

**AWE MANAGEMENT LIMITED**

**Report and Financial Statements**

**31 December 1999**

**Deloitte & Touche  
Hill House  
1 Little New Street  
London EC4A 3TR**



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**REPORT AND FINANCIAL STATEMENTS 1999****OFFICERS AND PROFESSIONAL ADVISERS****DIRECTORS**

G D Beveridge	(appointed on incorporation)
W W McNaught	(resigned 24 November 1999)
K O Olsen	(resigned 24 November 1999)
M F Carmardo	(appointed 24 November 1999)
J Di Marco	(appointed 24 November 1999)
A M Dowds	(appointed 24 November 1999)
I Downie	(appointed 24 November 1999)
M Hutchinson	(appointed 24 November 1999)

**SECRETARY**

S C M Rigby-Hall	(resigned 24 November 1999)
G J Dyer	(appointed 24 November 1999)

**REGISTERED OFFICE**

Atomic Weapons Establishment  
Aldermaston  
Reading  
Berkshire  
RG7 4PR

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Hill House  
1 Little New Street  
London EC4A 3TR

**DIRECTORS' REPORT**

The directors present their first report and the audited financial statements for the period from incorporation on 10 November 1998 to 31 December 1999.

**PRINCIPAL ACTIVITY**

The principal business of the company is defence activities. In this capacity the company has been awarded a ten year contract by the Ministry of Defence for the management and operation of the Atomic Weapons Establishment. This contract was signed on 1 December 1999, and is due to commence on 1 April 2000.

**RESULTS AND DIVIDENDS**

The company was inactive for the period from incorporation to 30 November 1999. The profit for the period after taxation amounted to £295. The directors do not recommend the payment of a dividend.

**ISSUED SHARE CAPITAL CHANGES**

As at 22 February 2000 the issued share capital of the company had been increased to £1,350,000. It is also the intention of both the directors and the parent companies to issue loan stock with a value of £3,150,000 by 31 March 2000 to the parent companies.

**DIRECTORS AND THEIR INTERESTS**

The directors who served during the period are set out on page 1.

None of the directors had any disclosable interests in the shares of the company or any other UK group company during the period.

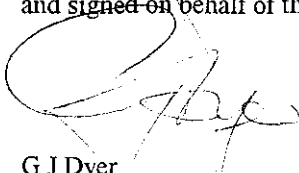
**YEAR 2000**

Following their initial review, the directors continue to be alert to the potential risks and uncertainties surrounding the year 2000 issue. As at the date of this report, the directors are not aware of any significant factors which have arisen, or that may arise, which will affect the activities of the business; however, the situation is still being monitored. Any future costs associated with this issue cannot be quantified but are not expected to be significant.

**AUDITORS**

Deloitte & Touche were appointed to act as auditors on 17 January 2000, and have expressed their willingness to continue in office. In accordance with sections 379A and 386 of the Companies Act 1985 a resolution was passed by the board on 24 November 1999 to forego the need to re-appoint auditors annually.

Approved by the Board of Directors  
and signed on behalf of the Board



G J Dyer  
Company Secretary

30 March 2000

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company 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 estimates that are reasonable and prudent;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## AUDITORS' REPORT TO THE MEMBERS OF AWE MANAGEMENT LIMITED

We have audited the financial statements on pages 5 to 9 which have been prepared under the accounting policies set out on page 7.

### Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of opinion

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

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

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1999 and of its profit for the period from the date of incorporation on 10 November 1998 to 31 December 1999 and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and  
Registered Auditors

30 March 2000



**PROFIT AND LOSS ACCOUNT**  
**Period ended 31 December 1999**

	Note	Period from 10 November 1998 to 31 December 1999
		£
Interest receivable and similar charges	3	370
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>370</u>
Tax on profit on ordinary activities	4	(75)
<b>Retained profit for the period</b>		<u><u>295</u></u>

All activities relate to continuing operations.

There were no recognised gains or losses during the period other than the profit shown above.



**BALANCE SHEET  
31 December 1999**

	Note	31 December 1999 £
<b>CURRENT ASSETS</b>		
Debtors	5	340,643
Cash at bank and in hand		150,264
		<u>490,907</u>
<b>CREDITORS: amounts falling due within one year</b>	6	<u>(340,612)</u>
<b>NET CURRENT ASSETS</b>		<u>150,295</u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	7	150,000
Profit and loss account		295
		<u>150,295</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	8	<u>150,295</u>

These financial statements were approved by the Board of Directors on 30 March 2000.

Signed on behalf of the Board of Directors

M Hutchinson  
Director



**NOTES TO THE ACCOUNTS**  
**Period ended 31 December 1999****1. ACCOUNTING POLICIES**

These financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

**Income Recognition**

Fees receivable are recognised within the profit and loss account, based on the level of costs recharged.

**2. PROFIT ON ORDINARY ACTIVITIES**

The directors did not receive any remuneration for their services to the company.

The company had no employees.

The auditors remuneration for the period was nil.

**3. INTEREST RECEIVABLE AND SIMILAR INCOME**

**Period from  
10 November 1998  
to 31 December 1999**

£

Bank accounts and short term deposits

370

**4. TAX ON PROFIT ON ORDINARY ACTIVITIES**

**Period from  
10 November 1998  
to 31 December 1999**

£

United Kingdom corporation tax at 20%

75


**NOTES TO THE ACCOUNTS**  
**Period ended 31 December 1999**
**5 DEBTORS**

	1999 £
Sundry debtors	340,641
Issued share capital not yet paid	2
	<u>340,643</u>

**6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1999 £
Trade creditors	41,915
Amounts owed to parent company	21,548
Amounts owed to related parties	231,731
Accruals	45,343
Corporation tax	75
	<u>340,612</u>

**7 CALLED UP SHARE CAPITAL**

	On incorporation £	Increase £	Re- classification £	31 December 1999 £
<b>Authorised:</b>				
Ordinary shares (£1 each)	100	14,999,900	(15,000,000)	-
Class A ordinary shares (£1 each)	Nil	N/A	5,000,000	5,000,000
Class B ordinary shares (£1 each)	Nil	N/A	5,000,000	5,000,000
Class C ordinary shares (£1 each)	Nil	N/A	5,000,000	5,000,000
	<u>100</u>	<u>14,999,900</u>	<u>-</u>	<u>15,000,000</u>
	On incorporation £	Re- classification £	Issued 26 November 1999 £	31 December 1999 £
<b>Issued:</b>				
Ordinary shares (£1 each)	2	(2)	-	-
Class A ordinary shares (£1 each)	Nil	-	50,000	50,000
Class B ordinary shares (£1 each)	Nil	-	50,000	50,000
Class C ordinary shares (£1 each)	Nil	2	49,998	50,000
	<u>2</u>	<u>-</u>	<u>149,998</u>	<u>150,000</u>

All classes of shares rank pari passu in all respects with one another.



**NOTES TO THE ACCOUNTS**  
**Period ended 31 December 1999**

**8 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>31 December 1999</b>
	<b>£</b>
Shareholders' funds on incorporation	2
Share capital issued during the period (see note 7)	149,998
Profit attributable to members of the company	295
	<hr/>
Closing shareholders' funds	<u>150,295</u>

**9 ULTIMATE PARENT COMPANIES AND RELATED PARTY TRANSACTIONS**

The company is a joint venture, equally owned by Serco Limited, British Nuclear Fuels Plc and Lockheed-Martin UK Limited. All three companies are registered in England and Wales.

During the period the company incurred administrative costs directly from Serco Investments Limited, British Nuclear Fuels Plc and Lockheed-Martin Corporation of £118,497, £21,548 and £113,234 respectively. All of these balances remained outstanding as at 31 December 1999.