PACIFIC NUCLEAR TRANSPORT LIMITED

Registered No. 1228109

Annual Report and Financial Statements for the year ended 31 March 2023

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Officers and professional advisors

DIRECTORS
D K Peattie
P G Buchan
A L Greaves (resigned 17 February 2023)
S Kybird
M Hirose (resigned 1 April 2022)
H Sutani (resigned 30 June 2023)
T Louvet
H Nishio (appointed 1 April 2022, resigned 30 September 2023)
A Hammond (appointed 18 February 2023, resigned 12 June 2023)
L Aylmore (appointed 12 June 2023)
T Matsuda (appointed 30 June 2023)
T Nagase (appointed 1 October 2023)

SECRETARY
Khalil Bukhari

AUDITOR
Mazars LLP
One St Peter's 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 2023

The Directors present their Strategic report for the year ended 31 March 2023.

Principal activities

The principal activity of Pacific Nuclear Transport Limited (the "Company") is the transport of nuclear materials between Europe and Japan.

Review of the business and future development

The profit for the financial year amounted to £1,784,000 (2022: £1,997,000). The Company's revenue for the financial year ended 31 March 2023 was derived from the provision of transport services for MOX fuel and high-level waste (HLW) between Europe and Japan, accounting for 96% of total turnover (2022: 97%). Revenue from flask hire, decommissioning and miscellaneous transport services represent the remaining 4% (2022: 3%).

The Japanese nuclear industry continues to face a number of challenges following the major earthquake and tsunami in Japan in 2011. The Company is planning to continue deliveries of MOX fuel and HLW to customers in Japan in line with agreed programmes discussed with customers. All deliveries will continue to require prior regulatory and government approvals. A MOX fuel delivery to Japan was successfully completed during the financial year.

The Company continued to support its immediate parent company International Nuclear Services Ltd (INSL) in the development of future business and during the year has supported INSL in a number of additional shipping opportunities.

Key performance indicators

	2023	*2022*	*Change*
Revenue	*£33.1m*	*£42.2m*	*£(9.1m)*
Operating profit	*£1.7m*	*£2.0m*	*£(0.3m)*
Profit before tax	*£1.8m*	*£2.0m*	*£(0.2m)*
*Operating profit margin**	*5.25%*	*4.71%*	*0.54%*

*Operating profit divided by revenue

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 good level of performance has been achieved throughout the year, with profit slightly lower than the previous financial year.

Revenue is derived largely from the immediate parent undertaking, International Nuclear Services Limited, as costs are charged by the Company at cost plus a management fee. The £9.1m decrease in revenue compared to prior year is driven by lower operating costs due to a decrease in vessel utilisation. The Company's financial position remains strong with net assets of £6.3m (2022: £6.6m).

The Company's management team will continue to adopt the strategy of managing costs effectively, whilst maintaining the highest standards of safety, efficiency, effectiveness and delivery to customers.

Strategic report
for the financial year ended 31 March 2023

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 PNTL 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.

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
There has been no significant impact on the financial results of the Company due to the war in Ukraine. However, where costs have increased, it has been possible to pass most of this on to the customer.

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 for the Company and is managed through the Company's ship manager, together with the Company's employees. Assurance and support is provided by INSL, as the immediate parent undertaking through a Health Safety, Security end Environment Committee.

Pension
The Company has managed its risk to pension costs by closing the defined benefit structure of the scheme to new entrants 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.

Strategic report

for the financial year ended 31 March 2023

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 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 were none in place at 31 March 2023.

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. As such costs are recovered, in full, from the Company's immediate parent, there is no risk to profit. 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.

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.

By order of the Board,

Linda Aylmore
Chief Finance Officer
4th December 2023

Directors' report

for the financial year ended 31 March 2023

The Directors present their annual report and audited financial statements for the Company for the financial year ended 31 March 2023.

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
The Company's profit for the financial year, after taxation was £1,784,000 (2022: £1,997,000) which will be transferred to reserves. The results for the financial year are shown on page 14.

A dividend of £2,000,000 (2022: £1,400,000) was paid in the year.

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 this year and to the date of this report were as follows:

D K Peattie
P G Buchan
A L Greaves (resigned 17 February 2023)
S Kybird
M Hirose (resigned 1 April 2022)
H Sutani (resigned 30 June 2023)
T Louvet
H Nishio (appointed 1 April 2022)
A Hammond (appointed 18 February 2023, resigned 12 June 2023)
L Aylmore (appointed 12 June 2023)
T Matsuda (appointed 30 June 2023)

Directors' indemnities
Throughout the financial year ended 31 March 2023 the directors were entitled to a qualifying indemnity provision (as defined in section 234 of the Companies Act 2006). This is pursuant of the Company's articles of association and remains the case at the date of this report.

The Company maintains Directors' and Officers' liability insurance. This covers the defence costs of civil legal proceedings and the damages resulting from the unsuccessful defence of such proceedings. This is not the case where a director or officer acted fraudulently or dishonestly. Such insurance was in place for the financial years ended 31 March 2022 and 31 March 2023.

Research and development
Research and development expenditure for the financial year ended amounted to £nil (2022: £nil).

Directors' report

for the financial year ended 31 March 2023

Employees

The Company has regular meetings with the recognised union for employees to deal with issues and to build positive relationships.

The Company strongly values employee involvement in its development and has continued to use weekly newsletters and the intranet to keep them informed on employee matters and other factors affecting Company performance. As part of the Company's communication strategy, Directors visit sites, give employees face-to-face briefings and provide updates shared on the intranet.

During the year the Company has actively promoted the importance of good mental health and has a Mental Health Champion and Mental Health First Aiders who have been trained in order to increase support available to colleagues. Communication campaigns also ran with a view to increasing employee awareness about the importance of looking after one's own and colleagues' mental health.

The Company is committed to a policy of equal opportunities for all employees. Great care is exercised in our human resource procedures to ensure that there is no discrimination and that training is given to meet individual needs. Applications by people with disabilities are given full and fair consideration and, whenever practical, provision is made for their special needs. The same criteria for training and promotion apply to people with disabilities as to any other employee. If employees become disabled, every effort is made to ensure their continued employment.

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 15-year business plan and have reviewed the sensitivities within the plan. 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 2023

Charitable and political donations

The Company did not make any charitable donations during the year (2022: £283, principally to local charities serving the communities in which the Company operates). There were £nil political donations made in the year (2022: £nil).

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, Cannon Place, 78 Cannon Street, London, EC4N 6HN. 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 2023 was 25 days (2022: nil 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 auditor, 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 auditor is aware of that information.

Events since the balance sheet date

On 26th October 2023 the company sold 24 TN12 type transport casks, as at the 31 March 2023 these flasks have a NBV of £20,966k.

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,

Linda Aylmore
Chief Finance Officer
4th December 2023

Independent auditor's report

for the financial year ended 31 March 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PACIFIC NUCLEAR TRANSPORT LIMITED

Opinion

We have audited the financial statements of Pacific Nuclear Transport Limited (the 'company') for the year ended 31 March 2023 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 state of the company's affairs as at 31 March 2023 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.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditor's report

for the financial year ended 31 March 2023

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 8, 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.

Independent auditor's report
for the financial year ended 31 March 2023

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation and health and safety regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

Independent auditor's report

for the financial year ended 31 March 2023

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Lancaster

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

Date: 5 December 2023

Profit and loss account

for the financial year ended 31 March 2023

	Notes	**2023 £000**	2022 £000
Revenue	5	**33,067**	42,208
Operating costs		**(31,332)**	(40,221)
Operating profit	6	**1,735**	1,987
Interest receivable and similar income	8	**51**	14
Interest payable and similar charges	9	**-**	(2)
Profit before tax		**1,786**	1,999
Taxation	10	**(2)**	(2)
Profit for the financial year		**1,784**	1,997

All amounts are derived from continuing operations.

The notes on pages 18 to 38 form an integral part of the financial statements.

Statement of comprehensive income

for the financial year ended 31 March 2023

	Notes	**2023 £000**	2022 £000
Profit for the financial year		1,784	1,997
Other comprehensive income:			
Actuarial gains and losses in defined benefit pension schemes offset by restriction in recognition of surplus.	17	-	-
Total comprehensive income for the financial year		1,784	1,997

The notes on pages 18 to 38 form an integral part of the financial statements.

Balance sheet
as at 31 March 2023

	Notes	2023 £000	2022 £000
Non-current assets			
Tangible assets	11	**103,851**	120,245
Current assets			
Trade and other receivables	13	**3,434**	4,891
Cash and cash equivalents	14	**3,935**	4,206
		7,369	9,097
Total assets		**111,220**	129,342
Current liabilities			
Trade and other payables	15	**(8,891)**	(15,328)
Current tax liabilities		**(2)**	(2)
		(8,893)	(15,330)
Net current liabilities		**(1,524)**	(6,233)
Non-current assets plus net current liabilities		**102,327**	114,012
Non-current liabilities			
Trade and other payables	15	**(75,580)**	(81,052)
Provisions	16	**(20,407)**	(26,404)
Defined benefit pension scheme	17	**-**	-
		(95,987)	(107,456)
Net Assets		**6,340**	6,556
Equity			
Share capital	19	**2,000**	2,000
Retained earnings		**4,340**	4,556
Total equity		**6,340**	6,556

The financial statements were approved by the Board of Directors and authorised for issue on 4th December 2023
and were signed on its behalf by:

Linda Aylmore

Chief Finance Officer

The notes on pages 18 to 38 form an integral part of the financial statements.

Statement of changes in equity

for the financial year ended 31 March 2023

	Share capital £000	Retained earnings £000	**Total equity £000**
Balance at 1 April 2021	2,000	3,959	**5,959**
Dividend paid (note 20)	-	(1,400)	**(1,400)**
Total comprehensive income for the year	-	1,997	**1,997**
Balance at 31 March 2022	2,000	4,556	**6,556**
Dividend paid (note 20)	-	(2,000)	**(2,000)**
Total comprehensive income for the year	-	1,784	**1,784**
Balance at 31 March 2023	**2,000**	**4,340**	**6,340**

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 38 form an integral part of the financial statements.

Notes to the financial statements

for the financial year ended 31 March 2023

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 International Nuclear Services Limited. The ultimate 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 His 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 UK ("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 2023.

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'.

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 the Company's immediate parent undertaking, International Nuclear Services Limited in the normal course of business and to a customer in relation to flask hire and contract administration. Costs are charged by the Company to its immediate parent undertaking at cost plus a management fee.

Notes to the financial statements

for the financial year ended 31 March 2023

Going concern

The Directors have prepared a budget and business plan and have reviewed the sensitivities within the plan; quarterly forecasts have also been prepared and reviewed since the budget preparation.
The financial statements show the Company in a net current liability position, and this is due to current liabilities including amounts owed to the parent undertaking relating to capital advance payments. These are recognised in the profit and loss account in line with depreciation of the related capital expenditure and are a non-cash transaction.
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.

Foreign currencies

The financial statements are expressed in pounds sterling, which is the functional currency of the Company and the presentation currency for the financial statements. 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 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. 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.

Notes to the financial statements

for the financial year ended 31 March 2023

Tangible assets

Property, plant and equipment are stated at cost (including capitalised decommissioning costs which reflect decontamination and disposal costs) 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 and ships (see below), to their residual values over their estimated useful lives, using the straight-line method on the following bases:

Fixtures and fittings	3 to 15 years
Plant and equipment (excluding ships)	5 to 12 years

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

In relation to ships owned by the Company, depreciation is charged so as to write off the cost of the ships to their residual values over their estimated useful lives using the units of production method, based on voyages undertaken by the ships which are estimated to be completed within 12 years (2022: 9 years).

Depreciation is not charged on capitalised decommissioning costs as the residual value associated with these costs is equivalent to the carrying value as these are funded by the ultimate parent company NDA, who in turn will recover such costs from external customers under existing contractual arrangements.

The ships require a drydock every 5 years. Each time these are performed the cost is recognised in the carrying amount of plant and equipment and depreciated over 5 years using the straight line method.

The ships require a 24,000-hour service every 10 years. Each time these are performed the cost is recognised in the carrying amount of plant and equipment and depreciated over 10 years using the straight-line method.

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. 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.

Notes to the financial statements

for the financial year ended 31 March 2023

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet 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.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company establishes a provision that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment,

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.

The Company applies 3-stage approach model to amounts owed by group undertakings subject to testing; Impairment losses are recognised on initial recognition, and at each subsequent reporting period, even if the loss has not yet been incurred. In addition to past events and current conditions, reasonable and supportable forecasts affecting collectability are also considered when determining the amount of impairment in accordance with IFRS 9. When a trade receivable is considered uncollectible, it is written off accordingly. Changes in the carrying amount of the allowance account are recognised in profit or loss as FVOCI / FVTPL. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related to the IFRS 9, 3-stage review approach, then the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Notes to the financial statements

for the financial year ended 31 March 2023

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.

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.

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.

Capital advance payments

Capital advance payments reflect cash receipts from the immediate parent undertaking in relation to capital projects and are released to the income statement as those assets are utilised in the business.

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.

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 revalorisation charge which reflects the need to remove one year's discount from provisions made in prior years and the restatement of these provisions to current price levels. To the extent that this charge is recoverable from customers, it is capitalised.

Notes to the financial statements

for the financial year ended 31 March 2023

Retirement benefit costs

The Company 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 which require contributions to be made to separately administered funds. The 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.

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 Company also participates in three industry-wide defined contribution pension schemes which require contributions to be made to separately administered funds. Contributions are charged to operating charges as they become payable in accordance with the rules of the scheme.

Retirement benefit costs continued

For the purposes of producing appropriate figures for inclusion in the accounts, 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 17, 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.

Notes to the financial statements

for the financial year ended 31 March 2023

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. Depreciation of the ships is charged and estimated using the units of production method based on voyages undertaken. Where future voyages for non-core business is contracted, these voyages are taken into account when calculating the depreciation charge for the ships. 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. Given the age of the assets, this calculation has a degree of uncertainty within it. The carrying amount of property, plant and equipment at the reporting date was £103,851,000 (2022: £120,245,000).

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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.

Provisions

The calculation of provisions requires the estimation of future costs, discount rates and the expected timing of cash flows relating to the decontamination and disposal of flasks. The nature of the costs and the expected timing of cash flows mean that this calculation has a degree of uncertainty within it. The carrying amount of provisions at the reporting date was £20,407,000 (2022: £26,404,000).

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 values recognised are the best estimates based on information available at the date of approving these financial statements. The carrying amount of the retirement benefit obligations at the reporting date was a surplus for the MNRPF of £4,064,000 which has been restricted to £nil (2022: surplus of £2,609,000, restricted to £nil), and a surplus for the MNOPF of £3,481,000 (2022: surplus of £3,970,000) which in the opinion of the Directors reflects the appropriate value to recognise in the financial statements. The total actuarial gain for the period has been restricted to £nil due to the Company not having an unconditional right to a refund of the surplus under IFRC 14.

Any deficit recognised is fully recoverable from the immediate parent undertaking; the deficit is matched by a receivable of the same carrying amount. 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.

Notes to the financial statements

for the financial year ended 31 March 2023

There is the potential for additional benefit liabilities in the MNRPF scheme resulting from ill-health early retirement benefit payments (IHER). However, no additional contributions are payable immediately and as a result of the many uncertainties involved, no amount has been included in the financial statements in relation to this.

4. New and amended standards and interpretations

The Company has not had to apply any standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

5. Revenue

Transport services

Revenue for transport services, which is stated net of value added tax, represents amounts invoiced to the immediate parent undertaking. The Company is contractually entitled to revenue from the immediate parent undertaking on the basis of costs incurred, on an accruals basis. Revenue is attributable to two main activities, the transport of nuclear materials between Japan and Europe and secondly, decommissioning and related services. Revenue and operating profit materially arises from sources and destinations in the UK. Revenue is invoiced during the month the service is provided at cost recovery plus a fee.

Split of revenue between:

	2023 £000	2022 £000
Transport services	**31,663**	40,937
Revenue from flask lease and contract administration	**1,404**	1,271
	33,067	42,208

Revenue from flask lease and contract administration

This reflects income received from third parties in relation to flask hire and contract administration. This is based on a fixed annual charge and is invoiced at the start of the financial year based on agreement for the Company to make assets available to the customer.

6. Operating profit

Operating profit is stated after:

	2023 £000	2022 £000
Depreciation of tangible assets (see note 11)	**11,667**	18,968
Auditors' remuneration in respect of the statutory audit of the Company	**52**	20
Staff costs excluding Directors' emoluments (see note 7)	**8,709**	8,209
Directors' emoluments (see note 7)	**20**	20

Notes to the financial statements

for the financial year ended 31 March 2023

All other non-audit fees are borne by the ultimate parent company (NDA).

7. Employees and directors

The average monthly number of employees (excluding directors) was as follows:

(a). Staff costs

	2023 No.	2022 No.
Officers and crew	**121**	134

Their aggregate remuneration comprised:

	2023 £000	2022 £000
Wages and salaries	**7,364**	6,952
Social security costs	**866**	747
Pension costs	**479**	510
	8,709	8,209

All executive and administrative functions are undertaken by employees of the immediate parent undertaking.

Any deficit on the defined benefit pension schemes is fully recoverable from the immediate parent company, under the Company's contractual arrangements. Under the service arrangement, the employers' contributions paid by the Company are included in operating costs shown in profit and loss and reimbursed by the immediate parent undertakings 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 costs and net interest on the net defined benefit asset are shown in note 17 but are not shown in the profit and loss account. 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

	2023 £000	2022 £000
Emoluments	**20**	20

No pension contributions were made on behalf of any Directors (2022: £nil). As noted in note 8, all executive functions are undertaken by employees of the immediate parent undertaking, hence no Directors are employed by the Company. This was the same as in the prior year. Directors' emoluments reflect the fees paid in relation to the services by the Directors to the Company. This was the same as in the prior year.

Notes to the financial statements

for the financial year ended 31 March 2023

8. Interest receivable and similar income

	2023 £000	2022 £000
Interest income on bank deposits	**51**	14
Net finance income on defined benefit pension schemes offset by amounts not recognised (see note 17)	**-**	-
	51	14

9. Interest payable and similar charges

	2023 £000	2022 £000
Revalorisation of nuclear provisions	**48**	247
Adjusted for amounts capitalised as recoverable from customers	**(48)**	(245)
	-	2

10. Taxation

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

	2023 £000	2022 £000
Tax charge:		
Income tax	**2**	2
	2	2
Profit on ordinary activities before tax	**2,793**	1,999
Tax on profit on ordinary activities before tax at the UK standard rate of corporation tax of 19% (2022: 19%)	**531**	380
Effect of non-taxable income	**(529)**	(378)
	2	2

The Company has no deferred tax liability in 2023 (2022: £nil).

From 1 April 2001 onwards, the Company has been taxable under Section 82 of the Finance Act 2000 on a tonnage tax basis. Deferred tax is not provided for on the basis that the Company will continue to be taxed on the tonnage tax basis for the foreseeable future.

Notes to the financial statements

for the financial year ended 31 March 2023

11. Tangible assets

	Plant & equipment £000	Fixtures & fittings £000	Capitalised decommissioning costs £000	Assets under construction £000	**Total £000**
Cost					
At 1 April 2022	263,627	750	26,155	3,973	**294,505**
Additions	214	-	-	943	**1,157**
Disposals	-	-	(5,884)	-	**(5,884)**
Transfer	1,003	-	-	(1,003)	**-**
At 31 March 2023	**264,844**	**750**	**20,271**	**3,913**	**289,778**
Depreciation					
At 1 April 2022	169,660	734	10	3,856	**174,260**
Charge for the year	11,659	8	-	-	**11,667**
Disposals	-	-	-	-	**-**
At 31 March 2023	**181,319**	**742**	**10**	**3,856**	**185,927**
Carrying amount					
At 31 March 2023	**83,525**	**8**	**20,261**	**57**	**103,851**
At 31 March 2022	93,967	16	26,145	117	120,245

Depreciation is not charged on capitalised decommissioning costs as the residual value associated with these costs is equivalent to the carrying value as these are funded by the ultimate parent company NDA, who in turn will recover such costs from external customers under existing contractual arrangements.

Notes to the financial statements

for the financial year ended 31 March 2023

12. Leases

At 31 March 2022 the total future minimum lease receipts under non-cancellable operating leases were as follows:

	2023 £000	2022 £000
Not later than one year	**1,280**	1,274
Later than one year and not later than five years	**5,029**	5,013
Later than 5 years	**2,378**	3,567
	8,687	9,854

The revenue received under operating leases relates to the Company making available a number of flasks to a customer. Under a separate contract this income is repaid to the ultimate parent undertaking excluding the administration charge.

13. Trade and other receivables

	2023 £000	2022 £000
Current:		
Amounts owed by immediate parent undertaking	**2,939**	4,559
Other debtors	**90**	197
	3,029	4,756
Prepayments	**381**	133
VAT	**24**	2
	3,434	4,891

All current balances are expected to be recovered in full during the financial year ending 31 March 2024.

All amounts owed by group undertakings are payable on demand and unsecured. There are no interest-bearing loans or other borrowings.

14. Cash and cash equivalents

	2023 £000	2022 £000
Cash at banks and on hand	**3,935**	4,206
Cash and cash equivalents	**3,935**	4,206

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 financial year ended 31 March 2023

15. Trade and other payables

	2023 £000	2022 £000
Current:		
Trade payables	**170**	-
Amounts owed to ultimate parent undertaking	**1,189**	2,378
Accruals and deferred income	**2,392**	1,614
	3,751	3,992
Capital advance payments from immediate parent undertaking	**5,140**	11,336
	8,891	15,328
Non-current:		
Capital advance payments from immediate parent undertaking	**75,580**	81,052

Trade payables are non-interest bearing and are normally settled on 30 day terms. Accruals comprise amounts outstanding principally for trade and capital purchases where invoices have not yet been received from suppliers for services provided. The Company has procedures in place to ensure that balances are paid within pre-agreed credit terms. No interest is charged or payable on the amounts owed.

Amounts owed to parent undertaking includes a balance of £80,720k (2022: £92,388k) relating to capital advance payments. These are recognised in the profit and loss account in line with depreciation of the related capital expenditure.

16. Provisions

The provisions for flask decontamination and disposal are as follows:

	£000
At 1 April 2022	26,404
Charge in the year	(113)
Decrease relating to fixed assets	(5,884)
At 31 March 2023	**20,407**
At 31 March 2023	
Current	-
Non-current	20,407
	20,407

The flask decontamination and disposal provisions are reassessed each year. The amounts can be subject to change, depending on latest cost estimates and timing of disposals.

The release in the year is due to changes in discount rates, inflation, customer programmes and decommissioning costs.

All costs associated with this decontamination except £146,000 (2022: £259,000) are contractually recoverable from customers. The costs will be incurred over the next 13 years, and this is subject to change due to uncertainties with the timing of customer programmes.

Notes to the financial statements

for the financial year ended 31 March 2023

17. Pension commitment

Defined contribution schemes

The Company 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 MNOPF and ENSIGN for the year were £nil (2022: £ nil) and £329,000 (2022: £400,000) 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 £87,000 (2022: £92,000).

c. 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. The Company's contributions to the NEST were £12,000 (2022: £18,000).

Defined benefit schemes

The Company 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 schemes are CARE schemes and are closed to new members. The MNRPF Scheme closed to future accrual on 31 May 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. Since the closure, contributions continue to be collected on a monthly basis under section 148. 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 2021 indicated that the new section was in surplus by £58 million (previously £73 million underfunded as at 31 March 2018 valuation).

The latest available actuarial valuation for the MNRPF at 31 March 2020 indicated that the scheme was underfunded by £96 million (previously £221 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. The Company paid the final instalment in August 2019 for the sum of £366,000 which was fully recoverable from International Nuclear Services Limited.

The Company's contributions to the MNOPF for the year totalled £nil (2022: £nil). In the financial year ending 31 March 2024 the deficit contribution is expected to be £nil (2022: £nil).

Notes to the financial statements

for the financial year ended 31 March 2023

17. Pension commitment continued

The Company's contributions to the MNRPF for the year were £nil (2022: £nil). In the financial year ended 31 March 2024 the deficit contribution is expected to be £nil (2022: £nil).
Actuarial valuations for each of the schemes have been updated at 31 March 2023 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 surplus is an estimate only. However, in the opinion of the Directors, the resulting surplus in each scheme 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.

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.

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 financial year end are shown below.

The figures are based on a roll up from the most recent actuarial valuation using sensitivities provided to us. The sensitivities cover changes to discount rate, RPI inflation and the RPI/CPI gap and the inflation sensitivities include the impact of caps, collars and margins above inflation for salary increases. As such, the figures allow for CPI and RPI inflation assumptions shown below. Therefore, the pensions increase, deferred revaluation and salary increase assumptions shown were not used in the calculation of the figures and are provided for information only as an indication of the underlying assumptions.

Notes to the financial statements

for the financial year ended 31 March 2023

17. Pension commitment continued

	MNOPF 2023	MNOPF 2022
Discount rate	**4.65%**	2.65%
Rate of salary increase year 1	**4.15%**	4.70%
Rate of salary increase for 9 years (2022: 9 years)	**4.15%**	4.70%
Rate of salary increase thereafter	**4.15%**	4.70%
Rate of price inflation	**3.25%**	3.80%
Rate of increase of pensions in payment	**3.25%**	3.80%
Rate of increase of pensions in deferment	**2.65%**	3.20%

	MNRPF 2023	MNRPF 2022
Discount rate	**4.65%**	2.65%
Rate of salary increase year 1	**4.25%**	4.80%
Rate of salary increase for 9 years (2022: 9 years)	**4.25%**	4.80%
Rate of salary increase thereafter	**4.25%**	4.80%
Rate of price inflation	**3.25%**	3.80%
Rate of increase of pensions in payment	**3.25%**	3.80%
Rate of increase of pensions in deferment	**2.65%**	3.20%

	MNOPF 2023	MNOPF 2022
Life expectancy for a male pensioner aged 65 (in years)	**22.5**	22.4
Life expectancy for a male non pensioner currently aged 45 from age 65 (in years)	**24.5**	24.4

	MNRPF 2023	MNRPF 2022
Life expectancy for a male pensioner aged 65 (in years)	**20.3**	20.2
Life expectancy for a male non pensioner currently aged 45 from age 65 (in years)	**22.4**	22.3

Notes to the financial statements

for the financial year ended 31 March 2023

17. Pension commitment continued

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

2023	MNOPF £000	MNRPF £000	**Total £000**
Analysis of amount charged to operating costs:			
Amounts charged to operating costs	95	172	**267**
Analysis of amounts charged to finance costs:			
Interest on pension scheme assets	1,231	388	**1,619**
Interest on pension scheme liabilities	(1,126)	(319)	**(1,445)**
Net income	105	69	**174**
Analysis of amounts recognised in other comprehensive income:			
Actual return on scheme assets less interest recognised in finance cost income	(9,389)	(1,065)	**(10,454)**
Experience gains arising on the scheme liabilities	(1,742)	(405)	**(2,147)**
Changes in assumptions underlying the present value of the scheme liabilities	10,632	3,028	**13,660**
Actuarial gain recognised in other comprehensive income	(499)	1,558	**1,059**
Amounts recognised in the balance sheet:			
Present value of defined benefit obligations	(33,358)	(9,417)	**(42,775)**
Fair value of scheme assets	36,839	13,481	**50,320**
Surplus in scheme	3,481	4,064	**7,545**
Restriction in recognition of surplus	(3,481)	(4,064)	**(7,545)**
Deficit in scheme recognised in non-current liabilities	-	-	**-**

2023	MNOPF £000	MNRPF £000	**Total £000**
Movements in the present value of defined benefit obligations:			
At 1 April 2022	(43,823)	(12,345)	**(56,168)**
Interest cost	(1,126)	(319)	**(1,445)**
Actuarial gains	8,890	2,623	**11,513**
Benefits paid	2,701	624	**3,325**
At 31 March 2023	(33,358)	(9,417)	**(42,775)**
Movements in the fair value of scheme assets:			
At 1 April 2022	47,793	14,954	**62,747**
Actuarial losses	(9,389)	(1,065)	**(10,454)**
Benefits paid	(2,701)	(624)	**(3,325)**
Expenses paid	(95)	(172)	**(267)**
Interest on plan assets	1,231	388	**1,619**
At 31 March 2023	36,839	13,481	**50,320**

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.

Notes to the financial statements

for the financial year ended 31 March 2023

17. Pension commitment continued

2022	MNOPF £000	MNRPF £000	Total £000
Analysis of amounts charged to operating costs:			
Amounts charged to operating costs	92	166	**258**
Analysis of amounts charged to finance costs:			
Interest on pension scheme assets	993	323	**1,316**
Interest on pension scheme liabilities	(902)	(256)	**(1,158)**
Net income	91	67	**158**
Analysis of amounts recognised in other comprehensive income:			
Actual return on scheme assets less interest recognised in finance cost income	(1,443)	(1,158)	**(2,601)**
Experience gains arising on the scheme liabilities	1,850	-	**1,850**
Changes in assumptions underlying the present value of the scheme liabilities	(965)	435	**(530)**
Actuarial loss recognised in other comprehensive income	(558)	(723)	**(1,281)**
Amounts recognised in the balance sheet:			
Present value of defined benefit obligations	(43,823)	(12,345)	**(56,168)**
Fair value of scheme assets	47,793	14,954	**62,747**
Surplus in scheme	3,970	2,609	**6,579**
Restriction in recognition of surplus	(3,970)	(2,609)	**(6,579)**
Surplus in scheme recognised in non-current assets	-	-	**-**

2022	MNOPF £000	MNRPF £000	Total £000
Movements in the present value of defined benefit obligations:			
At 1 April 2021	(46,407)	(13,125)	**(59,532)**
Interest cost	(902)	(256)	**(1,158)**
Actuarial gains	885	435	**1,320**
Benefits paid	2,601	601	**3,202**
At 31 March 2022	(43,823)	(12,345)	**(56,168)**
Movements in the fair value of scheme assets:			
At 1 April 2021	50,936	16,556	**67,492**
Actuarial losses	(1,443)	(1,158)	**(2,601)**
Benefits paid	(2,601)	(601)	**(3,202)**
Expenses paid	(92)	(166)	**(258)**
Interest on plan assets	993	323	**1,316**
At 31 March 2022	47,793	14,954	**62,747**

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.

Notes to the financial statements

for the financial year ended 31 March 2023

17. Pension commitment continued

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 each financial year end are as follows:

	Fair value of assets	
	2023	2022
	£000	£000
MNOPF scheme		
Equities	**3,052**	3,147
Index linked gilts	**10,712**	12,714
Hedge funds	**2,531**	2,674
Property	**206**	212
Other assets	**20,338**	29,046
	36,839	47,793
MNRPF scheme		
Equities	**-**	-
Fixed interest gilts	**-**	-
Bonds	**7,824**	9,231
Property	**-**	-
Other assets	**5,657**	5,723
	13,481	14,954

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 amount of contributions expected to be paid to the MNOPF scheme during the financial year ended 31 March 2024 is £nil.

The estimated amount of contributions expected to be paid to the MNRPF scheme during the financial year ended 31 March 2024 is £nil.

Sensitivity Analysis

Change in assumption		Impact on scheme liability	
		MNOPF	MNRPF
0.5% change in discount rate	Increase/decrease	(6.2)/6.6%	(6.2)/6.6%
0.5% change in salary increase	Increase/decrease	n/a	n/a
0.5% change in price inflation	Increase/decrease	1.8/(1.8)%	1.7/(1.7)%
1 year increase in life expectancy	Increase	4.5%	3.5%

Notes to the financial statements

for the financial year ended 31 March 2023

18. Contingent liability

Potential additional benefit liabilities in the MNRPF scheme resulting from ill-health early retirement (IHER)

The Trustee became aware of legal uncertainties relating to the entitlement of members to enhanced early retirement ("IHER") benefits. The scheme Trustee sought the directions of the High Court on this issue and at the hearing on 24th February 2022, the Judge approved the settlement agreement, having considered that this was in the overall interests of the members/beneficiaries and employers.

The settlement agreement provides that the Trustee pays out an agreed proportion of IHER benefits to eligible Fund members and other beneficiaries. These may take the form of either increases to current IHER benefits (and lump sum arrears and interest) or, in the case of members who did not previously receive IHER benefits but who are entitled under the settlement, new IHER benefits. These additional and new IHER benefits will become additional liabilities of the Fund.

No additional Fund contributions are payable immediately in respect of the additional IHER settlement liabilities. However, contributions may potentially be payable in future in connection with the next triennial Fund valuation (or sooner if the Trustee considers, acting on advice, that there is good reason for this).

As per the MNRPF actuarial report as at 31 March 2022, the Fund has included a reserve of £36m in order to reflect an estimate of the settlement to members. The reserve remains an estimate based on a number of assumptions for Category C members in particular; the actual liability will be determined through completing the rest of the rectification exercise.

The total Greenwich liability shares won't ultimately be known until the Trustee has written to Category C members and compensation been determined for each member. If additional contributions are due resulting from the 2023 valuation, the Trustee will need to determine the split of those contributions and should be in a position to do that next year.

As a result of the many uncertainties involved, this remains a contingent liability and no amount has been included in the financial statements in relation to this.

19. Share capital

	2023 £000	2022 £000
Authorised:		
2,000,000 ordinary shares of £1 each	**2,000**	2,000
Allotted, called up and fully paid:		
2,000,000 ordinary shares of £1 each	**2,000**	2,000

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

20. Equity dividends

	2023 £000	2022 £000
Dividends on equity shares - paid in the year	**2,000**	1,400

Notes to the financial statements

for the financial year ended 31 March 2023

Dividends paid during the year ended 31 March 2023 equated to 100p (2022: 70p) per share.

21. Related parties

Transactions and balances between the Company and International Nuclear Services Limited and Nuclear Decommissioning Authority were as follows:

2023	Due from related party £000	Due to related party £000
International Nuclear Services Ltd	2,939	80,720
Nuclear Decommissioning Authority	-	1,189

2023	Sales to related party £000	Purchases from related party £000
International Nuclear Services Ltd	31,663	-
Nuclear Decommissioning Authority	-	1,189

2022	Due from related party £000	Due to related party £000
International Nuclear Services Ltd	4,559	92,388
Nuclear Decommissioning Authority	-	2,378

2022	Sales to related party £000	Purchases from related party £000
International Nuclear Services Ltd	40,937	-
Nuclear Decommissioning Authority	-	1,189

22. Capital commitments

At 31 March 2023 there were no capital commitments to construct assets (2022: £nil).

23. Post balance sheet event

On 26th October 2023 the company sold 24 TN12 type transport casks, as at the 31 March 2023 these flasks have a NBV of £20,966k.

24. Ultimate parent company

The Company is a subsidiary of the Nuclear Decommissioning Authority, a Non-departmental Public Body created by the Energy Act 2004 and sponsored by the Department of Business, Energy and Industrial Strategy. 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 Company Secretary, Nuclear Decommissioning Authority, Herdus House, Ingwell Drive, Moor Row, CA24 3HU.