Registered No. 2970356

NDA PROPERTIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2019

Contents

Company Information

Directors
D M Atkinson
M Glass
H McAtear
A Smithers

Secretary
E Hodgson

Auditors
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M2 3DE

Bankers
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Strategic report

Business model

NDA Properties Limited ("the Company") is a wholly-owned subsidiary company of the Nuclear Decommissioning Authority ("NDA"). The core mission of NDA Properties Limited is to manage properties that are located outside the boundaries of nuclear licensed sites. In line with NDA's Land and Property Management Strategy, these assets are selectively developed and their use optimised to benefit the NDA mission. NDA Properties Limited operates 'arms-length' commercial contracts with nuclear based customers including Low Level Waste Repository Limited and Sellafield Limited.

Review of the business

NDA Properties Limited owns and manages properties and provides property services to meet the requirements of the nuclear estate.

Business performance

The profit for the year, after taxation is £1,357,000 (2018: profit £94,000). The Directors do not recommend a final dividend (2018: £nil).

The business results relating to the current year are described below.

	2019 **£000**	2018 £000	Change %
Revenue	8,999	16,598	-45.8
Operating profit/(loss)	1,309	(336)	489.6
Profit after tax	1,357	94	1,343.6
Net return on revenue [1]	14.5%	(2.0)%	818.6

[1] Operating profit/loss divided by revenue

The decrease in revenue to prior year reflects the completion of the construction project for the Training Centre by Morgan Sindall for use by the Civil Nuclear Constabulary near Sellafield, Cumbria during 2017/18. Consequently there was no income or construction costs incurred in 2018/19, as construction was completed part way through the prior year, on 14 December 2017.

As a result of the revaluation of the Company's investment property portfolio a fair value gain of £111,000 has been recognised and recorded in the current year Income Statement (2018: £763,000 loss).

Strategic report (continued)

Key performance indicators

During the year the Company maintained a balanced set of cross-business key performance indicators (KPIs). These KPIs contain amongst others, Safety, Security, Environmental, Operational and Customer performance targets, which are benchmarked to ensure well above average performance against industry norms. Through structured management reviews the directors have satisfied themselves that a high level of performance has been achieved throughout the year.

Principal risks and uncertainties

The Company has an established risk process that is used to evaluate the key risks facing the company and to identify and implement the action required to mitigate these risks. Key risks and uncertainties facing the company can be broadly grouped as market, credit risk and financial risk.

The Company operates in the property sector, but its main customers are in the nuclear sector and include the parent and its subsidiaries. There is a balance of medium and long term contracts to reduce exposure to market risk.

The Company's maximum exposure to credit risk is the carrying value of the Company's financial assets as reported in the balance sheet. Trade and other receivables are mainly due from NDA, NDA subsidiaries and other nuclear estate customers and therefore the directors consider the risk of financial loss to be remote.

The Company's liquidity risk is managed via the working capital arrangements described in Note 10. Exposure to price and cash flow risks are immaterial to the results and affairs of the Company.

Royal Bank of Scotland (RBS) provides banking facilities through which the Company manages its working capital and normal treasury activities, and guarantees are in place between RBS, NDA and the Company which support the Company's use of these banking facilities.

The Company does not have significant supplier or credit risks.

H McAtear

On behalf of the Board
H McAtear
Director
Date: 9 September 2019

Directors' report - Registered No. 2970356

The directors present their report, together with the audited financial statements of the Company, for the year ended 31 March 2019.

Principal activities and business review
The Company is a wholly owned subsidiary of the Nuclear Decommissioning Authority (NDA) that owns property which is let to the NDA, other NDA group companies, contractors to the NDA group and others.

As a result of revaluations of the company's investment property portfolio, a fair value gain of £111,000 (2018: loss of £763,000) has been recognised and recorded in the current year Income Statement.

The Company has been included in the NDA tax group and the directors anticipate using group losses to offset taxable profits incurred in the future.

Results and dividends
The profit for the financial year end and total comprehensive income for the year amounted to £1,357,000 (2018: profit £94,000). The Balance Sheet illustrates closing shareholders' funds of £17,266,000 (2018: £15,909,000). The directors do not recommend payment of a final dividend (2018: £nil).

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

D M Atkinson
M Glass
H McAtear (appointed on 23 April 2018)
A Smithers (appointed on 10 July 2018)

Directors' statement as to disclosure of information to auditors
The directors who were members of the board at the time of approving the Directors' report are listed above. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2006.

Directors' report (continued)

Going concern
The directors have received confirmation from the company's parent undertaking, the NDA, that they will not seek repayment of the amounts due to the NDA, where no formal payment terms exist, within 12 months from the date of signing the 2019 accounts. A budget has been prepared, and sensitivities run. The directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Directors' and Officers' liability insurance
During the year the Company had in force indemnity insurance in favour of one or more directors of the Company subject to the conditions set out in section 236 of the Companies Act 2006 (2018: same).

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 to re-appoint the auditors on an annual basis.

Statement of directors' responsibilities
The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable United Kingdom 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 International Reporting Standards. 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 the profit or loss of the company for that period.

In preparing the financial statements the directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have 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.

Directors' report (continued)

Statement of directors' responsibilities (continued)
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.

Approved by the Board and signed on its behalf by:

H McAtear

H McAtear
Director
Date: 9 September 2019

Independent auditor's report to the members of 31 March 2019

Opinion
We have audited the financial statements of NDA Properties Limited (the 'company') for the year ended 31 March which comprise Income statement, Balance sheet and 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

Independent auditor's report to the members of 31 March 2019 (continued)

Other information

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

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

We have nothing to report in this regard.

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.

Independent auditor's report to the members of 31 March 2019 (continued)

Responsibilities of Directors
As explained more fully in the directors' responsibilities statement set out on pages 7 & 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.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

CLancaster

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: 11 September 2019

Income Statement

For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Turnover	5	**8,999**	16,598
Costs		**(7,987)**	(16,254)
Movement in provisions	6	**186**	113
Fair value gains / (losses) arising on revaluation of investment properties	7	**111**	(763)
Net operating expenses		**(7,690)**	(16,904)
Loss on disposal of investment property		**-**	(30)
Operating profit/(loss)	8	**1,309**	(336)
Finance income	9	**688**	2,001
Interest payable and similar charges	10	**(622)**	(1,685)
Profit/(loss) on ordinary activities before tax		**1,375**	(20)
Tax	11	**(18)**	114
Profit on ordinary activities after tax for the year		**1,357**	94

All amounts derive from continuing operations (2018: same).
The notes on pages 15 to 33 form part of the financial statements.

Statement of Comprehensive Income
For the year ended 31 March 2019

There are no recognised gains or losses other than the results shown in the Income Statement for the year ended 31 March 2019 or for the year ended 31 March 2018.

Accordingly no separate Statement of Comprehensive Income has been prepared.

Balance Sheet

As at 31 March 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Investment property	7	**19,438**	19,290
Finance lease receivable	12	**21,717**	22,318
		41,155	41,608
Current assets			
Debtors	13	**2,175**	3,296
Cash at bank and in hand	14	**25,311**	24,957
		27,486	28,253
Assets classified as held for sale	7	**1,360**	1,397
		28,846	29,650
Current liabilities			
Creditors: amounts falling due within one year	15	**(9,741)**	(10,151)
Net current assets		**19,105**	19,499
Total assets less current liabilities		**60,260**	61,107
Creditors: amounts falling due after more than one year	15	**(39,689)**	(40,318)
Provisions for liabilities and charges	6	**-**	(1,601)
Deferred tax liability	11	**(3,305)**	(3,279)
Net assets		**17,266**	15,909
Capital and reserves			
Share capital	16	**-**	**-**
Profit and loss account		**17,266**	**15,909**
Total shareholders' funds		**17,266**	**15,909**

The notes on pages 15 to 33 form part of the financial statements.

The financial statements were approved by the Board of directors and authorised for issue on 9 September 2019 and were signed on its behalf by:

HMcAtear

H McAtear
Director

Company registration number: 2970356

Statement of Changes in Equity
As at 31 March 2019

	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2017	-	15,815	15,815
Profit and total comprehensive income for the year	-	94	94
Balance at 31 March 2018	-	15,909	15,909
Profit and total comprehensive income for the year	-	1,357	1,357
Balance at 31 March 2019	-	**17,266**	**17,266**

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

The notes on pages 15 to 33 form part of the financial statements.

Notes to the financial statements

Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of NDA Properties Limited for the year ended 31 March 2019 were authorised for issue by the Board of directors on 9 September 2019 and the Balance Sheet was signed on the Board's behalf by H McAtear.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101) and in accordance with applicable accounting standards.

1. General information

The Company is a limited company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the Directors' report on page 6.

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

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

2. Statement of accounting policies

Basis of preparation
These financial statements have been prepared under the historical cost convention, modified to include the revaluation of investment property. These statements have been prepared in accordance with Financial Reporting Statement 101, 'Reduced Disclosure Framework'.

As permitted by FRS 101, for both periods presented, the Company has taken advantage of the disclosure exemptions available under that standard in relation to the following:

a) the requirements of IFRS 7 Financial Instruments: Disclosures;
b) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of IAS 40 Investment Property (paragraphs 76 and 79(d));
c) the requirements of paragraphs 134-136 of IAS 1 'Presentation of Financial Statements';
d) the requirements of IAS 7 'Statement of Cash Flows';
e) the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Estimate and Errors';
f) the requirements of paragraph 17 of IAS 24 'Related Party Disclosures' and the requirement of the same standard 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; and
g) the requirements of paragraphs 110, 113(a), 114 to 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS15 Revenue from contracts with customers.

Notes to the financial statements (continued)

2. Statement of accounting policies (continued)

Basis of preparation (continued)
Where required, equivalent disclosures are given in the group accounts of the Nuclear Decommissioning Authority (NDA), which are available to the public and can be obtained as set out in Note 1 above.

Going concern
The directors have received confirmation from the company's parent undertaking, the NDA, that they will not seek repayment of the amounts due to the NDA, where no formal payment terms exist, within 12 months from the date of signing the 2019 accounts. A budget has been prepared, and sensitivities run. The directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Changes in accounting policy and disclosures
The accounting policies adopted are consistent with those of the previous year.

Revenue recognition
Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for property rentals in the UK provided in the normal course of business, net of value added tax. Property rental income from property leased out under operating leases is recognised in the Income Statement on a straight-line basis over the lease term. Service charge income from property leased out under operating leases is recognised in the Income Statement on a straight-line basis over the financial year.

Revenue is also received when the company acts as project manager for a design and build and for projects where the Company acts as Principal, revenue and expenditure are recognised separately in the Income Statement over the time that they relate to.

Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessee
Rentals payable under operating leases, including lease incentives, are charged to the Income Statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Notes to the financial statements (continued)

2. Statement of accounting policies (continued)

The Company as lessor

Properties deemed to be leased out under finance leases are transferred from investment properties and accounted for as finance lease receivables. Amounts due from lessees under finance leases are recognised as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Operating profit

Operating profit is stated after charging operating expenses, loss on disposal of investment property, movement in value of investment property, charge by parent for services provided, auditor's remuneration and movement in onerous lease provision but before interest payable and similar charges.

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exception:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the Income Statement.

Notes to the financial statements (continued)

2. Statement of accounting policies (continued)

Investment property
Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the Income Statement in the period in which they arise.

Investment properties are derecognised when either they have been disposed of, deemed to be rented out under a finance lease or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property, is recognised in the Income Statement in the period of derecognition.

Assets held for sale
Investment properties are classified as assets held for sale on the Balance Sheet if, following a review by the directors, the following conditions are met:

- Management is committed to a plan to sell
- The asset is available for immediate sale
- An active programme to locate a buyer is initiated
- The sale is highly probable, within 12 months of classification as held for sale
- The asset is being actively marketed for sale at a sales price reasonable in relation to its fair value
- Actions required to complete the plan indicate that it is unlikely that the plan will be significantly changed or withdrawn

Non-current assets or disposal groups that are classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Borrowing costs
In respect of assets recognised at cost, borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. In respect of assets recognised at fair value, borrowing costs are not capitalised and are expensed in the period they occur. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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.

There are no derivative financial instruments in use.

2. Statement of accounting policies (continued)

Financial assets
Financial assets are classified as either financial assets 'at fair value through profit or loss' (FVTPL) or amortised cost. Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Financial assets at FVTPL
Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL. Book value of the assets is fair value. A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling in the near future or it is a derivative that is not designated and effective as a hedging instrument.

Debtors and other receivables, and cash and cash equivalents, that have fixed or determinable payments that are not quoted in an active market, are classified as amortised cost. This class of assets 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.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits.

Derecognition 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.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

Other financial liabilities
Other financial liabilities, including creditors 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.

Notes to the financial statements (continued)

2. Statement of accounting policies (continued)

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

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

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following judgements have had the most significant effect on amounts recognised in the Financial Statements.

Finance v Operating Leases
When accounting for properties that are leased out, it is necessary for the directors to make an assessment on whether a lease is an operating or finance lease. Key influencing factors considered include the lease term, value of the lease payments, and if there is any specialist nature of the property. This assessment is reviewed periodically to ensure correct treatment.

Assets held for sale
Directors are required to determine if they consider an asset which is expected to be disposed of to be classified as an investment property or asset held for sale. This judgement is determined using the criteria outlined within in note 2. The key uncertainty is the likelihood that the sale of the property will complete within 12 months of the reporting date.

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

Notes to the financial statements (continued)

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Investment properties
The fair value of investment properties in the Balance Sheet represents an estimate by independent professional valuers of the open market value of those properties as at 31 March 2019.

In assessing the open market value of investment properties, the professional valuers will consider lettings, tenants' profiles, future revenue streams, capital values of both fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property in the context of the local market. Data regarding local market conditions is primarily historic in nature and provides a guide as to current letting values and yields.

Provisions
The onerous lease provision is inherently judgemental as it is based on estimates of future rent, rates and other servicing costs payable under operating leases relating to 1100, Daresbury Park. Similarly, judgement is required in determining the level of dilapidation provision required, based on future discussions with landlords.

The expected credit loss on trade and other receivables has been assessed as at the reporting date as follows:

- Amounts owed by UK government departments (£443.08) are considered to have no expected credit loss.
- Amounts owed by entities in the NDA estate -subsidiaries and site licence companies (£556,583.39) are considered to have no expected credit loss
- Amounts owed by all other entities (£204,170.35) have been subject to an assessment based on the probability of default

In the previous 3 financial years the company has not incurred any credit loss on trade receivables and there are no planned debt write-offs in 2019/20. No forward looking information indicates that the company's expected credit loss will increase. The provision for expected credit loss has therefore been assessed as nil.

4. Employee information

As a wholly owned subsidiary of the NDA whose principal activity is to own properties which are used mainly by other NDA group companies and contractors to the NDA, all employee costs are borne by the NDA and a reasonable estimate is recharged for services provided. As such, the Company had no employees during the year (2018: nil).

Directors' emoluments
All directors are employees of the NDA and their emoluments are borne by the NDA. In both the current and prior year, in the Board's view, the services provided by the directors to the Company are incidental to their employment by and services to the NDA.

A management charge of £280,000 (2018: £298,000) in respect of management services costs has been made by the NDA. This includes the directors' remuneration which it is not possible to identify separately (2018: same).

Notes to the financial statements (continued)

5. Turnover

Turnover recognised in the income statement is analysed as follows:

	2019	2018
	£'000	£'000
Rental and other associated property income	**6,788**	5,939
Project management fees	**2,211**	10,659
	8,999	16,598

The Project management fees have reduced during 2018/19 following completion of the construction project for the Training Centre by Morgan Sindall for use by the Civil Nuclear Constabulary near Sellafield, Cumbria on 14 December 2017. This revenue is fully offset by the costs incurred.

Deferred revenue

	2019	2018
	£'000	£'000
At 1 April	**6,158**	8,887
Advanced payments received during year	**3,861**	9,886
Released to the Income Statement	**(4,097)**	(12,615)
At 31 March (note 15)	**5,922**	6,158

Deferred revenue refers to payments in advance received from the parent in relation to the CNC Training Facility, Off-Site Control Facility and Nuclear Technology Innovation Gateway projects as well as rental income invoiced in advance.

Notes to the financial statements (continued)

6. Provisions for liabilities and charges

	Onerous lease provisions £'000	Dilapidation & repair provisions £'000	Total £'000
At 31 March 2017	1,438	920	2,358
Utilisation	(665)	-	(665)
Arising during the year	167	320	487
Released	-	(600)	(600)
Unwinding of discount	21	-	21
At 31 March 2018	961	640	1,601
Utilisation	(805)	(610)	(1,415)
Arising during the year	(156)	(30)	(186)
Released	-	-	-
Unwinding of discount (Note 10)	-	-	-
At 31 March 2019	-	-	-

The lease of 1100, Daresbury Park was onerous so the full future loss was provided for. This provision has now been fully released to the Income Statement as the lease has been surrendered back to the Landlord.

The directors exercised the break point in the lease of 1100, Daresbury Park in 2019. Consequently a dilapidations provision was built up following a report from the Landlord estimating the costs involved to return the property back to its original state at the end of the lease. The pay-out occurred in 2018/19 and the dilapidations provision has now been fully released to the Income Statement.

When the lease on Southmoor House was terminated, the property was returned to the Landlord. A provision had been created to cover the estimated costs of returning the property back to its original state. However, the Landlord has since sold the property on, it has been demolished and therefore no dilapidation repairs have been required. Consequently the dilapidation provision was released in 2017/18.

Notes to the financial statements (continued)

7. Investment property

	Assets under construction £'000	Land £'000	Buildings £'000	Total £'000
Fair value				
At 31 March 2017		8,465	12,901	21,366
Disposals	-	(55)	-	(55)
Decrease in fair value in the year		(322)	(441)	(763)
Transfer to asset held for sale	-	(113)	(1,145)	(1,258)
At 31 March 2018	-	7,975	11,315	19,290
Increase in fair value in the year	-	-	111	111
Transfer to asset held for sale	-	107	(70)	37
At 31 March 2019	-	8,082	11,356	19,438

The fair value of the Company's investment property at 31 March 2019 has been arrived at on the basis of a valuation carried out at that date by independent qualified valuers. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors in the United Kingdom Valuation Standards by Avison Young Limited Chartered Surveyors, acting as external valuers. They have valued the subject properties as at 31 March 2019, on the basis of Market Value as defined by the RICS Valuation Standards and have adopted the normal assumptions required to arrive at their opinion of value.

There are no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.

The difference between the carrying value of investment properties and their historical cost is a reduction of £12,321,000 (2018: £12,201,000, 2017: £11,522,000).

The property rental and service charge income earned by the Company from its investment property, all of which is leased out under operating leases, amounted to £6,572,000 (2018: £5,969,000). Direct operating expenses arising on the investment properties in the period amounted to £5,367,000 (2018: £4,843,000).

As a result of the revaluation of the company's investment property portfolio a profit of £111,000 has been recognised and recorded in the current year Income Statement (2018: £763,000 loss).

Notes to the financial statements (continued)

8. Operating profit

Operating profit is stated after charging/(crediting):

	2019 £'000	2018 £'000
Auditors' remuneration in respect of the statutory audit of the Company	**21**	32
(Increase)/Decrease in fair value of investment property	**(111)**	763
Loss on disposal of investment property	**-**	30
Charge for services provided by NDA	**280**	298
(Decrease)/Increase in onerous lease provision for Daresbury Park (note 6)	**(156)**	167
Release of dilapidation provision for Southmoor House (note 6)	**-**	(600)
Release of dilapidation provision for Daresbury Park (note 6)	**(640)**	-
Increase in dilapidation provision for Daresbury Park (note 6)	**-**	320
Dilapidation costs and surrender premium for Daresbury Park	**788**	-
Operating lease payments	**786**	819

Tax compliance services of £2,850 (2018: £2,850) were provided to the entity during the current financial year. These costs were borne by the parent entity Nuclear Decommissioning Authority ('NDA') and are not recharged.

9. Interest receivable and similar income

	2019 £'000	2018 £'000
Finance lease income	**688**	2,001

Amounts due from lessees under finance leases are recognised as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the leases.

7. Investment property (continued)

Assets classified as held for sale

In line with NDA's Corporate Asset Management Plan and overall strategy to divest itself of all non-operational property by 2022, 7 properties (2018: 11 properties) with a combined value of £1,360,000 (2018: £1,397,000) have been identified as being available for disposal. The corresponding DTL on these properties of £258,000 (2018: £266,000) has been presented within note 15. Instruction to commence marketing the properties has been given to Avison Young Limited and all disposals are expected to complete in 2019/20.

10. Interest payable and similar charges

	2019 **£'000**	2018 £'000
Interest on NDA group loan	**622**	643
Interest on Rutherford Indemnity loan	-	1,021
Total interest expense	**622**	1,664
Unwinding of discount on provisions (Note 6)	-	21
Total interest payable and similar costs	**622**	1,685

NDA group loan

In February 2013, the NDA advanced a loan to the company for the purposes of financing capital projects. The loan amounted to £20,000,000 which is repayable with interest in equal annual instalments of £1,227,000 over twenty five years. The interest on this loan is recognised in the Income Statement as it is incurred. The interest rate applicable is 3.6% per annum.

Other group entity loan

In June 2015, a loan agreement for £21,000,000 was signed for the purposes of financing the National Nuclear Archive capital build project. The loan was repayable with interest in equal annual instalments of £1,476,000 over twenty five years. The interest on this loan was recognised in the Income Statement as it was incurred. The interest rate applicable was 5.0% per annum. This loan was settled on 29 March 2018 when the carrying value was £20,031,000.

Notes to the financial statements (continued)

11. Taxation

(a) ***Tax charged in the Income Statement***:

	2019 £'000	2018 £'000
Current income tax:		
Current income tax charge	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of temporary differences	**18**	(114)
Total deferred tax	**18**	(114)
Total deferred tax charge/(credit) in the Income Statement	**18**	(114)

(b) ***Reconciliation of the total tax charge***:
The tax expense in the Income Statement for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The difference is explained below:

	2019 £'000	2018 £'000
Profit/(loss) on ordinary activities before tax	**1,375**	(20)
Tax calculated at UK standard rate of 19% (2018: 19%)	**261**	(4)
Effects of:		
Expenses not deductible for tax purposes	**118**	339
Onerous lease provision released not taxable	**(182)**	(95)
Dilapidation provision released not taxable	**(122)**	(53)
Rate change adjustment	-	42
Group relief received for nil payment	**(57)**	(343)
Total deferred tax charge/(credit)	**18**	(114)

Notes to the financial statements (continued)

11. Taxation (continued)

(c) ***Change in corporation rate***

In the current year, the NDA surrendered Group relief to the Company which resulted in a nil current tax charge. The directors expect that further losses will be made available to the Company by the NDA in future periods. However, if Group relief was not made available to the Company in subsequent periods, the following would apply:

At Summer Budget 2015, the government announced legislation setting the Corporation Tax main rate (for all profits except ring fence profits) at 19% for the years starting the 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. At Budget 2016, the government announced a further reduction to the Corporation Tax main rate (for all profits except ring fence profits) for the year starting 1 April 2020, setting the rate at 17%. The reductions in future rates to 17% have been used in the calculation of the deferred tax liability.

(d) ***Deferred tax liability***

	2019	2018
	£'000	£'000
Revaluation of investment properties – current (see note 15)	**258**	266
Revaluation of investment properties – non-current	**3,305**	3,279
	3,563	3,545

Management consider, at the appropriate point in time when tax becomes payable as a result of later disposals of investment properties, that sufficient group relief will be received from Nuclear Decommissioning Authority ('NDA') to fully offset the tax charge, however in line with IAS 12 no corresponding asset has been able to be recognised.

12. Finance lease receivables

The Company as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the company's net investment in the leases. The lease payments made by the lessees are split into an interest component and a principal component using the interest rate implicit in the lease. The lease receivable is reduced by the principal received. The interest component is recognised as finance income in the Income Statement.

The company has a finance leasing arrangement for one of its properties. The term remaining on this finance lease is 26 years. The residual value of the asset leased under a finance lease at the balance sheet date is estimated to be £nil.

The interest rate inherent in the lease is fixed at the contract date for all of the lease term. The average effective interest rate contracted approximates 3.0% per annum.

Notes to the financial statements (continued)

12. Finance lease receivables (continued)

The Company as lessor (continued)

The table below shows how the amount of the net investment in a finance lease is determined:

	Minimum lease payments	
	2019	2018
	£'000	£'000
Gross investment	**31,953**	33,224
Less: unearned finance income	**(9,636)**	(10,324)
Present value of minimum lease payments receivable	**22,317**	22,900
Analysed as:		
Current (note 13)	**600**	582
Non-current	**21,717**	22,318
	22,317	22,900

The table below represents the gross investment amounts and the present value of payable minimum lease payments:

	Gross investment	**2019 Present value of minimum lease payments**	Gross investment	2018 Present value of minimum lease payments
	£'000	**£'000**	£'000	£'000
Not later than one year	**1,271**	**600**	1,271	582
Later than one year and not later than five years	**5,084**	**2,593**	5,084	2,516
Later than five years	**25,598**	**19,124**	26,869	19,802
Present value of minimum lease payments receivable	**31,953**	**22,317**	33,224	22,900

Notes to the financial statements (continued)

13. Debtors

	2019 £'000	2018 £'000
Intercompany debtors	**930**	2,024
Trade debtors	**282**	264
Prepayments	**89**	337
Finance lease receivable (note 12)	**600**	582
VAT recoverable	**274**	89
	2,175	3,296

Debtors are reported at book value which is deemed to be fair value (2018: same).

14. Cash at bank and in hand

	2019 £'000	2018 £'000
Cash and cash equivalents	**25,311**	24,957

Cash and cash equivalents represents balances held in NDA Properties Limited own name and in a client bank account managed on the company's behalf by Avison Young Limited.

15. Creditors

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Amounts owed to parent undertaking – group loan	**1,227**	1,227
Amounts owed to parent undertaking – other	**-**	287
Amounts owed to other group entity – other	**-**	446
Trade creditors	**973**	385
Accruals	**1,361**	1,382
Deferred tax liability (see note 11d)	**258**	266
	3,819	3,993
Deferred revenue (note 5)	**5,922**	6,158
	9,741	10,151

Notes to the financial statements (continued)

15. Creditors (continued)

Deferred revenue refers to payments received in advance from the parent in relation to the CNC Training Centre, Off-Site Control Centre and Nuclear Technology Innovation Gateway projects as well as rental income invoiced in advance.

Creditors are reported at book value which is deemed to be fair value (2018: same).

	2019	2018
	£'000	£'000
Amounts falling due after one year:		
Amounts owed to parent undertaking (excluding group loan)	**24,243**	24,267
Amounts owed to parent undertaking – group loan	**15,446**	16,051
	39,689	40,318

Amounts owed to parent undertaking (excluding group loan) have been classified as falling due after one year as the Company has received confirmation from its parent that it will not seek recovery of these amounts within 12 months from the date of signing the 2019 accounts.

The loan from the parent undertaking is repayable in annual instalments of £1,227,000 and attracts interest at a fixed rate of 3.6% per annum.

16. Share capital

	Number	**£'000**
Authorised:		
Ordinary shares of £1 each.		
At 31 March 2018 and 31 March 2019	50,000,000	50,000
Allotted, called up and fully paid:		
Ordinary shares of £1 each		
At 31 March 2018 and 31 March 2019	1	-

Notes to the financial statements (continued)

17. Operating lease arrangements

The Company as lessee

The Company has entered into commercial leases on certain properties. There are no restrictions placed upon the lessee by entering into these leases.

At the reporting date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019	2018
	£'000	£'000
Not later than one year	**142**	801
Later than one year and not later than five years	**569**	624
Later than five years	**2,906**	3,049
	3,617	4,474

The Company as lessor

The company holds certain properties and land which are let to third parties.

At the reporting date the Company had contracted with tenants for the following future minimum lease payments:

	2019	2018
	£'000	£'000
Not later than one year	**530**	501
Later than one year and not later than five years	**1,462**	1,036
Later than five years	**8,637**	8,738
	10,629	10,275

18. Ultimate parent undertaking and controlling party

The company's immediate and ultimate parent undertaking is the Nuclear Decommissioning Authority.

The smallest and largest publicly available group financial statements containing those of the Company are those of Nuclear Decommissioning Authority.

Copies of these financial statements are available from Herdus House, Ingwell Drive, Westlakes Science & Technology Park, Moor Row, Cumbria CA24 3HU.

19. Events after the period end

None identified.