricted to nil.

Amounts relating to the current and past service cost and net increase on the net defined benefit asset are shown in note 19, but are not shown in the profit and loss. This reflects the fact that any overall pension surplus is restricted to nil and any deficit is to be recovered from the immediate parent company. Therefore, there are offsetting amounts which the Company has recognised net under paragraph 116 of IAS 19.

(b). Directors' remuneration

	2020 £000	2019 £000
Aggregate emoluments	**654**	643
Aggregate contributions made in respect of pension schemes	**68**	66

Notes to the financial statements

for the year ended 31 March 2020

8. Employees and directors continued

Retirement benefits are accruing to 2 directors (2019: 2) under a defined benefit scheme and 2 directors under a defined contribution scheme (2019: 2). The aggregate emoluments for the highest paid director (excluding pension contributions) are £192,831 with pension contributions (to a defined contribution scheme) of £13,632. (2019: the aggregate emoluments for the highest paid director was £196,381 with pension contributions of £12,880).

9. Interest receivable and similar income

	2020 £000	2019 £000
Interest income on bank deposits	**694**	514
Interest income from subsidiary undertaking	**13**	69
Net finance income on defined benefit pension schemes offset by amounts not recognised (see note 19)	**-**	-
Total interest revenue	**707**	583
Dividends from subsidiary undertakings	**2,887**	1,305
	3,594	1,888

10. Interest payable and similar charges

	2020 £000	2019 £000
Interest on lease liabilities	**108**	-
Interest payable to parent undertaking	**13**	69
Interest on bank loans and overdrafts	**5**	11
	126	80

Notes to the financial statements

for the year ended 31 March 2020

11. Taxation

The explanation for the tax charge in the year is set out below:

	2020 £000	2019 £000
Tax charge	-	-
Profit on ordinary activities before tax	7,177	6,314
Tax on profit on ordinary activities before tax at the UK standard rate of corporation tax of 19% (2019: 19%)	1,364	1,200
Tax effect of income not taxable in determining taxable profit	(680)	(248)
Tax effect of expenses that are not deductible in determining taxable profit	63	54
Group relief surrendered for no payment	(747)	(1,006)
	-	-

The Company has no deferred tax liability in 2020 (2019: £nil).

In the current year, the NDA surrendered Group relief to the Company which resulted in a nil tax charge. The Directors expect that further losses will be made available to the Company by the NDA in future periods resulting in no taxation charge in future years. However, if Group relief was not made available to the Company in subsequent periods, the following would apply:

- Legislation was introduced within the Finance (No.2) Act 2015 to set the main rate of Corporation Tax at 19% for the Financial Year commencing 1 April 2017, 1 April 2018 and 1 April 2019.
- As announced at Budget 2020, the Corporation Tax main rate for the Financial Year beginning 1 April 2020 will remain at 19%. Legislation in Finance Bill 2020 will set the rate at 19%. Legislation will also be introduced in Finance Bill 2020 to charge Corporation Tax and set the main rate at 19% for the financial year beginning 1 April 2021.
- The rates for ring fence profits are unchanged.

The rate change above does not impact the current year financial statements and will only impact the amount of future cash tax payments to be made by the Company.

Notes to the financial statements

for the year ended 31 March 2020

12. Tangible assets

	Land & Buildings £000	Plant & Equipment £000	Vehicles £000	Assets Under Construction £000	**Total £000**
Cost					
At 1 April 2019	-	3,442	-	272	**3,714**
Additions	412	5,642	125	51	**6,230**
Reclassifications	-	323	-	(323)	**-**
At 31 March 2020	**412**	**9,407**	**125**	**-**	**9,944**
Depreciation					
At 1 April 2019	-	3,117	-	-	**3,117**
Charge for the year	110	1,493	47	-	**1,650**
At 31 March 2020	**110**	**4,610**	**47**	**-**	**4,767**
Carrying amount					
At 31 March 2020	**302**	**4,797**	**78**	**-**	**5,177**
At 31 March 2019	-	325	-	272	597

13. Leases

The Company is unable to enter into new leases for land and buildings without the approval of the NDA who are subject to restrictions imposed by the Department for Business Energy and Industrial Strategy (BEIS).

The Company has entered into commercial leases for land and buildings, plant and equipment and motor vehicles. With the exception of short term leases of low-value underlying assets, each lease is reflected on the balance sheet as a Right of Use Asset and a Lease Liability. Variable payments which do not depend on an index or rate are excluded from the initial measurement of the lease liability and asset.

The lease for land and buildings has a remaining duration of 3 years and 9 months. The leases for plant and machinery has a remaining duration of 4 years and 10 months. The leases for motor vehicles have durations up to a period of 3 years. Lease payments for land and buildings and plant and equipment are subject to escalation reviews periodically, whereas lease payments for motor vehicles are fixed.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a termination fee. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The Company has leases of motor vehicles with lease terms of 12 months or less and applies the 'short-term lease' recognition exemption for these leases as permitted by IFRS 16.

Notes to the financial statements

for the year ended 31 March 2020

13. Leases continued

Additional information on the of right-of-use assets by class of assets is as follows:

Right of Use Assets	Land & Buildings £000	Plant & Equipment £000	Vehicles £000	**Total £000**
As at 1 April 2019	412	5,642	96	**6,150**
Additions	-	-	29	**29**
Depreciation	(110)	(1,167)	(47)	**(1,324)**
As at 31 March 2020	**302**	**4,475**	**78**	**4,855**

The right-of-use assets are included in the same line item as where the corresponding underlying asset would be presented if they were owned. The right of use assets shown above as at 1 April 2019 are reported within additions in note 12.

Lease Liabilities	Land & Buildings £000	Plant & Equipment £000	Vehicles £000	**Total £000**
As at 1 April 2019	412	5,642	96	**6,150**
Additions	-	-	29	**29**
Finance charge	7	99	2	**108**
Payments	(112)	(1,208)	(50)	**(1,370)**
Remeasurement	-	161	-	**161**
As at 31 March 2020	**307**	**4,694**	**77**	**5,078**

The total cash outflow for leases for the year is £1,370k.

The lease liabilities are presented in the statement of financial position as follows:

	31 March 2020 £000	1 April 2019 £000
Current	1,100	1,019
Non-current	3,978	4,154
Total liability	**5,078**	5,173

Comparatives have not been restated for the 2019 comparison and are shown for comparability purposes only.

Leased payments not recognised as a liability
The Company has elected not to recognise a lease liability for short term leases or for leases of low value assets. Payments made under such leases are expended on a straight-line basis. The expenses relating to payments not included in the measurement of the lease liability amount to £12k.

Notes to the financial statements

for the year ended 31 March 2020

14. Inventories

	2020 £000	2019 £000
Consumables	**445**	1,822
Work in progress	**46,617**	38,138
	47,062	39,960

15. Trade and other receivables

	2020 £000	2019 £000
Current:		
Trade receivables	**2,065**	1,114
Amounts owed by parent undertaking	**3,757**	10,735
Amounts owed by subsidiary undertakings	**9,786**	7,793
Amounts owed by group undertakings	**834**	45
Accrued income	**1,195**	4,714
Other receivables	**7**	689
Prepayments	**421**	487
	18,065	25,577
Non-current:		
Amounts owed by subsidiary undertakings	**110,130**	120,552

Trade receivables are non-interest bearing and are generally on 30 day terms and are shown net of any provision for impairment. This is the same as in prior year. As at 31 March 2020 no trade receivables were determined to be impaired.

Amounts owed by subsidiary undertakings previously presented as current assets are now presented as non-current assets.

Prior year comparatives have been restated. There has no impact on previously reported profit or loss or equity.

Notes to the financial statements

for the year ended 31 March 2020

15. Trade and other receivables continued

The analysis of trade receivables that were past due but not impaired is as follows:

			Past due but not impaired			
	Total £000	Neither past due nor impaired £000	< 30 days £000	30-60 days £000	60-90 days £000	>90 days £000
At 31 March 2020	**2,065**	1,910	147	8	-	-
At 31 March 2019	**1,114**	1,114	-	-	-	-

All current external receivable balances are expected to be recovered in full during the course of the financial year ended 31 March 2021.

The amounts owed by subsidiary undertakings relate to capital advance payments made to the Company's subsidiary undertaking. These amounts are allocated between current and non-current assets based on the future depreciation charge of the underlying asset in the subsidiary undertaking. There are no issues regarding the recoverability of this balance. There are no interest bearing loans or other borrowings.

Accrued income includes contract assets of £1,194k (2019: £4,033k). All of the 2019 contract assets unwound in the year.

16. Current asset investments

	2020 **£000**	2019 £000
Bank deposits	**60,000**	50,000

Current asset investments comprise bank deposits with an original maturity of greater than three months. Bank deposits are made for varying periods depending on the medium to long-term cash requirements of the Company and earn interest based on commercial rates offered by the bank at the time of deposit.

17. Cash and cash equivalents

	2020 **£000**	2019 £000
Cash at bank and on hand	**15,349**	12,995
	15,349	12,995

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. Any surplus cash balances are automatically transferred daily and held overnight within an interest-bearing account.

Notes to the financial statements

for the year ended 31 March 2020

18. Trade and other payables

	2020 £000	2019 £000
Current:		
Trade payables	**635**	565
Accruals	**5,376**	5,577
Amounts owed to parent undertaking	**71,316**	66,476
Amounts owed to subsidiary undertakings	**2,787**	3,318
Amounts owed to group undertakings	**393**	531
Other creditors	**-**	64
Other taxes and social security costs	**267**	340
VAT	**283**	544
Deferred income	**1,235**	807
	82,292	78,222
Non-current:		
Amounts owed to parent undertaking	**109,581**	120,552
Amounts owed to subsidiary undertakings	**667**	-
	110,248	120,552

Trade payables and accruals principally comprise amounts outstanding for trade and capital purchases and ongoing costs. The Company has procedures in place to ensure that all payables are paid within the pre-agreed credit terms. No interest is charged or payable on the amounts owed.

Amounts owed to parent undertaking includes a balance of £119,841k (2019: £128,345k) relating to capital advance payments. These are recognised in the profit and loss account in line with depreciation of the related capital expenditure and operational activity.

All other amounts owed to group undertakings are payable on demand and unsecured, and the balances are non-interest bearing.

Contract liabilities are £1,235k (2019: £807k). Of the 2019 contract liabilities £326k unwound in the year and the remainder is included within the 2020 value.

Notes to the financial statements

for the year ended 31 March 2020

19. Pension commitment

The Company makes contributions to the following pension schemes:

a) Combined Pension Scheme (CPS)
The CPS is a multi-employer scheme which provides defined benefits to its members. In common with other unfunded public sector schemes the CPS does not have the attributes of typical private sector schemes. Any surplus of contributions made in excess of benefits paid out in any year is surrendered to the Consolidated Fund and any liabilities are met from the Consolidated Fund via the annual Parliamentary vote. Her Majesty's Government does not maintain a separate fund.

Employer contributions are set using the SCAPE (Superannuation Contributions Adjusted for Past Experience) methodology. The Company has a continuing obligation to the CPS to pay contribution rates for active members specified by the actuary in the periodic valuation reports.

The CPS has been accounted for as a defined contribution scheme. The pension charge for the period represents contributions payable by the Company to the CPS and amounted to £800,000 (2019: £881,000). There were no outstanding employer contributions at 31 March 2020 (31 March 2019: £nil).

b) GPS section of the CNPP Defined Benefit Scheme previously known as the Group Pension Scheme
The Company is unable to identify its share of the underlying financial position and performance of the scheme on a consistent and reliable basis. Consequently the scheme has been accounted for as a defined contribution scheme. The pension charge for the period represents contributions payable by the Company to the GPS section of CNPP and amounted to £131,000 (2019: £127,000). There were no outstanding employer contributions at 31 March 2020 (31 March 2019: £nil).

c) CNPP Defined Contribution Scheme
All new employees to INS are enrolled in the CNPP Defined Contribution scheme**.** The Company's contribution to the scheme in the year was £322,000 (2019: £327,000). There were no outstanding employer contributions at 31 March 2020 (31 March 2019: £nil).

d) Electricity Supply Pension Scheme (ESPS)
Whilst the ESPS is sectionalised, the Company is unable to identify its share of the underlying financial position and performance of the scheme on a consistent and reliable basis. Consequently the scheme has been accounted for as a defined contribution scheme. The pension charge for the period represents contributions payable by the Company to the ESPS and amounted to £21,000 (2019: £21,000). There were no outstanding employer contributions at 31 March 2020 (31 March 2019: £nil).

Notes to the financial statements

for the year ended 31 March 2020

19. Pension commitment continued

e) ENSIGN, Merchant Navy Officers' Pension Plan (MNOPP), Merchant Navy Ratings' Group Personal Pension Plan (MNRGPPP) and National Employment Savings Trust (NEST)

The Company through its subsidiary PNTL, participates in the following industry wide defined contribution schemes:

a. **ENSIGN** (formerly known as The Ensign Retirement Plan)
   The Ensign Retirement Plan (for the MNOPF) was launched in August 2015 and formed the Money Purchase (MP) Section of the MNOPF. The Ensign Retirement Plan (for the MNOPF) was closed with effect from 31 March 2018 and all member benefits transferred to the maritime industry scheme the Ensign Retirement Plan. The Company's contributions to the MNOPP and ENSIGN for the year were £nil (2019: £nil) and £89,000 (2019: £90,000) respectively.
b. The **Merchant Navy Ratings' Group Personal Pension Plan** (MNRGPPP) which replaced the MNRPP in September 2010. This scheme is available to all ratings who wish to participate in an industry scheme. The Company's contributions to the MNRGPPP for the year were £26,000 (2019: £17,000).
c. The **National Employment Savings Trust** (NEST) is an auto enrolment scheme set up by the government for employees not opting for an industry wide marine scheme. The Company's contributions to NEST in the year were £7,000 (2019: £4,000).

f) Merchant Navy Officers' Pension Fund (MNOPF) and Merchant Navy Ratings' Pension Fund (MNRPF)

The Company, through PNTL, also participates in the Merchant Navy Officers' Pension Fund (the "MNOPF Scheme") and the Merchant Navy Ratings' Pension Fund (the "MNRPF Scheme") industry wide schemes. Both of these Schemes are CARE schemes and are closed to new members. The MNRPF Scheme closed to future accrual in 2001 and the MNOPF Scheme closed to defined benefit accrual on 31 March 2016. All participating employers, including the Company, are jointly and severally liable for the outstanding deficits.

The MNRPF is a non-sectionalised multi-employer scheme which is closed to new members. The liabilities of the scheme have been capped at the level of benefits accrued to employees at the closure date, subject to adjustment for future actuarial valuations. The schemes are funded by payments to trusts, which are independent of the participating employers.

The pension costs for the schemes are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method. The latest available actuarial valuation for the MNOPF at 31 March 2018 indicated that the new section was under funded by £73 million (previously £329 million as at 31 March 2015 valuation). There is a recovery plan in place for the 2009 and 2012 outstanding deficit contributions of which PNTL entered an early settlement agreement and paid the balance on 23rd April 2020.

The latest available actuarial valuation for the MNRPF at 31 March 2017 indicated that the scheme was underfunded by £221 million (previously £354 million underfunded). To eliminate this funding shortfall, the Trustee has determined that contributions will be paid to the Fund by the participating Employers with the aim of meeting the deficit by 31 March 2024. PNTL paid the final instalment in August 2019 for the sum of £366,000 which is fully recoverable from International Nuclear Services Limited.

The Company's contributions to the MNOPF for the year totalled £124,000 (2019: £124,000). The Company's contribution to fund its share of the deficit is expected to be £126,000 in the financial year ending 31 March 2021. The Company's contributions to the MNRPF for the year totalled £40,000 (2019: £147,000). In the financial year ending 31 March 2021 the deficit contribution is expected to be £nil.

Notes to the financial statements

for the year ended 31 March 2020

19. Pension commitment continued

Actuarial valuations for each of the schemes have been updated at 31 March 2019 by an independent professionally qualified actuary using assumptions that are consistent with the requirements of IAS 19 and the results of those calculations incorporated into the figures below. Investments have been valued for this purpose at fair value. The figures have been based on the actuarial calculations which were prepared for the trustees to the schemes and then adjusted to allow for the proportions of the assets and liabilities which the Company has been informed are attributable to it and to allow for the differences between the actuarial assumptions used for funding purposes and those which are compliant with IAS 19.

The nature of this process means that the calculations and the resulting MNRPF surplus and MNOPF deficit is an estimate only. However, in the opinion of the Directors, the resulting surplus and deficit is a reasonable estimate based on information available at the date of approving these Accounts. The total surplus arising from the calculation has been restricted to £nil, which in the opinion of the Directors is the appropriate value for recognition in the financial statements in accordance with IFRIC 14, as the Company does not consider it has an unconditional right to a refund.

There is a potential additional benefit liability relating to the MNRPF's ill-health early retirement (IHER), at present there are uncertainties as to whether or not PNTL will be liable for any costs and the amounts are not quantifiable at this time.

The Plans, however, are registered defined benefit final salary schemes with benefits payable on retirement based on reckonable service and pensionable final earnings. The plans are subject to the UK regulatory framework for pensions, including the scheme Specific Funding requirements. The Plans are operated under trust and the trustees are responsible for operating the Plans. They have a statutory responsibility to act in accordance with the Plan's Trust Deed and Rules, in the best interests of beneficiaries of the Plans and UK legislation.

The principal actuarial assumptions used at the relevant reporting date are as follows:

	MNOPF & MNRPF 2020	MNOPF & MNRPF 2019
Discount rate	**2.25%**	2.45%
Rate of salary increase year 1	**2.00%**	1.00%
Rate of salary increase for 10 years	**2.00%**	2.35%
Rate of salary increase thereafter	**2.50%**	2.85%
Rate of price inflation	**2.40%**	3.50%
Rate of increase of pensions in payment	**2.40%**	3.50%
Rate of increase of pensions in deferment	**2.40%**	3.50%

	MNOPF 2020	MNOPF 2019
Life expectancy for a male pensioner aged 65 (in years)	**20.3**	21.8
Life expectancy for a male non pensioner currently aged 45 from age 65 (in years)	**21.2**	22.9

	MNRPF 2020	MNRPF 2019
Life expectancy for a male pensioner aged 65 (in years)	**19.3**	21.8
Life expectancy for a male non pensioner currently aged 45 from age 65 (in years)	**20.5**	22.9

Notes to the financial statements

for the year ended 31 March 2020

19. Pension commitment continued

Amounts relating to the current and past service costs and net interest on the net defined benefit asset are shown in the table below but are not shown in the profit and loss. This reflects the fact that any overall pension surplus is restricted to nil and any deficit is to be recovered from the immediate parent company. Therefore, there are offsetting amounts which the Company has recognised net under paragraph 116 of IAS 19.

Amounts recognised in the financial statements in respect of the defined benefit schemes are as follows:

2020	MNOPF £000	MNRPF £000	Total £000
Analysis of amount charged to operating costs:			
Past service cost	-	-	**-**
Administration expenses	10	12	**22**
Amounts charged to operating costs	10	12	**22**
Interest on pension scheme assets	123	40	**163**
Interest on pension scheme liabilities	(110)	(37)	**(147)**
Net income	13	3	**16**
Analysis of amounts recognised in other comprehensive income:			
Actual return on scheme assets less interest recognised in finance income	(153)	102	**(51)**
Experience gains arising on the scheme liabilities	(635)	-	**(635)**
Changes in assumptions underlying present value of scheme liabilities	111	24	**135**
Actuarial gain/(loss) recognised in other comprehensive income	(677)	126	**(551)**
Amounts recognised in the balance sheet:			
Present value of defined benefit obligations	(4,971)	(1,501)	**(6,472)**
Fair value of scheme assets	4,890	1,770	**6,660**
(Deficit)/surplus in scheme	(81)	269	**188**
Restriction in recognition of surplus	-	(269)	**(269)**
Deficit in scheme recognised in non-current liabilities	(81)	-	**(81)**

Notes to the financial statements

for the year ended 31 March 2020

19. Pension commitment continued

2019	MNOPF £000	MNRPF £000	Total £000
Analysis of amount charged to operating costs:			
Past service cost	24	24	**48**
Administration expenses	9	14	**23**
Amounts charged to operating costs	33	38	71
Interest on pension scheme assets	126	42	**168**
Interest on pension scheme liabilities	(124)	(39)	**(163)**
Net income	2	3	**5**
Analysis of amounts recognised in other comprehensive income:			
Actual return on scheme assets less interest recognised in finance income	116	(78)	**38**
Experience gains/(losses) arising on the scheme liabilities	-	26	**26**
Changes in assumptions underlying present value of scheme liabilities	226	(13)	**213**
Actuarial loss recognised in other comprehensive income	342	(65)	**277**
Amounts recognised in the balance sheet:			
Present value of defined benefit obligations	(4,643)	(1,553)	**(6,196)**
Fair value of scheme assets	5,113	1,666	**6,779**
Surplus in scheme	470	113	**583**
Restriction in recognition of surplus	(470)	(113)	**(583)**
Surplus in scheme recognised in non-current assets	-	-	**-**

	MNOPF £000	**MNRPF £000**	**Total £000**
Movements in the present value of defined benefit obligations:			
At 1 April 2019	(4,643)	(1,553)	**(6,196)**
Past service cost	-	-	**-**
Interest cost	(110)	(37)	**(147)**
Employee contributions	-	-	**-**
Actuarial gains/(losses)	(524)	24	**(500)**
Benefits paid	306	65	**371**
At 31 March 2020	(4,971)	(1,501)	**(6,472)**
Movements in the present value of defined benefit obligations:			
At 1 April 2018	(4,998)	(1,576)	**(6,574)**
Past service cost	(24)	(24)	**(48)**
Interest cost	(124)	(39)	**(163)**
Employee contributions	(23)	-	**(23)**
Actuarial gains/(losses)	226	13	**239**
Benefits paid	300	73	**373**
At 31 March 2019	(4,643)	(1,553)	**(6,196)**

Notes to the financial statements

for the year ended 31 March 2020

19. Pension commitment continued

	MNOPF £000	MNRPF £000	Total £000
Movements in the fair value of scheme assets:			
At 1 April 2019	5,113	1,666	**6,779**
Employer contributions	123	39	**162**
Employee contributions	-	-	**-**
Actuarial gains/(losses)	(153)	102	**(51)**
Benefits paid	(306)	(65)	**(371)**
Expenses paid	(10)	(12)	**(22)**
Interest on plan assets	123	40	**163**
At 31 March 2020	4,890	1,770	**6,660**
Movements in the fair value of scheme assets:			
At 1 April 2018	5,033	1,641	**6,674**
Employer contributions	124	147	**271**
Employee contributions	23	-	**23**
Actuarial gains/(losses)	116	(78)	**38**
Benefits paid	(300)	(73)	**(373)**
Expenses paid	(9)	(14)	**(23)**
Interest on plan assets	126	43	**169**
At 31 March 2019	5,113	1,666	**6,779**

The cumulative amount of actuarial gains and losses recognised in the statement of comprehensive income since adoption of IFRS is nil as any overall pension surplus is restricted to nil and any deficit is to be recovered from the immediate parent company.

The fair value of the Company's share of the assets and liabilities for each of the schemes together with the expected rates of return at the reporting date are as follows:

	Fair value of assets	
	2020 £000	2019 £000
MNOPF scheme		
Equities	**543**	578
Fixed interest gilts	**3,827**	4,086
Property	**23**	23
Cash	**-**	-
Other assets	**497**	426
	4,890	5,113
MNRPF scheme		
Equities	**140**	182
Fixed interest gilts	**949**	1,047
Bonds	**145**	192
Property	**36**	34
Cash	**-**	-
Other assets	**500**	211
	1,770	1,666

Notes to the financial statements

for the year ended 31 March 2020

19. Pension commitment continued

Other assets include derivatives, private equity, units of participation and alternative investments.
As year-end scheme asset valuations are not available at the time of the calculations in these financial statements, the asset values have been estimated based on the latest scheme asset value reports available.

The estimated amounts of contributions expected to be paid to the MNOPF scheme during the financial year ending 31 March 2021 is £126,000.

The estimated amounts of contributions expected to be paid to the MNRPF scheme during the financial year ending 31 March 2021 is £nil.

Sensitivity analysis

Change in assumption		**Impact on scheme liability**	
2020		**MNOPF**	**MNRPF**
0.5% change in discount rate	Increase/decrease	(6.6)/7.0%	(6.9)/7.5%
0.5% change in salary increase	Increase/decrease	n/a	n/a
0.5% change in price inflation	Increase/decrease	1.6/(1.5)%	2.2/(2.1)%
1 year increase in life expectancy	Increase	3.3%	3.9%

Change in assumption		**Impact on scheme liability**	
2019		**MNOPF**	**MNRPF**
0.5% change in discount rate	Increase/decrease	2.2/4.7%	7.6/7.0%
0.5% change in salary increase	Increase/decrease	n/a	n/a
0.5% change in price inflation	Increase/decrease	2.2/2.1%	2.3/2.2%
1 year increase in life expectancy	Increase	3.6%	4.3%

20. Share capital

	2020 **£000**	2019 £000
Authorised:		
100,000,000 ordinary shares of £1 each	**100,000**	100,000
Allotted, called up and fully paid:		
2,000,000 (2019: 2,000,000) ordinary shares of £1 each	**2,000**	2,000

Ordinary shares have equal voting rights and no fixed income rights.

Notes to the financial statements

for the year ended 31 March 2020

21. Related parties

Transactions and balances between the Company and Pacific Nuclear Transport Limited were as follows:

2020 £000	Balances owed to related party	Balances owed from related party
Pacific Nuclear Transport Ltd	**3,365**	**119,841**

2020 £000	Sales to related party	Purchases from related party
Pacific Nuclear Transport Ltd	**125**	**25,458**

2019 £000	Balances owed to related party	Balances owed from related party
Pacific Nuclear Transport Ltd	3,125	128,345

2019 £000	Sales to related party	Purchases from related party
Pacific Nuclear Transport Ltd	184	27,483

22. Capital commitments

At 31 March 2020 there were capital commitments to construct assets of £nil (2019: £nil).

23. Investments in subsidiaries

The carrying value of investments in subsidiaries at 31 March 2020 is £1,956,000 (2019: £1,956,000). There have been no impairments historically, and no acquisitions or disposals during the year (2019: none).

Notes to the financial statements

for the year ended 31 March 2020

23. Investments in subsidiaries continued

The subsidiaries as at 31 March 2020 are as follows:

Name and address of registered office	Country of incorporation	Nature of business	Proportion of ordinary shares held
Pacific Nuclear Transport Limited Herdus House, Westlakes Science & Technology Park Moor Row,Cumbria CA24 3HU	United Kingdom	Nuclear transport	68.75%
International Nuclear Services Japan kk Room C-6, 9F The Imperial Hotel Tower 1-1-1 Uchisaiwaicho Chiyoda-ku Tokyo 100-0011	Japan	Nuclear services	100%
International Nuclear Services France SAS 56 Avenue Hoche, 75008 Paris, France	France	Transport services	100%

24. Subsequent events

On 23 April 2020 PNTL settled the remaining 2009 and 2012 deficit obligations to the MNOPF for the sum of £1,164,000 which is fully recoverable from the Company's immediate parent undertaking.

25. Ultimate parent company

The Company is a wholly owned subsidiary of Nuclear Decommissioning Authority Limited, a Registered Company in England and Wales. This is the smallest and largest group of which the Company is a member and for which consolidated accounts are prepared. A copy of the group accounts can be obtained from the Secretary, Nuclear Decommissioning Authority Limited, Herdus House, Ingwell Drive, Moor Row, CA24 3HU.