PACIFIC NUCLEAR TRANSPORT LIMITED

Registered No. 1228109

ANNUAL REPORT AND ACCOUNTS

31st March 2001

DIRECTORS
T Fujie (Chairman)
C Loughlin
B Lenail
S M Price
A B Thomas
J J Rycroft
S Uemiya

SECRETARY
A J Shuttleworth

AUDITORS
Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

BANKERS
National Westminster Bank Plc
Spring Gardens
Manchester
M60 2DB

REGISTERED OFFICE
Risley
Warrington
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WA3 6AS

DIRECTORS' REPORT

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,061,000 (2000 £1,243,000).

The Directors recommend a final dividend of £1,000,000 (2000 £1,000,000).

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company's principal activities during the year continued to be the transport of nuclear materials between Japan and Europe.

The Group's trading income for 2000/2001 was derived mainly from the provision of transport services for MOX, HLW and Magnox spent fuel between Japan, accounting for 79% of total turnover (1999/00 77%). Income from Flask hire, Decommissioning and miscellaneous transport services represented the remaining 21% (1999/00 23%).

PNTL vessels completed 3 voyages during the year, shipping 20 Magnox spent fuel flasks; 8 MTR spent fuel flasks; 8 HAW flasks and 3 MOX flasks.

The Company's subsidiary undertaking, Seabird KK did not trade during the year.

FUTURE DEVELOPMENTS

A major capital expenditure programme for the conversion of existing spent fuel ships and flasks to MOX is currently being undertaken.

PENSION FUNDS

It has been previously reported that the Merchant Navy Ratings Pension Fund (MNRPF) was under funded by between £46M and £78M. PNTL's liability has been established as between £1.5M and £0.9M dependent on the level of contributions from ex employers. This deficit is to be remedied over 6 years by discrete annual payments.

The latest actuarial report for the Merchant Navy Officers Pension Fund (MNOPF) New section also indicated that the scheme is under funded by up to £55M. PNTL's share of this liability and the method of funding has not yet been decided. As an interim measure, employers contributions have been increased from 7.9% to 11.9% of employees salary. The Japanese Utilities have been approached, through ORC, with a view to recovering the additional costs under the Spent Fuel Agreements and further discussions are pending. The Board will be kept aware of developments.

DIRECTORS

The Directors who served during the year were as follows:

K Tomono (resigned 19 July 2000)
T Fujie (appointed 19 July 2000)
C Loughlin
B Lenail
S M Price
A B Thomas
J J Rycroft
S Uemiya
C Duncan (appointed 19 July 2000, resigned 20 April 2001)

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

DONATIONS

There were no political donations made in the year. Charitable donations in the year amounted to £1,849 (2000 £1,250).

AUDITORS

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the company auditor will be put at the Forthcoming Annual General Meeting.

By order of the Board

A J Shuttleworth
Company Secretary
24 July 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those accounts, the Directors are required to:

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

The Directors confirm that the accounts comply with the above requirements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS
to the members of Pacific Nuclear Transport Limited

We have audited the accounts on pages 7 to 23, which have been prepared under the historical cost convention and on the basis of the accounting policies, set out on pages 10 to 11.

Respective responsibilities of Directors and Auditors

As described on page 5 the Company's Directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Audit Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group at 31 March 2001 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Manchester
~~24 July 2001~~ 12 OCTOBER 2001

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2001

	Notes	2001 £000	2000 £000
TURNOVER	2	**20,012**	20,075
Net operating costs and expenses	3	**(19,829)**	(18,909)
OPERATING PROFIT		**183**	1,166
Other interest receivable and similar income	6	**921**	514
Interest payable and similar charges	7	**(6)**	(553)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**1,098**	1,127
Tax on profit on ordinary activities	8	**(37)**	116
PROFIT FOR THE FINANCIAL YEAR		**1,061**	1,243
Dividends paid and proposed	9	**(1,000)**	(1,000)
RETAINED PROFIT FOR THE YEAR	18 & 19	**61**	243

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

	2001 £000	2000 £000
Profit for the financial year	**1,061**	1,243
Currency translation differences on net investments	**(5)**	8
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	**1,056**	1,251

BALANCE SHEETS
at 31 March 2001

		Group		Parent	
		2001	2000	2001	2000
	Notes	£000	£000	£000	£000
FIXED ASSETS					
Intangible assets	10	-	-	-	-
Tangible assets	11	67,811	63,726	67,811	63,726
Investments	12	-	-	62	62
		67,811	63,726	67,873	63,788
CURRENT ASSETS					
Debtors	13	2,053	4,943	2,053	4,943
Investments (short term deposits)		22,400	15,020	22,400	15,020
Cash at bank and in hand		234	525	173	458
		24,687	20,488	24,626	20,421
CREDITORS: Amounts falling due within one year	14	(18,801)	(16,373)	(18,801)	(16,373)
NET CURRENT ASSETS / (LIABILITIES)		5,886	4,115	5,825	4,048
TOTAL ASSETS LESS CURRENT LIABILITIES		73,697	67,841	73,698	67,836
CREDITORS: Amounts falling Due after more than one year	15	(41,373)	(35,953)	(41,373)	(35,953)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(27,389)	(27,009)	(27,389)	(27,009)
NET ASSETS		4,935	4,879	4,936	4,874
CAPITAL AND RESERVES					
Called up share capital	17	2,000	2,000	2,000	2,000
Profit and loss account	18	2,923	2,862	2,937	2,876
Other reserves	18	12	17	(1)	(2)
SHAREHOLDERS' FUNDS – EQUITY	19	4,935	4,879	4,936	4,874

S M Price
for and on behalf of the
Board of Directors
24 July 2001

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2001

	Notes	**2001 £000**	2000 £000
Net cash inflow from operating activities	20a	**9,851**	45,745
Returns on investment and servicing of finance	20b	**921**	(253)
Taxation	20b	**79**	143
Capital expenditure and financial investment	20b	**(2,762)**	(8,624)
Equity Dividends Paid	20b	**(1,000)**	-
Net cash inflow/(outflow) before use of liquid resources and financing		**7,089**	37,011
Management of liquid resources	20b	**(7,380)**	(15,020)
Financing	20b	**-**	(23,000)
Decrease in cash in year	20d	**(291)**	(1,009)

NOTES TO THE ACCOUNTS
at 31 March 2001

1. ACCOUNTING POLICIES

Accounting convention
The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Group accounts
The consolidated accounts include the accounts of Pacific Nuclear Transport Limited and its subsidiary company Seabird KK, both of which are made up to 31 March. No profit and loss account is presented for Pacific Nuclear Transport Limited as permitted by section 230 of the Companies Act 1985.

Tangible fixed assets
Tangible fixed assets are stated in the balance sheet at cost (including decontamination and disposal costs, where appropriate) less accumulated depreciation. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. Accumulated depreciation includes additional charges made where necessary to reflect impairment in values. Assets in the course of construction are stated at cost and not depreciated until brought into commission. Depreciation is calculated to write off the historical cost less residual value of assets evenly over their useful lives of between 5 and 10 years.

Investments
Fixed asset investments are shown at cost less provision for impairment in value. Current asset investments are shown at the lower of cost and estimated net realisable value.

Deferred expenditure

a) Research and development
Research and development expenditure, in connection with the provision of services for which firm orders have been received, is held as deferred expenditure for recovery over the shorter of ten years or the life of the existing contracts for the transport of irradiated fuel from Japan. Speculative research and development is written off as incurred.

b) Flask handling facilities owned by third parties
Expenditure relating to flask handling facilities owned by third parties is held as deferred expenditure and written off over the shorter of ten years or the life of the existing contracts for the transport of irradiated fuel from Japan.

Deferred taxation
Deferred taxation is provided using the liability method on all timing differences, including those relating to pensions, which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are only recognised if it is reasonably certain that they will be recovered without replacement by equivalent debit balances.

1. ACCOUNTING POLICIES (continued)

Flask decontamination and disposal provisions
Provisions are made for the costs of decontamination and disposal of flasks. Provisions are recognised in full and the costs are capitalised as part of the costs of the asset and depreciated accordingly. To the extent that costs are recoverable from third parties, they are treated as residual values of the assets concerned and depreciation is adjusted accordingly. Changes in estimates are treated as adjustments to the assets concerned. The provisions are stated in the balance sheet at current price levels discounted at an appropriate real rate of return to take into account the timing of the payments. Each year the financing charges in the profit and loss account include a 'top-up' charge to restate these provisions to current price levels. To the extent that this charge is recoverable from customers, it is capitalised.

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Exchange differences are taken to the profit and loss account.

The accounts of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken to reserves. All other translation differences are taken to profit and loss account.

Pensions
The Company participates in two industry wide defined benefit pension schemes, both of which require contributions to be made to separately administered funds. Contributions to these funds are charged to the profit and loss account so as to spread the cost of pensions over the working lives within the company. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension costs, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs, or by discrete annual payments as recommended by the Trustees. Differences between amounts funded and the amounts charged in the profit and loss account are treated as either provisions or prepayments in the balance sheet.

The Company also participates in an industry wide money purchase pension scheme which requires contributions to be made to a separately administered fund. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

Turnover is attributable to one continuing activity, the transport of nuclear materials between Japan and Europe. Turnover and operating profit materially arises from sources and destinations in the UK.

NOTES TO THE ACCOUNTS (continued)
at 31 March 2001

3. NET OPERATING COSTS AND EXPENSES

Net operating costs and expenses include:

	2001	2000
	£000	£000
Employee costs (see note 4)	6,097	5,296
Depreciation - owned fixed assets	3,716	2,648
Provisions for liabilities and charges	(1)	-
Auditors' remuneration - audit services	6	6
Decrease in voyages in progress costs	-	630
Directors emoluments (see note 5)	20	19
Other external and operating charges	9,991	10,310
	19,829	18,909

4. EMPLOYEE INFORMATION (including Executive Directors)

The average weekly number of employees during the year was as follows:

	2001	2000
	No.	No.
Officers and crew	201	187

Employee costs during the year were as follows:

	2001	2000
	£000	£000
Wages and salaries	5,105	4,684
Social security costs	441	227
Pension costs	551	385
	6,097	5,296

All executive and administrative functions are undertaken by employees of British Nuclear Fuels plc.

5. DIRECTORS' EMOLUMENTS

	2001	2000
	£000	£000
Fees	20	19

No pension contributions were made on behalf of Directors.

NOTES TO THE ACCOUNTS (continued)
at 31 March 2001

6. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2001	2000
	£000	£000
Bank interest	**921**	514

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2001	2000
	£000	£000
Gross top-up adjustment to opening provisions	**1,354**	881
Less: capitalised amounts recoverable from customers	**(1,353)**	(880)
	1	1
Interest payable to Group Undertakings	-	550
Bank loans and overdrafts	**5**	2
	6	553

8. TAX CREDIT ON PROFIT ON ORDINARY ACTIVITIES

	2001	2000
	£000	£000
Deferred tax	**37**	-
Corporation tax	-	21
Adjustments in respect of prior years		
Corporation tax	-	(137)
	37	(116)

The Company has a deferred tax liability amounting to £37,196 (2000 Deferred tax asset £353,469). The tax charge is lower than expected due to the non equalisation of timing differences through deferred tax.

9. DIVIDENDS PAID AND PROPOSED

	2001	2000
	£000	£000
Dividends on equity shares		
Final proposed	**1,000**	1,000

NOTES TO THE ACCOUNTS (continued)
at 31 March 2001

10. INTANGIBLE ASSETS

Group and Parent	Research and development £000	Flask handling facilities £000	Total £000
Cost at 31 March 2000 and 31 March 2001	5,206	2,455	7,661
Amortisation at 31 March 2000 and 31 March 2001	5,206	2,455	7,661
Net book value at 31 March 2000 and 31 March 2001	-	-	-

11. TANGIBLE FIXED ASSETS

Group and Parent	Equipment £000	Assets in course of construction £000	Total £000
Cost at 1 April 2000	182,283	7,645	189,928
Fixed Asset Additions	1,138	6,320	7,458
Top-up on Capitalised Decommissioning costs	1,353	-	1,353
Cost / programme changes to Capitalised Decommissioning Costs	1,629	-	1,629
Spend on Capitalised Decommissioning costs	(2,639)	-	(2,639)
Fixed Asset Transfers	2,940	(2,940)	-
Cost at 31 March 2001	**186,704**	**11,025**	**197,729**
Depreciation at 1 April 2000	126,202	-	126,202
Charge for year	3,716	-	3,716
Depreciation at 31 March 2001	**129,918**	-	**129,918**
Net book value at 31 March 2001	**56,786**	**11,025**	**67,811**
Net book value at 31 March 2000	56,081	7,645	63,726

NOTES TO THE ACCOUNTS (continued)
at 31 March 2001

11. TANGIBLE FIXED ASSETS *continued*

The equipment book values include the following figures for flask decontamination and disposal:

	£000
Cost	27,322
Depreciation	(10)
Net book value at 31 March 2001	27,312
Net book value at 31 March 2000	26,969

12. INVESTMENTS

Investment in subsidiary undertaking:	**Parent** £000
Cost and net book value at 1 April 2000 and 31 March 2001	62

Details of the investment are as follows:

Name	*Country of Incorporation*	*Holding*	*Proportion Held*	*Nature of Business*
Seabird KK	Japan	Ordinary shares	100%	Transport services

13. DEBTORS

	Group and Parent 2001	2000
	£000	£000
Amounts owed by Group Undertakings	**1,777**	4,062
Corporation Tax	**-**	116
Other debtors	**276**	765
	2,053	4,943

14. CREDITORS: amounts falling due within one year

	Group and Parent 2001	2000
	£000	£000
Trade creditors	**12,930**	7,973
Amounts owed to Group Undertakings	**4,705**	7,316
Proposed Dividend	**1,000**	1,000
Corporation tax	**-**	37
Other taxes and social security costs	**166**	47
	18,801	16,373

15. CREDITORS: amounts falling due after more than one year

	Group and Parent 2001	2000
	£000	£000
Amounts owed to Group Undertakings		
Advance payments:-		
Capital	**41,373**	35,553
Pension deficit	**-**	400
	41,373	35,953

16. PROVISIONS FOR LIABILITIES AND CHARGES

	Group and Parent		
	Deferred Taxation	Flask decontamination & disposal	Total
	£000	£000	£000
At 1 April 2000	-	27,009	27,009
Changes in price levels	-	1,353	1,353
Increase in the year:			
Capitalised	37	1,629	1,666
Utilised	-	(2,639)	(2,639)
At 31 March 2001	**37**	**27,352**	**27,389**
Analysed as follows:			
Amounts due within one year	-	1,030	1,030
Amounts due after one year	37	26,322	26,359
	37	**27,352**	**27,389**

The flask decontamination and disposal provisions are re assessed each year. The amounts can be subject to change, depending on latest cost estimates and timing of disposal. All costs associated with this decontamination except £40K is contractually recoverable from customers. The costs will be incurred over the next 10 years.

The amounts of deferred tax provided and unprovided in the accounts are

	2001 Provided £000	2000 Unprovided £000
Capital allowances in excess of depreciation	2,180	2,840
Other timing differences	(208)	(133)
	1,972	2,707
Less trading losses	(1,935)	(3,060)
	37	(353)

NOTES TO THE ACCOUNTS (continued)
at 31 March 2001

17. SHARE CAPITAL

	2001	2000
	£000	£000
Authorised:		
2 million ordinary shares of £1 each	**2,000**	2,000
Allotted, called up and fully paid:		
2 million ordinary shares of £1 each	**2,000**	2,000

18. RESERVES

	Group		Parent	
	Other reserves	Profit and loss account	Other reserves	Profit and loss account
	£000	£000	£000	£000
At 1 April 2000	17	2,862	(2)	2,876
Retained profit for the year	-	61	-	61
Exchange rate movements	(5)	-	1	-
At 31 March 2001	**12**	**2,923**	**(1)**	**2,937**

A separate Profit and Loss account for the Parent Company has not been published as allowed under section 230 of the Companies Act 1985.

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Parent	
	2001	2000	**2001**	2000
	£000	£000	**£000**	£000
Profit for the financial year	**61**	243	**61**	243
Other recognised gains and (losses)	**(5)**	8	**1**	(2)
Net addition to shareholders' funds	**56**	251	**62**	241
Opening shareholders' funds	**4,879**	4628	**4,874**	4,633
Closing shareholders' funds	**4,935**	4,879	**4,936**	4,874

NOTES TO THE ACCOUNTS (continued)
at 31 March 2001

20. CASH FLOW STATEMENT

a. Reconciliation of operating profit to net cash inflow from operating activities

	2001	2000
	£000	£000
Operating profit	183	1,166
Depreciation charges	3,716	2,648
Decrease in debtors/accrued income	1,890	155
Decrease in voyages in progress	-	630
Increase /(decrease) in creditors/accruals	(3,039)	2,598
Decrease in provisions	(1)	-
Increase in advance payments	7,102	38,548
Net cash inflow from operating activities	9,851	45,745

NOTES TO THE ACCOUNTS (continued)
at 31 March 2001

20. **CASH FLOW STATEMENT** *continued*

b. Analysis of cash flows for headings netted in the cash flow statement

	2001 £000	2000 £000
Returns on investment and servicing of finance:		
Interest received	926	512
Interest paid	(5)	(765)
Net cash outflow for returns on investments and servicing of finance	921	(253)
Taxation:		
UK corporation tax received	79	143
Capital expenditure and financial investment:		
Purchase of tangible fixed assets	(2,762)	(8,624)
Increase in deferred expenditure	-	-
Net cash outflow for capital expenditure and financial investment	(2,762)	(8,624)
Equity Dividends Paid:		
Dividends paid to Shareholders	(1,000)	-
Net Cash Outflow on Equity Dividends	(1,000)	-
Management of liquid resources:		
Net cash (deposited) / withdrawn from short term deposits	(7,380)	(15,020)
Net cash (outflow) / inflow from management of liquid resources	(7,380)	(15,020)

Liquid resources are short term deposits repayable after more than 24 hours but within one year

Financing:		
(Repayments) / New borrowings	-	(23,000)
Net cash (outflow) /inflow from financing	-	(23,000)

c. Analysis of the changes in net funds/(debt)

	At 1 April 2000 £000	Cash flow £000	**At 31 March 2001** **£000**
Cash at bank and in hand	525	(291)	234
Loans due within 1 year	-	-	-
Deposits repayable after 24 hours	15,020	7,380	22,400
	15,545	7,089	22,634

20. CASH FLOW STATEMENT *continued*

d. Reconciliation of net cash flow to movement in net (debt)/funds

	2001 £000	2000 £000
Increase / (Decrease) in cash in the year	**7,380**	(1009)
Net cash outflow from decrease in debt financing	**-**	23,000
Net cash outflow/(inflow) from increase/(decrease) in liquid resources	**(291)**	15,020
Movement in net funds in the year	**7,089**	37,011
Opening net funds/(debt)	**15,545**	(21,466)
Closing net funds / (debt)	**22,634**	15,545

21. CAPITAL EXPENDITURE AUTHORISED

	2001 £000	2000 £000
Contracted for but not provided for	**9,399**	703

22. PENSIONS

The Company participates in two industry wide defined benefit pension schemes (The Merchant Navy Officers Pension Fund and the Merchant Navy Ratings Pension Fund), and an industry wide money purchase pension scheme (the Merchant Navy Officers Pension Plan).

a) Defined benefit schemes
The Merchant Navy Officers Pension Fund has been closed to new members from 1 November 1996. Additionally, the Merchant Navy Ratings Pension Fund is to be closed to new members, the effective date of which is yet to be decided. Each scheme is funded by payments to trusts which are independent of the participating employers.

The pension costs are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method. The results of the most recent valuations for the MNOPF and the MNRPF (the new fund has not yet been subject to its first valuation), which were both conducted as at 31 March 1999, were as follows:

Main assumptions:	MNOPF		MNRPF
	New	Old	
Date of valuation	31 March 99	31 March 99	31 March 99
Valuation rate of interest (% per annum)	6.0	5.0	5.47
Rate of general pay escalation (% per annum)	4.0	4.0	4.4
Rate of future pension increases (% per annum)	Nil to 2.5	Nil	Nil to 2.9
Rate of future dividend growth (% per annum)	6.0 to 6.25	6.0	2.25
Market value of scheme's assets (£million)	1,506	1,300	458

NOTES TO THE ACCOUNTS (continued)
at 31 March 2001

22. PENSIONS *continued*

At 31 March 1999, the MNOPF, Old and New sections were 102% and 96% funded respectively. At the 31 March 1999, the MNRPF was 88% funded.
The MNRPF is underfunded by between £46M and £78M. PNTL's share of the deficit is between £0.9M and £1.5M dependent on the level of contribution by ex employers. The deficit will be remedied over 6 years. PNTL's payment in 2001 is £252K, subsequent payments will be in 5 equal instalments of between £130K and £250K in each year.

The MNOPF is underfunded by £55M. PNTL's share of the deficit has not yet been established. To eliminate the deficit over a 7 year period there has been an increase in contributions from 7.9% to 11.9% from October 2000. This will result in an increased contribution from PNTL of approximately £76K p.a. The trustees are currently considering funding the deficit from lump sum payments as with the MNRPF.

The pension cost charge for these defined benefit pension schemes was £551K (2000 £227K). The total accrual was £260K (2000 £16K) including an accrual in respect of the MNRPF deficit of £252K.

b) Money purchase schemes

The Merchant Navy Officers Pension Plan is available to officers who wish to participate in an industry scheme and are not eligible for the MNOPF. There was £2K in unpaid contributions outstanding at the year end, included in accruals and deferred income (2000 £1K).

The Merchant Navy Ratings Pension Plan, which was set up on closure of the MNRPF, and is available to all new rating entrants/re-entrants.

23. RELATED PARTY TRANSACTIONS

The following table summarises the disclosures required by FRS8 regarding transactions with British Nuclear Fuels plc, the immediate parent undertaking

2000/01

	Turnover	Purchases	Interest	Due from RP Trading	Due to RP Trading	Due to RP Advance Payments
	£000	£000	£000	£000	£000	£000
Parent Undertaking	20,012	2,337	-	1,777	21	46,050

1999/00

	Turnover	Purchases	Interest	Due from RP Trading	Due to RP Trading	Due to RP Advance Payments
	£000	£000	£000	£000	£000	£000
Parent Undertaking	20,075	3,816	550	3,225	3,484	38,548

The immediate holding company is International Nuclear Fuels Limited, a company incorporated in England and Wales. The ultimate holding company is British Nuclear Fuels plc, which is incorporated in Great Britain. Copies of the Group accounts of British Nuclear Fuels plc may be obtained from its registered office at Risley, Warrington, WA3 6AS. The Company is not included in any other Group accounts.

In the Directors' opinion, the Company's ultimate controlling party is Her Majesty's Government.