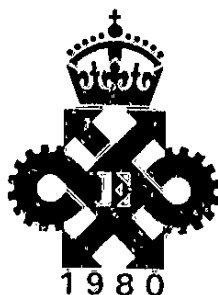


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Ninth Annual Report & Accounts 1979/80



British Nuclear Fuels Limited

Con Allday, BNFL's managing director, signs the company's new staff structure breaking links with the UKAEA and Civil Service. Seated right is Staff Side chairman Ken Richardson. Standing, from left: Staff Side secretary Jim Hodgson, organisation and planning manager Ken Sharples, former Staff Side chairman Gerry Ibison and personnel director Joe McCrickard.



Fleming House, part of the new accommodation being provided for BNFL at Risley.



Interior of Fleming House, showing part of section occupied by Pacific Nuclear Transport Limited.



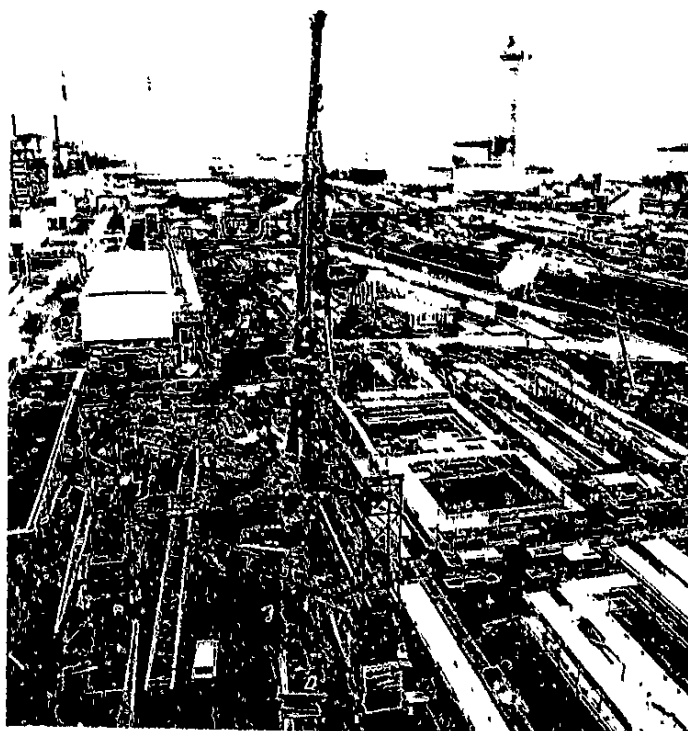
Machine shop in new extension of Risley Apprentice Training Centre.



Capenhurst's centrifuge enrichment plant (E21), now fully commissioned.



Hopper room, which forms part of new UF_4 kiln plant at Springfield.



Construction of new effluent treatment plant at Windscale.

**Report
of the Directors
and
Statement of
Accounts**



British Nuclear Fuels Limited

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BNFL

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Board of Directors



Sir John Hill

Chairman

C Allday, CBE

Managing Director

Dr D G Avery

Deputy Managing Director

Dr N L Franklin, CBE

G H Inglis

A Johnson

Dr T N Marsham, CBE

J R S Morris

P Shelbourne

J Tatlock, MBE

Secretary

H E Bolter

Registered Office

Risley, Warrington, WA3 6AS

Auditors

Coopers & Lybrand
Abacus House
Gutter Lane
Cheapside
London EC2V 8AH

Bankers

National Westminster Bank Ltd
55 King Street
Manchester M60 2DB

Solicitors

Freshfields
Grindall House
25 Newgate Street
London EC3A 7LH

Alsop, Stewarts, Batesons & Co
India Building
Water Street
Liverpool L2 0NH

BNFL

The NINTH ANNUAL GENERAL MEETING of British Nuclear Fuels Limited will be held at 11 Charles II Street, London, SW1Y 4QP, on Wednesday, 23 July 1980 at 2-30 pm for the following purposes:

- 1 To receive and consider the Directors' and Auditors' Reports and the Statement of Accounts for the year ended 31 March 1980;
- 2 To declare a final dividend;
- 3 To re-appoint Coopers & Lybrand as Auditors under Section 14(1) of the Companies Act 1976;
- 4 To authorise the Directors to fix the remuneration of the Auditors;
- 5 To transact any other ordinary business proper to an Annual General Meeting.

By order of the Board

H E Bolter
Secretary

Risley
Warrington
30 June 1980

Note: A member entitled to attend and vote at the above meeting may appoint a proxy to attend and, on a poll, to vote in his stead. A proxy need not be a member of the Company.

Group Highlights

BNFL

Except where otherwise stated all figures in these Accounts are expressed in millions of £'s (£M).

	1980 £M	1979 (Restated) £M
SALES	283.5	234.5
TRADING PROFIT	33.3	31.1
PROFIT BEFORE TAXATION	17.1	13.3
PROFIT FOR YEAR AFTER TAXATION AND MINORITY INTERESTS	14.2	12.5
DIVIDENDS	2.7	2.2
PROFIT RETAINED	11.5	10.3
CAPITAL EXPENDITURE	107.4	68.5
NET ASSETS EMPLOYED	393.4	333.9
SHAREHOLDERS' INTEREST (Average for year)	68.1	57.3
PROFIT FOR YEAR RELATED TO AVERAGE SHAREHOLDERS' INTEREST	20.9%	21.8%
NUMBER OF EMPLOYEES (Average for year)	14,250	13,047

Chairman's Review of the Year

- 1 The new nuclear programme announced by the Government last December was welcome news for BNFL. Although the Group is expanding and is busy modernising much of the original plant, particularly at Windscale and Capenhurst, recent expansion in the demand for nuclear fuel services has had to depend on exports. A sound home market is the essential base on which our international trading is being built and the continuing nuclear programme announced by the Government, together with the expected completion of reactors now under construction, will provide the growth of this base which is so important to the Group.
- 2 To provide an efficient and economical nuclear fuel service to the exceptional standards of safety and environmental protection currently required presents a real challenge but progress made during the last 12 months gives me every confidence in the Group's ability to meet it. This is not, however, to underestimate the size of the task ahead. The Group's forward investment programme is now very substantial and it is encouraging to see that the engineering and construction programmes are gathering momentum. Capital expenditure of £M375 was authorised by the Group during the year under review, compared with £M250 in the previous year. A major part of this work is being placed with British engineering companies.
- 3 I am particularly pleased that the Group's overseas marketing efforts since its formation have been recognised by the announcement made shortly after the year ended that BNFL was to receive the Queen's Award for Export Achievement.
- 4 While the Group can be optimistic about its future and while I have every confidence in its ability to meet the technical and organisational challenges which lie ahead, there are several features of the current economic climate which must cause concern. In particular, the continuing high rate of inflation and high interest rates are disturbing in relation to the effect which they will have on the Group's capital construction programme. Moreover, while the strength of Sterling is welcome as a sign of external confidence in the UK, it seriously affects the competitiveness of BNFL in export markets. In these circumstances, it is particularly important that the Group maintains and further strengthens its efforts to keep costs down both from the point of view of export markets and to ensure that the competitive advantage of nuclear power is not eroded and that electricity tariffs are contained. It is important that this responsibility is recognised by all concerned. This year's financial results reflect the impact of some of these pressures but the Group has broadly maintained its overall profit levels and has been able to adhere to its objective of progressively making a larger cash return to its shareholder — the nation — by way of dividend.
- 5 Since BNFL was formed in 1971, it has received consistent support from the two main political parties, the Trade Union movement and the local communities in which the factories it inherited from the United Kingdom Atomic Energy Authority are sited. It is essential that this support continues. I believe that the support stems from an awareness of the importance to the economy of nuclear energy and the significant role BNFL plays in it and from a recognition of the growing importance of nuclear power as supplies of fossil fuel resources are depleted. Additionally, the Group provides employment directly and indirectly

through the business it places with a wide cross-section of UK industry, including some of the sectors under most pressure such as steel, ship-building and heavy electrical plant manufacture.

- 6 A great deal of attention continues to be paid by the media to incidents which occur within the Group. The Board and Management of the Company do not underestimate the need to take every such incident seriously not only because of the need to demonstrate the safe nature of nuclear power, but because such an occurrence implies a need to reconsider safety control procedures. It must be emphasised, however, that the incidents which have occurred have been minor in their actual effect and our health and safety record remains excellent.

Financial Results

- 7 The Accounts set out on later pages show that turnover in 1979/80 again increased. In the case of fuel services for the home market and electricity the increase mainly reflects the results of inflation. Export sales, however, continue to show steady growth in real terms, particularly in transport of irradiated fuel.
- 8 However, the narrowing of margins resulting from factors such as increases in costs and changes in exchange rates means that the Trading Profit, before the effects of the exceptional item referred to subsequently, shows only a small increase on last year (£M33 compared with £M31).
- 9 This year the results have benefited from the inclusion of an exceptional item of £M5. This arises from the release of provisions for decommissioning, no longer required, following the clarification of arrangements for recovery from customers.
- 10 After allowing for increased interest charges the Profit for the Year after taxation and minority interests shows an increase over last year although the return on shareholders' interest falls to 21 % (1979 22 %).
- 11 Future prospects remain encouraging and indications are that the Company will continue to make progress towards attaining its objectives.

Current Cost Accounts

- 12 The current cost accounts on pages 33 to 37 have been prepared applying the principles set out in the recent Statement of Standard Accounting Practice No. 16. The current cost profit attributable to the shareholders is £M1 compared with £M14 shown in the historical accounts. It is a matter for concern that in the present circumstances high inflation rates have inevitably eroded profit margins to the degree shown in the current cost presentation.

Enrichment

- 13 Enrichment Division operations continue to be successful. In the past year, Urenco, the tripartite enterprises through which BNFL operates, have signed further long-term contracts worth some £M250. The total of the Urenco order book is approximately £M1,300, about one-third of which will be met from Capenhurst. The first centrifuge enrichment plant at Capenhurst has been completed and construction of a second started. Good progress has also been made on the development of more advanced centrifuges in collaboration with our German and Dutch partners in Urenco.

- 14 The Ministry of Defence decided during the year to order a plant to be built at Capenhurst to provide enriched fuel for use in Naval submarines. Planning permission has been granted and a contract is under negotiation. The new project will provide a valuable addition to centrifuge manufacturing operations and more employment at Capenhurst.
- 15 The Capenhurst Diffusion Plant has operated satisfactorily throughout the year and is currently enriching to natural concentration uranium recovered at Windscale from spent Magnox fuel, a process which is reducing the UK's requirement for uranium imports by several hundred tonnes per annum.

Fuel Reprocessing

- 16 Major renovation of the plant for reprocessing Magnox fuel and the provision of additional plant for the reprocessing of oxide fuel from the British AGR programme and from overseas is under way at Windscale and Calder Works. The reprocessing of used Magnox fuel from the UK and overseas has continued successfully with throughput increasing during the year. Production over the year as a whole was satisfactory.
- 17 During the year discharges of activity to sea were at all times within our authorisations and moreover a significant reduction was made in the levels of effluent discharged to the sea compared with earlier years. Two major facilities, an effluent evaporation plant and an ion exchange effluent treatment plant, are under construction at the Works and when these are completed and brought into operation there will be a further significant reduction in the activity discharged to sea.
- 18 Design and development work has continued on the storage ponds and reprocessing plant for irradiated Thermal Oxide fuel (THORP) and the preparation of the site is proceeding well. Development of processes for the vitrification of highly active fission product effluent has continued, including an assessment of alternative production scale plant concepts. The work of other countries in this field is kept under continuous review. Improved methods of treatment of other wastes and residues to condition them into a more suitable form for storage and disposal are also being developed.
- 19 The extensive capital investment programme at Windscale, an operating site, makes the careful planning, segregation and execution of construction activities particularly important. We have had full understanding and support from members of the local community and from the authorities in Cumbria.
20. Transport business is particularly important to the Group. Its associated Company, Nuclear Transport Limited, operating in Europe, continues to be successful and is expanding. Pacific Nuclear Transport Limited, a subsidiary formed in 1975 to transport spent fuel to the UK and France for storage and reprocessing, also continues to expand and had a successful year. PNTL now operates two ships, Pacific Fisher and Pacific Swan, on the Japanese route and a further ship was nearing completion towards the end of the year. Capital expenditure by PNTL on fuel transport flasks and ships during the year was £M6.

Electricity Generation

- 21** The Calder Hall and Chapelcross reactors have continued to operate well. One of the Calder reactors remained off line during the year in order to relieve pressure on the available storage space for used Magnox fuel. Work is in hand to bring this reactor back into operation during 1980/81.

Fuel Manufacture and Associated Services

- 22** As part of the programme to expand the capacity of plants at Springfields for the conversion of uranium ore concentrates to UF_6 , a new kiln plant of 5000 te U/year capacity was commissioned during the year and new extensions to the fluorine cells were completed. The new kiln plant for the manufacture of UF_4 is operating satisfactorily at design throughput and has already attracted interest from potential customers for the technology involved.
- 23** A new larger Integrated Dry Route (IDR) kiln for the conversion of UF_6 into UO_2 has been brought into operation at Springfields and has already been used to produce ceramic grade UO_2 powder for the Home Boards and overseas customers. Deliveries of UO_2 powder to Franco-Belge de Fabrication de Combustibles SA in Belgium and France have continued to programme.
- 24** A major scheme has commenced for the renovation of the Magnox fuel manufacturing lines which have now been in operation for 20 years. Special measures are being taken to maintain production while work proceeds. All deliveries of Magnox fuel to service the UK and overseas reactors were completed to customers' requirements.
- 25** Manufacture of AGR fuel has continued through the year and deliveries to the UK Generating Boards were completed satisfactorily.
- 26** At the year end arrangements were being made to activate the licence to fabricate PWR fuel elements to Westinghouse design and it is intended to build a plant for the purpose at Springfields, subject to the outcome of the public inquiry which the Government has announced will take place into the introduction of the PWR reactor.

People

- 27** The total number of people employed by the Group increased by about 1,400 over the course of the year. The assimilation of new staff into the Group presents a challenge.
- 28** After lengthy negotiations the company signed a Staff Structure Agreement with the Staff Associations breaking the link with the Civil Service. This opened the way for the development of a more industrially based and flexible staff and grading structure.
- 29** The success or failure of the Group depends on the ability, dedication and hard work of its employees and I am pleased to acknowledge that its achievements this year result from this support. I would like to thank employees who retired during the year for their long and valuable service. At the same time I would like to welcome new employees who have joined us to face the challenge of the future.

Company Objectives

The Company's primary objective is to provide an efficient fuelling service to the nuclear power stations of the UK Generating Boards and to meet the needs of other domestic customers. In addition, the Company seeks business overseas in order to achieve a greater measure of growth than that offered by the UK market alone, and to enable domestic customers to benefit from this expansion.

All these activities are pursued subject to two overriding conditions, first, that standards of safety and environmental protection are maintained well within statutory requirements and secondly, that overseas business is only undertaken within the guidelines laid down by Government to avoid increasing the risk of proliferation of nuclear weapons.

In structuring its business, the Company seeks security for its present employees and, through expansion, seeks both to extend their opportunities and offer additional employment prospects.

The Company's long-term financial objective is to offer a return to its shareholders similar to that earned by comparable sectors of UK industry coupled with maintaining a high degree of internal self-financing so as to minimise its requirements for external funds.

Report of the Directors

for the year ended 31 March 1980



- 1 The Directors of British Nuclear Fuels Limited have pleasure in submitting to the shareholders their Ninth Annual Report, together with the audited Accounts for the year ended 31 March 1980.
- 2 The full accounts of the Group are set out on pages 17 to 32 and include, on a consolidated basis, the accounts of the Subsidiary Companies listed on page 30 together with the accounts of the UK Partnership through which the Group participates in the production of enriched uranium, using the centrifuge process.

3 Turnover and Profits

The contributions to turnover and profits made by the different classes of business were as follows:

	Sales		Trading Profit	
	1980	1979 (Restated)	1980	1979 (Restated)
	£M	£M	£M	£M
Nuclear Fuel Services (including those provided to the UK Generating Boards)	252.0	206.3	37.7	36.5
Electricity	31.5	28.2	(4.4)	(5.4)
	<u>283.5</u>	<u>234.5</u>	<u>33.3</u>	<u>31.1</u>

The increased turnover on Nuclear Fuel Services generated only a small increase in profits after taking account of increases in costs and provisions for future expenditure.

Although there is again a decrease in the loss on Electricity due to a further improvement in selling prices, the outturn continues to be affected by the closure of one of the Calder reactors, necessary to reduce the load on irradiated fuel storage and reprocessing facilities.

4 Dividend

The Directors recommend that a final dividend of $6\frac{1}{4}\%$ should be paid, making a total of $8\frac{1}{4}\%$ for the year.

5 Finance

- (a) Group capital expenditure of £M107.4 (Parent £M77.0) has been incurred during the year, mainly on upgrading reprocessing facilities at Windscale.
- (b) During the year the Parent Company made £M25 drawings from the £M100 loan agreement negotiated in 1976/77. £M75 has now been borrowed under the agreement and the drawing period expires on 31 March 1981. The line of long-term credit established with the European Investment Bank is judged adequate to meet the balance of external borrowing requirements over the next financial year.
- (c) Capital expenditure authorised at the end of the year was £M666, of which £M131 has been committed. This reflects the major investment programme of the Group, which will continue over the next few years. A substantial part of the finance for this programme will be met from internally generated funds and advances from customers, the balance being obtained from loans, supported where necessary by the provisions of the Nuclear Industries Finance Act 1977, or in the form of additional equity investment.

6 Activities

There were no significant changes in the main activities of the Group, which are:—

- (a) *Nuclear Fuel Services*
The conversion and enrichment of uranium; the manufacture and supply of uranium and plutonium-based fuels and the provision of related fuel cycle services for nuclear power stations; and the reprocessing of nuclear fuel after use and associated waste treatment and storage.
- (b) *Electricity Generation*
The supply of electricity to the English and Scottish grids from the Calder and Chapelcross nuclear power stations.
- (c) *Other Activities*
These include research, development and the design and construction of plant and equipment associated with the Group's activities.

7 Provisions and Long-term Commitments

In respect of the items mentioned below, the provisions made (see the statement of Accounting Policies on pages 17 and 18) are necessarily based on the latest information available, but it is not possible to ascribe precise figures to the ultimate costs. However the Board expects that, if such costs eventually turn out to be larger than the present assessment, whether this is due to inflation or technical factors, the Group will be able to meet the excess without impairing its viability. The following are the developments that have taken place during the year with regard to these items:—

(a) *Reprocessing Contracts*

As stated in last year's Annual Report, discussions were taking place at the year end with customers on certain unprofitable reprocessing contracts on which it was not possible to determine whether any provision needed to be made for future losses. During 1979/80 it has been possible to establish satisfactory arrangements with some of these customers. Discussions with the other customers are continuing. A provision has been made which is judged adequate to cover the probable extent of any future losses.

(b) *Long-Term Storage of Waste Products*

Work continues towards the introduction of a vitrification process, close links being maintained with overseas organisations working in the same field. As in previous years, amounts have been set aside in respect of the estimated cost of vitrifying the Group's waste products arising since the formation of the Company on 1 April 1971. The vitrification of these waste products is not expected to begin until the late 1980s. Further technical developments might affect the process ultimately used and, accordingly, the ultimate cost. No provision has been made for the potential costs of vitrifying the waste products on hand at the date of formation of the Company. The amounts involved would be substantial. H.M. Government has informed the Company that it will be prepared to discuss the question of how such costs should be met when they arise.

(c) *Decommissioning*

It is the Group's policy to close down radioactive facilities which have reached the end of their useful lives and to maintain them in an acceptably safe condition on the assumption that the Group will continue to occupy the site on which the facility is located. The closure costs will be passed on to customers by way of a specific charge at the time of decommissioning where this is in accordance with the sales contracts concerned, or where specific agreement has been reached to this effect. Where this is not the case, provision is made over the life of the facility involved.

8 Exports

Export sales during the year totalled £M40.7 (1979 £M30.2).

9 Personnel

The weekly average number of persons employed by the Group during the year was 14,250 (1979 13,047) and with this increased employment aggregate remuneration during the year rose to £M87.5 (1979 £M65.2).

10 The Board of Directors

The names of the Directors of the Company at the end of the year are set out on page 4. Mr G H Inglis, Mr A Johnson and Dr T N Marsham were appointed to the Board on 26 September 1979. All other Directors served throughout the year.

11 Directors' Shareholdings and Interests

No Director held, at any time during the year, any shares in or Convertible Loan Stock of the Company, or of its subsidiaries, or of any associated Company (apart from holdings of shares as nominees in Combustibili Nucleari SpA by those who are Directors of that Company, as required by Italian Law). No Director had during the year any material interest in a contract which is significant in relation to the business of the Company or of the Group, although Sir John Hill and Dr T N Marsham were full-time members and Mr C Allday and Dr N L Franklin were part-time members of the UKAEA, which, in addition to being the Group's shareholder, has a number of substantial contracts with the Group.

12 Contributions for Political or Charitable Purposes

No contributions were made for political purposes. Contributions to charities during the year amounted to £12,780 (1979 £7,966).

13 Industrial Injuries

The frequency of lost time injuries per 100,000 industrial man hours worked is 2.1 for 1979/80, which is comparable with the figures for earlier years.

1978/79	2.1
1977/78	2.0
1976/77	2.1

The Company's figures show no statistically significant variation over these years.

14 Corporate Plan

The Group annually submits a forward Plan covering the next ten years to the UKAEA and to the Department of Energy. Approval of the Plan is the mechanism by which the Department accepts the Group's forward investment programmes. The proposals in the 1979 Plan have been accepted.

15 Energy Saving

The Group is well aware of the need to conserve energy and measures to improve further the efficiency of energy usage are continuing as planned. In particular, work is being carried out on the provision of additional thermal insulation and the introduction of automated controls for regulating building and minor process heat inputs. Last year it was stated that the Group's immediate objective was to produce additional energy savings of 10% over a two-year period. It is now expected that this target will be exceeded.

16 Auditors

A resolution to reappoint the Auditors, Coopers & Lybrand, will be proposed at the General Meeting in accordance with Section 14(1) of the Companies Act 1976.

By order of the Board

H E Bolter, *Secretary*

30 June 1980



Report of the Auditors

to the members of British Nuclear Fuels Limited



- 1 We report on the accounts set out on pages 17 to 32.
- 2 (a) As explained in Accounting Policies 3 and 4, because of the long-term nature of the potential liabilities in respect of the completion of certain sales contracts, the vitrification of post 1971 waste and the decommissioning of radioactive facilities, provisions made therefor have been based on latest technical assessments and computed at current price levels.

(b) As explained in paragraph 7 of the Directors' Report, no provision has been made for the vitrification costs of pre-1971 waste.
- 3 With these reservations, in our opinion, the accounts give a true and fair view of the state of affairs at 31 March 1980 and of the profit and source and application of funds for the year ended on that date, according to the historical cost convention, and comply with the Companies Acts 1948 and 1967.

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants

London
30 June 1980

ACCOUNTING POLICIES

1 Consolidation

- (a) The consolidated accounts include the accounts of British Nuclear Fuels Limited and of its subsidiary companies, as listed on page 30, all of which are made up to the 31 March, and the accounts of the Urenco (UK) Partnership, which, to avoid undue delay, are made up to 31 December.
- (b) The consolidated accounts also include the Group's share of the profits less losses (in so far as they are not covered by Government grants available) shown by the accounts of the associated companies listed on page 31. The accounts of the associated companies are made up to 31 December in each year.
- (c) Foreign currencies are converted at the rates of exchange ruling at the Balance Sheet date. Unrealised exchange differences on year-end balances are taken to reserves; realised exchange differences are dealt with in the Profit and Loss account.

2 Sales

Sales represent the total invoiced value of products delivered and services rendered to outside customers including the United Kingdom Atomic Energy Authority (UKAEA).

3 Long-Term Sales Contracts

In respect of contracts entered into for the provision of nuclear fuel services extending over a period of years, profit is taken in the year in which the services are provided and invoiced.

Provision is made for any losses which are expected to arise on contracts entered into at the Balance Sheet date whether or not work on these contracts has commenced. Where these contracts are not expected to be completed for some years, this provision is based on the latest assessment of the way in which the contractual commitments are to be met and is computed at present price levels. On this basis the amount of provision required is reviewed annually to take account of changes in the year and adjustments to the provision arising from this review are taken up in the accounts.

4 Decommissioning and Long-Term Storage

- (a) To the extent that the costs are not considered to be recoverable from customers by way of a specific charge at the time the costs are incurred:—
 - (i) Provision is made on an ongoing basis for the expected cost of decommissioning the Group's radioactive facilities; and
 - (ii) Provision is made for the estimated cost of vitrifying, beginning in the late 1980s, the Group's waste products arising since its formation on 1 April 1971. Provision is not made for the cost of vitrifying waste products arising from operations prior to the formation of the Company on 1 April 1971.
- (b) The provisions for decommissioning and long-term storage are based on the latest technical assessments of the processes and methods likely to be used and are computed at present price levels. The provisions are reviewed annually to reflect any known changes in techniques and price levels and any adjustments to the provisions that are required as a result of such changes are taken up in the accounts for the year in which they arise.

5 Research and Development Expenditure

Research and Development expenditure on projects not supported by firm orders is written off in the year in which it is incurred. Expenditure on products for which firm orders have been received is held as part of the value of stocks and work in progress for recovery against the sales value of the initial orders.

6 Development and Exploitation of Centrifuge Process

Government grants received in respect of the development and exploitation of the centrifuge process are treated as a deferred credit and released to Profit and Loss account against related expenditure written off.

7 Fixed Assets

- (a) Depreciation is calculated to write off the historic cost of assets, generally by equal annual instalments, over the period assessed as their useful lives. The lives used for depreciation purposes of the major categories of fixed assets are:

Buildings 10 to 60 years

Plant and Machinery 10 years

Provision is not made for depreciation on freehold land or assets in course of construction.

- (b) Regional Development Grants receivable under the Industry Act 1972 are treated as a deferred credit and transfers are made to Profit and Loss account, generally by equal annual instalments, over the assessed useful life of the assets to which they relate.

8 Stocks and Work in Progress

Stocks and work in progress are valued at cost or net realisable value whichever is the lower, and in the case of work in progress after deduction of progress payments. Cost where appropriate includes a proportion of all factory overhead expenses.

9 Debtors

Known bad debts are written off and specific provision is made for any considered to be doubtful of collection.

10 Deferred Taxation

Provision is made for taxation deferred as a result of material timing differences calculated on the liability method, except where no liability is expected to arise in the foreseeable future.

Consolidated Profit and Loss Account

for year ended 31 March 1980

	1980	1979 (Restated)
	£M	£M
Sales	283.5	234.5
Trading Profit (Note 2)	33.3	31.1
Exceptional Item (Note 3)	4.7	—
Trading Profit after Exceptional Item	38.0	31.1
Research and Development Written Off	9.2	9.7
	28.8	21.4
Interest (Note 4)	12.0	8.4
	16.8	13.0
Share of Profits less Losses of Associated Companies	0.3	0.3
Profit before Taxation	17.1	13.3
Taxation (Note 8)	1.4	1.3
Profit after Taxation	15.7	12.0
Profit/(Loss) attributable to Minority Interests	1.5	(0.5)
Profit after Taxation and Minority Interests	14.2	12.5
Dividends (Note 9)	2.7	2.2
Profit retained	11.5	10.3
Retained by		
British Nuclear Fuels Limited	9.9	10.0
Subsidiary Companies	1.4	0.2
Associated Companies	0.2	0.1
	11.5	10.3
Statement of Retained Profit/Reserves		
Retained Profit for the Year	11.5	10.3
Unrealised exchange differences	—	(0.2)
Retained Profit/Reserves at Beginning of the Year	29.6	19.5
Retained Profit/Reserves at End of Year	41.1	29.6

The Accounting Policies on pages 17 and 18 and notes on pages 22 to 31 form an integral part of the accounts.

The Auditors' Report is on page 16.

Consolidated Balance Sheet

as at 31 March 1980



	1980		1979 (Restated)
	£M	£M	£M
Net Assets Employed			
Fixed Assets (Note 10)		291.1	202.0
Investments			
Associated Companies (Note 11)	1.0		0.8
Advances to Partnerships (Note 12)	1.4		6.1
		2.4	6.9
		293.5	208.9
Current Assets (Note 13)	242.6		211.6
Less Current Liabilities and Provisions (Note 14)	142.7		86.6
Net Current Assets		99.9	125.0
		393.4	333.9
Financed by			
Issued Share Capital (Note 15)		32.7	32.7
Reserves		41.1	29.6
Shareholders' Interest		73.8	62.3
Minority Interests in a Subsidiary and a Partnership		4.6	12.9
Loans (Note 16)		123.1	97.2
Deferred Liabilities (Note 17)		118.9	102.8
Government Grants held as Deferred Credit (Note 18)		73.0	58.7
		393.4	333.9

John M Hill
C. Allday

John M Hill }
C Allday } Directors

The Accounting Policies on pages 17 and 18 and notes on pages 22 to 31 form an integral part of the accounts.

The Auditors' Report is on page 16.

Parent Company Balance Sheet

as at 31 March 1980

	1980		1979
	£M	£M	£M
Net Assets Employed			
Fixed Assets (<i>Note 10</i>)		203.3	140.1
Interests in Subsidiary Companies (<i>Note 19</i>)		24.7	0.3
Investments			
Associated Companies (<i>Note 11</i>)		0.5	0.5
		<u>228.5</u>	<u>140.9</u>
Current Assets (<i>Note 13</i>)	216.8		197.6
Less Current Liabilities and Provisions (<i>Note 14</i>)	<u>124.9</u>		<u>81.3</u>
Net Current Assets		<u>91.9</u>	<u>116.3</u>
		<u>320.4</u>	<u>257.2</u>

Financed by

Issued Share Capital (<i>Note 15</i>)	32.7	32.7
Reserves (<i>Note 20</i>)	44.1	31.7
Shareholders' Interest	<u>76.8</u>	<u>64.4</u>
Loans (<i>Note 16</i>)	108.0	85.1
Deferred Liabilities (<i>Note 17</i>)	104.3	85.8
Government Grants held as Deferred Credit (<i>Note 18</i>)	31.3	21.9
	<u>320.4</u>	<u>257.2</u>

X John M Hill
 X C. Allday } *Directors*

The Accounting Policies on pages 17 and 18 and notes on pages 22 to 31 form an integral part of the accounts.

The Auditors' Report is on page 16.

Notes on the Accounts

BNFL

- 1** As stated in Note 12, the Group Accounts now include those of the Urenco (UK) Partnership. The relevant 1979 figures have been restated.

2 Trading Profit

- (a) Trading profit earned from the supply of Nuclear Fuel Services to the UK Generating Boards is determined on the basis of a target rate of return on capital employed in the provision of these services, taking into account certain efficiency factors.

- (b) Trading profit is arrived at after crediting:

	1980 £M	1979 £M
Regional Development Grants released	3.6	2.0
Centrifuge Assistance released	2.1	0.5
and after charging:		
Additional amount required to reflect known changes, in techniques and price levels, on opening provisions and deferred liabilities	9.1	4.3
Directors' Emoluments		
Fees £9,000 (1979 £2,800)	—	—
Management	0.1	0.1
Depreciation	18.3	11.2
Hire of Plant and Equipment	1.6	1.1
Royalties to UKAEA	2.1	1.5
Contributions to Superannuation funds (See Note 5)	9.3	7.5
Auditors' Remuneration £33,350 (1979 £27,750) (Parent £27,000 (1979 £22,500))	—	—

3 Exceptional Item

Provision for decommissioning no longer required following clarification of recovery arrangements with customers.

4 Interest

	1980 £M	1979 £M
Interest on loans: repayable within five years	10.3	7.1
repayable after five years	2.1	1.8
	12.4	8.9
Interest on bank overdraft and short-term loans	1.1	0.4
	13.5	9.3
Less Interest from temporary investments	1.5	0.9
	12.0	8.4

5 Superannuation Contributions

Employees of the Company are members of the appropriate UKAEA superannuation schemes. The Company's contributions were as follows:—

	1980	1979
	£M	£M
Principal non-industrial scheme	4.4	3.5
Protected persons scheme	1.9	1.7
Industrial scheme	3.0	2.3
	<u>9.3</u>	<u>7.5</u>

6 Directors' Emoluments

The emoluments, excluding pension provision, of the Directors in the various ranges are as follows:

	1980 Number	1979 Number
Range		
Nil to £5,000	5	5
£10,001 to £15,000	2	—
£15,001 to £20,000	—	3
£20,001 to £25,000	2	—
£25,001 to £30,000	1	—
Emoluments of the Chairman	Nil	Nil
Emoluments of the highest paid Director	£26,624	£19,303
In 1979 one Director waived fees of £500		

7 Employees Earning more than £20,000 per annum

	1980 Number	1979 Number
£20,001 to £25,000	9	—

8 Taxation

	1980 £M	1979 £M
Overseas Taxation	0.1	0.2
Associated Companies	0.1	0.2
	<u>0.2</u>	<u>0.4</u>
Advance Corporation Tax	1.2	0.9
	<u>1.4</u>	<u>1.3</u>

No charge for corporation tax on the profits of the year arises, as a result of accelerated capital allowances, stock appreciation and other timing differences. These amounted (*See Note 21*) to £M11.7 including £M3.8 arising on the change in the Group's share in the Urenco Partnerships (*See Note 12*).

9 Dividends

	1980 £M	1979 £M
Interim dividend paid on 30 November 1979 2% (1979 Nil)	0.7	—
Final dividend 6½% (1979 6½%)	2.0	2.2
	<u>2.7</u>	<u>2.2</u>

10 Fixed Assets

(a) A summary of fixed assets, held by the Group, is as follows:

	Freehold Land and Buildings £M	Plant, Machinery, Vehicles, Equipment and Furniture £M	Assets in course of construction £M	Total £M
Cost at 1 April 1979	31.4	150.1	111.7	293.2
Additions including reclassifications	10.6	52.6	44.2	107.4
Disposals	—	(0.3)	—	(0.3)
Cost at 31 March 1980	42.0	202.4	155.9	400.3
Depreciation at 1 April 1979	16.3	74.9	—	91.2
Charge for Year	2.7	15.6	—	18.3
Disposals	—	(0.3)	—	(0.3)
Depreciation at 31 March 1980	19.0	90.2	—	109.2
Net book value at 31 March 1980	23.0	112.2	155.9	291.1

(b) A summary of fixed assets, held by the Parent Company, is as follows:

	Freehold Land and Buildings £M	Plant, Machinery, Vehicles, Equipment and Furniture £M	Assets in course of construction £M	Total £M
Cost at 1 April 1979	29.6	107.5	87.5	224.6
Additions including reclassifications	8.9	24.6	43.5	77.0
Disposals	—	(0.3)	—	(0.3)
Cost at 31 March 1980	38.5	131.8	131.0	301.3
Depreciation at 1 April 1979	16.2	68.3	—	84.5
Charge for year	2.6	11.2	—	13.8
Disposals	—	(0.3)	—	(0.3)
Depreciation at 31 March 1980	18.8	79.2	—	98.0
Net book value at 31 March 1980	19.7	52.6	131.0	203.3

Land included in the above figures at £M0.5 (1979 £M0.5) is all freehold and is not depreciated.

11 Investments in Associated Companies

	1980		1979	
	Group £M	Parent £M	Group £M	Parent £M
Unquoted shares at cost	0.3	0.3	0.3	0.3
Loans and advances	16.8	0.2	16.6	0.2
	<u>17.1</u>	<u>0.5</u>	<u>16.9</u>	<u>0.5</u>
Less: Amount written off	16.6	—	16.4	—
	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>
Share of retained profits	0.5	—	0.3	—
	<u>1.0</u>	<u>0.5</u>	<u>0.8</u>	<u>0.5</u>

The unquoted shares comprise investments in the Associated Companies listed on page 31.

Dividends amounting to £27,865 (1979 £10,564) have been received during the year.

12 Advances to Partnerships

BNFL, through its subsidiary companies, is in partnership with Netherlands and German organisations in enterprises in the United Kingdom and the Netherlands and also in a new enterprise now established in Germany, for the purposes of producing enriched uranium using the centrifuge process. During the year new agreements established the Group's share in the German partnership at 2% and amended the Group's share in the existing United Kingdom and Netherlands Partnerships, from 75% to 96% in the United Kingdom partnership and from 12½% to 2% in that in the Netherlands.

Previously the Group's interest in the partnerships was disclosed in the accounts as an investment, under the heading of "Advances to Partnerships". These were stated after deducting the Group's share of losses to date and represented the Group's contribution to cover costs of construction and operation of centrifuge plants and to meet day-to-day expenditure. It is now considered more appropriate to consolidate the accounts of the United Kingdom partnership with those of the Group and to treat the share of the other partners in the United Kingdom partnership as minority interests. The relevant 1979 figures have been restated accordingly. The Group's share in the partnerships in the Netherlands and Germany is shown as an investment.

13 Current Assets

	1980		1979	
	Group £M	Parent £M	Group £M	Parent £M
Stocks of raw materials and stores	34.7	33.8	31.1	30.5
Work in Progress	80.9	77.5	92.8	90.3
Finished Products	16.9	4.4	8.5	3.6
Debtors and payments in advance	94.6	90.7	67.1	66.0
Temporary investments	5.0	—	11.8	7.0
Bank and cash balances	10.5	10.4	0.3	0.2
	<u>242.6</u>	<u>216.8</u>	<u>211.6</u>	<u>197.6</u>

Work in Progress is stated after deducting progress payments of £M8.2 (1979 £M2.1).

14 Current Liabilities and Provisions

	1980		1979	
	Group £M	Parent £M	Group £M	Parent £M
Creditors, accrued liabilities and advances	107.9	93.0	62.6	59.7
Due to UKAEA	1.1	1.1	1.7	1.7
Provisions	26.8	26.8	15.6	15.6
Bank loans and overdraft	—	—	0.1	0.1
Dividend	2.0	2.0	2.2	2.2
	137.8	122.9	82.2	79.3
Current portion of long-term loans	4.9	2.0	4.4	2.0
	142.7	124.9	86.6	81.3

15 Share Capital

	1980 £M	1979 £M
Ordinary Shares of £1 each		
Authorised	43.0	43.0
Issued and Fully Paid (held by UKAEA)	32.7	32.7

16 Loans

	1980 £M	1979 £M
<i>Parent Company</i>		
From Consolidated Fund. Unsecured and repayable over the period up to the terminal dates shown below in equal instalments of principal		
5½% 1993	16.2	17.5
9½% 1995	0.7	0.8
5½% 1995	4.6	4.9
	21.5	23.2
From National Loans Fund. Unsecured and repayable over the period up to the terminal date shown below in equal instalments of interest and principal		
11½% 1991	8.5	8.9
From Consortium of twenty-five banks. This unsecured loan is guaranteed by HM Government and repayable in three annual instalments commencing 31 March 1982. Interest is payable at 1¼% above the London Inter-bank rate	75.0	50.0
From European Investment Bank. This unsecured loan is guaranteed by HM Government and is repayable at six-monthly intervals between 25 May 1983 and 25 November 1993. Interest is payable at an effective average rate of 11.6%	5.0	5.0
	110.0	87.1
Less repayable before 31 March 1981 included in current liabilities	2.0	2.0
Total, carried forward to page 27	108.0	85.1

16 Loans — continued

	1980 £M	1979 £M
<i>Parent Company</i>		
Total, brought forward from page 26	108.0	85.1
<i>Subsidiary Company</i>		
From overseas shareholders.		
Unsecured and repayable in three annual instalments commencing 31 March 1981. Interest is payable at 10% per annum	2.4	2.8
Unsecured and repayable in four equal annual instalments commencing 1 July 1981. Interest is payable at 10%	1.5	—
From National Westminster Bank Ltd.		
Unsecured and repayable in four equal annual instalments commencing 12 July 1980. Interest is payable at $1\frac{1}{4}\%$ above the London Inter-bank rate	4.0	5.0
Guaranteed by The Secretary of State for Industry, this secured loan is repayable in equal six-monthly instalments between 25 July 1980 and 25 January 1986. Interest is payable at $7\frac{1}{2}\%$	5.8	6.7
Guaranteed by The Secretary of State for Industry, this secured loan is repayable in equal six-monthly instalments over seven years commencing six months after delivery (estimated September 1980) of the asset against which the loan is secured. Interest is payable at $7\frac{1}{2}\%$	4.3	—
	18.0	14.5
Less repayable before 31 March 1981 included in current liabilities.	2.9	2.4
	15.1	12.1
Total for Group	123.1	97.2
Of which the aggregate amount of loans repayable after 5 years is:—	26.7	28.2

17 Deferred Liabilities

	1980		1979	
	Group £M	Parent £M	Group £M	Parent £M
Decommissioning	35.3	35.1	37.0	37.0
Advance payments received and receivable under long-term contracts	61.1	46.7	47.8	30.8
Long-term storage	22.5	22.5	18.0	18.0
	<u>118.9</u>	<u>104.3</u>	<u>102.8</u>	<u>85.8</u>

18 Government Grants Held As Deferred Credit

	1980		1979	
	Group £M	Parent £M	Group £M	Parent £M
Regional Development Grants	46.2	31.3	32.5	21.9
Centrifuge Project	26.8	—	26.2	—
	<u>73.0</u>	<u>31.3</u>	<u>58.7</u>	<u>21.9</u>

H M Government provided financial support to the Group related to the cost of a defined initial programme of development work and plant construction in connection with the tripartite centrifuge project. In return, the Group has undertaken to make payments to the Department of Energy out of profits accruing from its centrifuge operations in future years. The balance at 31 March 1980 includes £M2.7 adjustment as a result of the change in the Group's share of the Urenco Partnerships (*Note 12*).

19 Interests in Subsidiary Companies

	1980 £M	1979 £M
Unquoted shares at cost	1.3	1.5
Convertible Unsecured Loan Stock at Cost	21.0	21.0
	<u>22.3</u>	<u>22.5</u>
Provision for losses	5.9	9.5
	<u>16.4</u>	<u>13.0</u>
Amount owing by/(to) Subsidiary Companies	8.3	(12.7)
	<u>24.7</u>	<u>0.3</u>

The subsidiary companies are listed on page 30.

20 Parent Company Reserves

	£M
Balance at 1 April 1979	31.7
Profit retained	12.4
Balance at 31 March 1980	44.1

Parent Company reserves include £M4.9 (1979 £M2.4) profit on transactions with Urenco (UK) Partnership and subsidiary companies, which is eliminated on consolidation.

21 Deferred Taxation

No provision is made for deferred taxation because no liability is expected to arise in the foreseeable future. The Group's plans over the next few years provide for an investment in fixed assets in respect of which the taxation capital allowances will be substantially in excess of the expected charge for depreciation. Additionally, whilst the Group's plans over the next few years provide for a significant reduction in the levels of stocks held, the tax losses available to the Group during the period will exceed the amount of deferred taxation which would be required to provide for the potential clawback of stock relief following the reduction of stocks.

The full potential liability to deferred taxation is set out below:

	1980		1979
	Group	Parent	Group and Parent
	£M	£M	£M
Excess of book written down value of fixed assets eligible for taxation capital allowances over the taxation written down value of those assets	109.3	88.6	57.7
Taxation liabilities postponed by stock appreciation relief	41.0	34.2	38.4
The benefit of taxation losses carried forward	(78.5)	(57.7)	(45.7)
Timing differences between the charging of particular items in the accounts and their equivalent deduction for taxation purposes	(40.7)	(40.6)	(32.2)
Recoverable UK Advance Corporation Tax	(2.9)	(2.9)	(1.7)
	28.2	21.6	16.5

22 Capital Expenditure Authorised

Capital expenditure authorised but not provided for in these accounts amounted to £M666 (1979 £M407) for the Group including £M537 (1979 £M285) for the Company, of which £M131 (1979 £M59) has been contractually committed by the Group and £M59 (1979 £M42) by the Company.

23 Contingent Liabilities

At 31 March 1980 the Parent Company had contingent liabilities incurred in the ordinary course of business arising out of guarantees and other transactions in respect of which, in the opinion of the Directors, no material losses are expected to arise.

Subsidiary and Associated Companies

BNFL

SUBSIDIARY COMPANIES

BNFL Enrichment Limited

Is wholly owned by British Nuclear Fuels Limited and is the central subsidiary through which all financial aspects of participation in the tripartite centrifuge project are handled.

In addition four subordinate companies, wholly owned through BNFL Enrichment Limited, are used as vehicles for financing particular sections of the project.

They are BNFL Enrichment (Plant & Equipment) Limited, BNFL Enrichment (Operations) Limited, BNFL Enrichment (Operations-UK) Limited (96% partner in Urenco (UK)), and BNFL Enrichment (Operations-Europe) Limited (2% partner in Urenco Nederland and Urenco Deutschland).

Pacific Nuclear Transport Limited

Incorporated in England in 1975. Its main purpose is the transport of irradiated fuel from Japan to Europe.

BNFL holds 62½% of the shares. The remainder are held by Japanese and French shareholders.

ASSOCIATED COMPANIES

Centec GmbH

Incorporated in Germany in 1971. Its main purpose is to co-ordinate the development in the laboratories in the three countries of plant for the enrichment of uranium by the centrifuge process.

BNFL holds one-third of the shares. The remainder are held by Netherlands and German organisations.

Urenco Limited

Incorporated in England in 1971. Its main purpose is the marketing of enriched uranium produced in enrichment plants using the centrifuge process.

BNFL holds one-third of the shares. The remainder are held by Netherlands and German organisations.

United Reprocessors GmbH

Incorporated in Germany in 1971 for the purpose of marketing and providing services for the reprocessing of irradiated fuel from nuclear power stations using uranium oxide fuel.

BNFL holds one-third of the shares. The remainder are held by French and German shareholders.

NTL — Nukleare Transportleistungen GmbH

Incorporated in Germany in 1979 for the purpose of providing services for the transport of irradiated nuclear fuel elements from oxide-fuelled power reactors to reprocessing plants.

BNFL holds one-third of the shares. The remainder are held by French and German shareholders.

Nuclear Transport Limited

Incorporated in England in 1972 for the purpose of providing services for the transport of irradiated nuclear fuel elements from oxide-fuelled power reactors to reprocessing plants.

BNFL holds one-third of the shares. The remainder are held by French and German shareholders.

Combustibili Nucleari SpA

Incorporated in Italy in 1967 for the purpose of manufacturing and supplying fuel and fuel components and providing related services, including reprocessing, for nuclear power stations.

BNFL holds half of the shares. The remainder are held by an Italian company.

Nukleardienst GmbH

Incorporated in Germany in 1964 for the purpose of providing nuclear fuel services for AGR type reactors built in that country or in certain other European countries.

BNFL holds half of the shares. The remainder are held by a German company.

Consolidated Source and Application of Funds Statement

for the year ended 31 March 1980

BNFL

	1980		1979 (Restated)	
	£M	£M	£M	£M
Source of Funds				
Profit before Taxation		17.1		13.3
Adjustments for items not involving movements of funds:				
Profit retained in Associated Companies		(0.3)		(0.3)
Depreciation		18.3		11.2
Increase in amounts set aside for long-term storage and decommissioning		2.8		8.4
Total generated from operations		37.9		32.6
 Funds from Other Sources				
Advance payments under long-term contracts		13.3		36.8
Government Grants		10.8		4.7
Loans		30.8		17.7
Disposal of Fixed Assets		—		0.1
Investment in Partnerships		4.7		(2.0)
		97.5		89.9
 Application of Funds				
Purchase of Fixed Assets	107.4		68.8	
Dividends paid	2.9		1.3	
Repayment of Loans	4.9		4.3	
Taxation paid	1.3		0.9	
Investment in Associated Company	0.2		0.2	
		116.7		75.5
		(19.2)		14.4
 Increase/(Decrease) in Working Capital				
Stocks		0.1		(4.1)
Debtors		24.0		31.9
Creditors		(46.8)		(28.0)
 Movement in net liquid funds:				
Temporary investments		(6.8)		11.0
Bank and cash balances		10.3		3.6
		3.5		14.6
		(19.2)		14.4

Consolidated Current Cost Profit and Loss Account

for the year ended 31 March 1980

	£M	£M
Turnover		283.5
Profit before interest and taxation on the historical cost basis		29.1
Less: Current cost operating adjustments (<i>Note 2</i>)		32.1
Current cost operating loss		(3.0)
Gearing adjustment	19.1	
Interest	(12.0)	7.1
Current cost profit before taxation		4.1
Taxation		1.4
Current cost profit after taxation		2.7
Minority interests		1.3
Current cost profit attributable to shareholders		1.4
Dividends		2.7
Current cost deficit for the year		(1.3)

Statement of Retained Profit/Reserves

Current cost deficit for the year	(1.3)
Movements on current cost reserve (<i>Note 4</i>)	113.6
Retained profit/reserves at the beginning of the year	112.3
	29.6
Retained profit/reserves at the end of the year	141.9

Summarised Consolidated Current Cost Balance Sheet

as at 31 March 1980

BNFL

	£M	£M
Assets employed		
Fixed Assets (<i>Note 3</i>)		392.0
Investments		2.4
Net current assets:		
Stock and work in progress	85.0	
Monetary working capital (net)	0.1	
Total working capital	85.1	
Proposed dividend	(2.0)	
Other current assets (net)	25.8	108.9
		<u>503.3</u>
Financed by		
Share capital and reserves:		
Share capital	32.7	
Current cost reserve (<i>Note 4</i>)	113.6	
Other reserves and retained profit	28.3	174.6
Minority Interests		6.4
Loans		123.1
Deferred Liabilities		118.9
Government grants		80.3
		<u>503.3</u>

Notes on the Current Cost Accounts

for the year ended 31 March 1980

1 Basis of Information

The current cost accounts have been prepared on the general principles set out in Statement of Standard Accounting Practice No. 16.

The current cost operating profit is derived by making adjustments to profit before interest and taxation as set out in paragraphs (a) (b) and (c) below.

(a) *Fixed Assets and Depreciation*

In the balance sheet, fixed assets are stated at their value to the business. In those areas of the Group's business where the customers are contractually committed to reimburse to the Group over a period of years the historic cost of the relevant fixed assets, the value to the business of these assets (called below "contractually committed fixed assets") has been taken as the amount at which they are stated in the historical cost accounts. In other cases, fixed assets have been stated at the lower of their net current replacement cost using appropriate Government indices, or their recoverable amount. No depreciation adjustment is made in respect of contractually committed fixed assets: this is replaced by an adjustment similar to the monetary working capital adjustment in recognition of the time which elapses, and the loss that the Group incurs in current cost terms, over the period from the purchase of the relevant fixed asset to the recovery of the historical costs thereof from the customers. In other cases, the depreciation adjustment is the difference between depreciation based on the estimated current cost of fixed assets and the depreciation charged in the historical cost accounts.

(b) *Stocks and Work in Progress and the Cost of Sales Adjustment*

Stocks and work in progress are restated in the current cost balance sheet at the latest standard cost where appropriate, or by adjusting stock values by use of Government indices, except in the case of stocks which will not be replaced and so have been offset against net borrowings. The cost of sales adjustment has been based on either the averaging method, again using Government indices, or by using current replacement costs.

(c) *Monetary Working Capital Adjustment*

In order to allow for the full impact of price changes on working capital, an adjustment, analogous to that on cost of sales which covers stocks, etc., is made in respect of trade debtors and creditors and reflects the change due to inflation in the need for monetary working capital for the year.

(d) *Gearing Adjustment*

An adjustment has been made for gearing in recognition that a proportion of the net operating assets is financed by borrowing. Since the obligation to repay borrowing is fixed in monetary amount, it is unnecessary to provide for the impact of price changes on that proportion of the assets so financed when determining the current cost profit attributable to the shareholders.

(e) *Other Accounting Policies*

Except as set out above, the policies used in the current cost accounts are the same as those used in the historical cost accounts.

2 Adjustments made in deriving current cost operating loss

	£M
Cost of Sales	4.4
Monetary Working Capital	1.8
Working Capital	6.2
Fixed Assets — Contractually Committed	22.4
— Others	3.5
Current Cost Operating Adjustments	32.1

3 Fixed Assets

	Gross £M	Depreciation £M	Net £M
Land and Buildings	57.9	20.5	37.4
Plant and Machinery	285.0	100.9	184.1
Assets in Course of Construction	170.5	—	170.5
	<u>513.4</u>	<u>121.4</u>	<u>392.0</u>

The net figure includes £M177.7 assets which are contractually committed.

4 Current Cost Reserves

	£M	£M
Revaluation surpluses reflecting price changes:—		
Land and Buildings	14.9	
Plant and Machinery	75.1	
Assets in course of construction	14.6	
Stocks and Work in Progress	9.1	
Government Grants	(7.6)	106.1
Contractually Committed Assets adjustment		22.4
Cost of Sales adjustment		4.4
Monetary Working Capital adjustment		1.8
Gearing adjustment		(19.1)
Minority Interests		(2.0)
Balance at 31 March 1980		<u>113.6</u>
of which: realised		12.8
unrealised		<u>100.8</u>
		<u>113.6</u>

5 Financing of Net Operating Assets

	£M	£M
Fixed Assets (net of RDGs relating to contractually committed assets)		364.7
Investments		2.4
Working Capital		85.1
<i>Net Operating Assets</i>		<u>452.2</u>
Share capital and reserves		174.6
Proposed Dividend		2.0
<i>Total Shareholders' Interest</i>		<u>176.6</u>
Minority Interests		6.4
Loans	123.1	
Deferred Liabilities	118.9	
Government Grants	53.0	
Other Current Assets	<u>(25.8)</u>	
<i>Net borrowing</i>		<u>269.2</u>
		<u>452.2</u>

Financial Statistics

	1980	1979	1978	1977	1976
	£M	£M	£M	£M	£M
Net Assets Employed					
Fixed Assets	291.1	202.0	102.8	70.5	52.1
Investments	2.4	6.9	25.6	21.6	12.4
Net Current Assets	99.9	125.0	93.8	77.9	22.3
	<u>393.4</u>	<u>333.9</u>	<u>222.2</u>	<u>170.0</u>	<u>126.8</u>
Financed by					
Share Capital	32.7	32.7	32.7	32.7	37.7
Reserves	41.1	29.6	19.5	18.7	15.2
	<u>73.8</u>	<u>62.3</u>	<u>52.2</u>	<u>51.4</u>	<u>42.9</u>
Shareholders' Interest					
Minority Interest	4.6	12.9	0.4	0.5	—
Loans	123.1	97.2	83.8	55.0	27.9
Deferred Liabilities	118.9	102.8	48.8	35.0	28.9
Government Grants	73.0	58.7	37.0	28.1	17.1
	<u>393.4</u>	<u>333.9</u>	<u>222.2</u>	<u>170.0</u>	<u>116.8</u>

Sales and Profits	1980	1979	1978	1977	1976
	£M	£M	£M	£M	£M
Sales: Nuclear Fuel Services — Home	211.3	176.1	120.4	102.3	77.1
— Export	40.7	30.2	23.2	11.1	12.4
Electricity	31.5	28.2	18.1	15.0	14.7
	<u>283.5</u>	<u>234.5</u>	<u>161.7</u>	<u>128.4</u>	<u>104.2</u>
Trading Profit (after RDGs and Depreciation)	<u>33.3</u>	<u>31.1</u>	<u>19.1</u>	<u>13.0</u>	<u>11.9</u>
Regional Development Grants Released	3.6	2.0	1.9	2.2	0.7
Depreciation	18.3	11.2	9.5	7.8	5.8
Exceptional Item	4.7	—	—	—	—
Research and Development Written Off	9.2	9.7	7.8	0.4	0.3
Interest	12.0	8.4	6.1	3.4	1.7
Share of Profits Less (Losses) of Associated Companies	0.3	0.3	0.2	(1.7)	(1.0)
Profit before Taxation	17.1	13.3	5.4	7.5	8.9
Taxation	1.4	1.3	0.8	4.3	5.2
Profit after Taxation	15.7	12.0	4.6	3.2	3.7
Profit/(Loss) Attributable to Minority Interests	1.5	(0.5)	(0.1)	—	—
Profit after Taxation and Minority Interests	14.2	12.5	4.7	3.2	3.7
Dividends	2.7	2.2	1.3	0.3	—
Profit Retained	11.5	10.3	3.4	2.9	3.7
Profit after taxation and Minority Interests as a Percentage of average Shareholders' Interest (%)	20.9	21.8	9.3	6.8	10.2

NOTE: The figures shown above are as shown in the published accounts for each year with the exception of the 1979 figures which have been restated following the consolidation of the Ureco (UK) Partnership, and the 1978 figures which were restated to show the effect of prior year adjustments in respect of deferred taxation and decommissioning.



PNTL's general manager Michael Kavanagh, who retired during the year, (left) and Captain John Langstaff on the bridge of Pacific Swan after the vessel's maiden voyage to Japan.



Construction of cascade hall in Capenhurst's new centrifuge enrichment plant (E22).



Top of the cells in Windscale's Magnox reprocessing plant (B205).



Taking mud samples for laboratory analysis, part of monitoring exercise of BNFL discharges to sea.