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**Eleventh
Annual Report
& Accounts
1981/82**



British Nuclear Fuels Limited

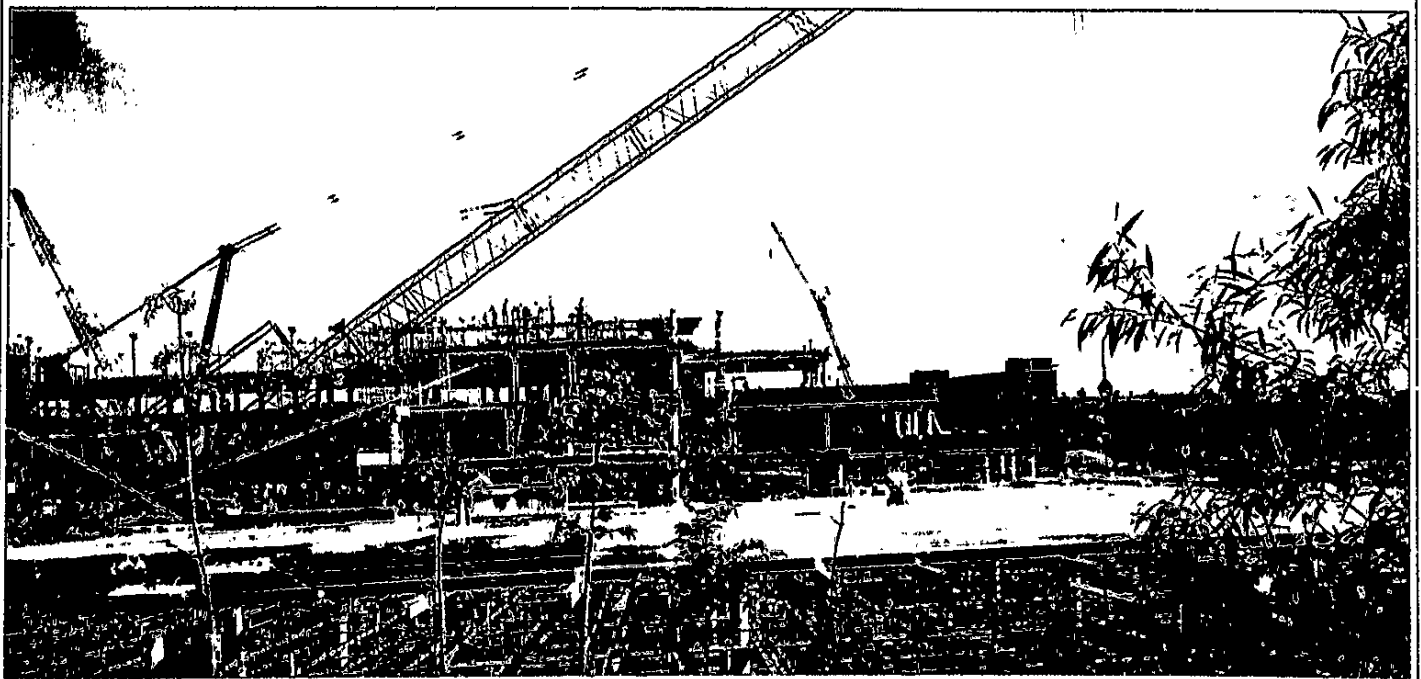
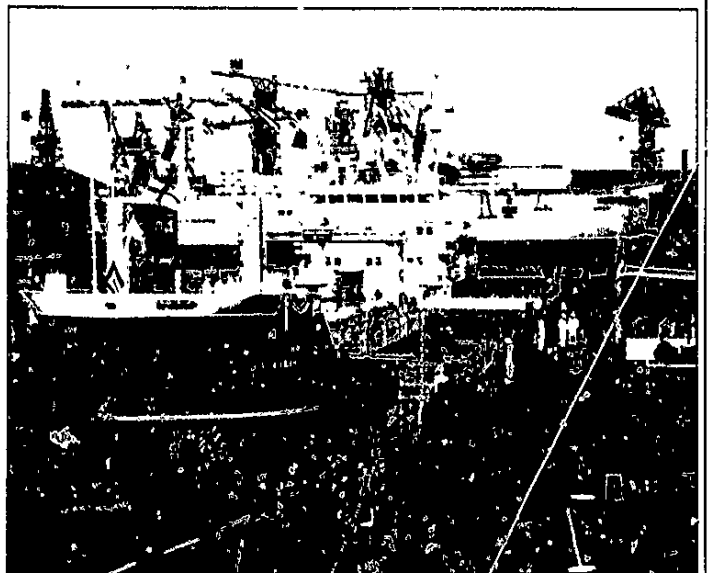
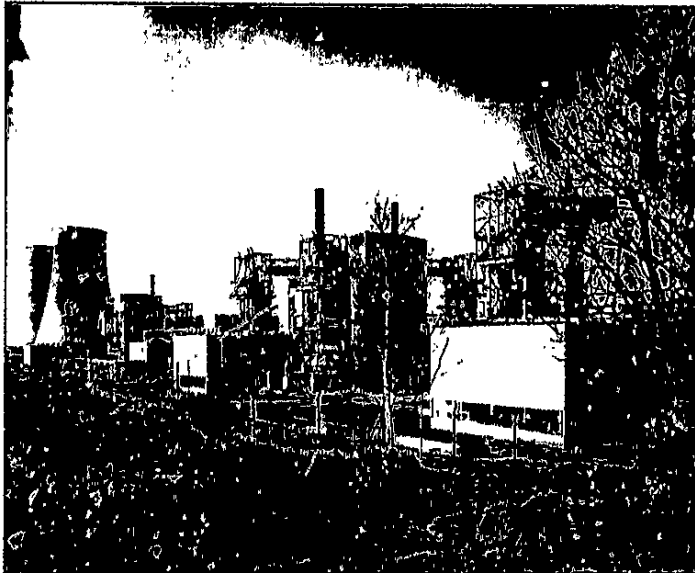


Local dignitaries at the opening of a conference suite sponsored by BNFL at Birchwood, near Warrington. On the left is Jack Tatlock, assistant managing director and on the right is Con Allday, managing director.

Culter Hall - 25 years old

Mediterranean Shearwater was launched during the year for use in European waters.

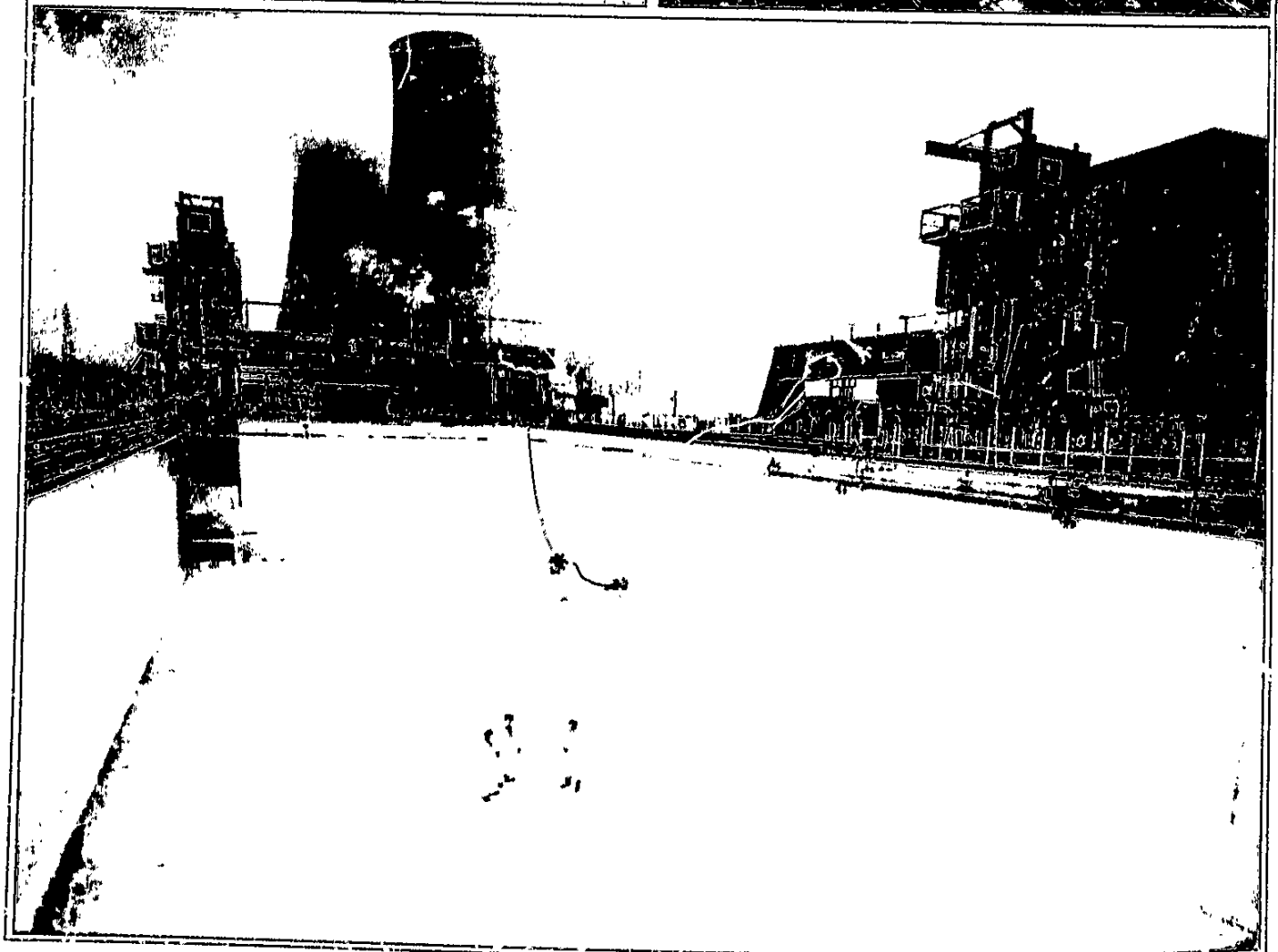
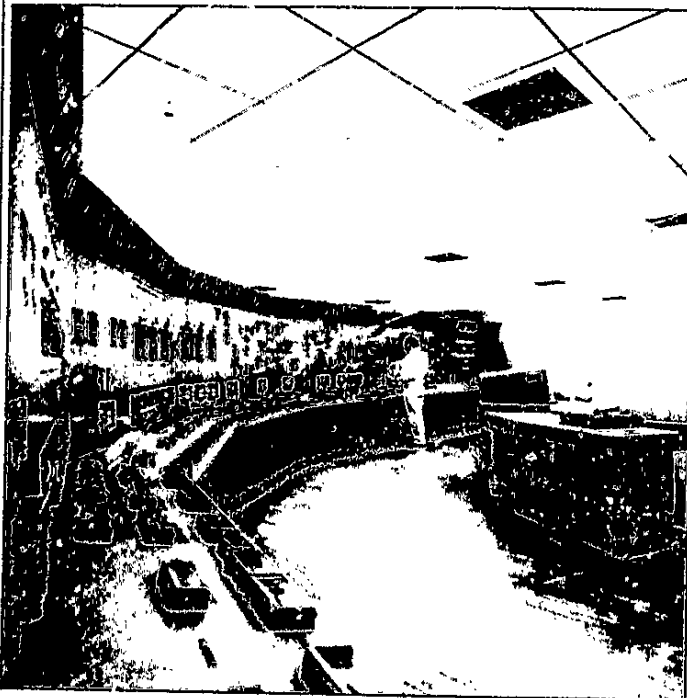
Construction of engineering office complex at Ryley



Control room of F22 centrifuge enrichment plant at Capenhurst

Magnox fuel machine shop at Springfields

Construction of Bay 5 fuel storage pond at Sellafield



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



BNFL

British Nuclear Fuels Limited

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Board of Directors



Sir John Hill

Chairman

C Allday CBE

Managing Director

Dr D G Avery CBE

Deputy Managing Director

J Tatlock MBE

Assistant Managing Director

Dr N L Franklin CBE

J M Hayles

G H Inglis

A Johnson

Dr T N Marsham CBE

J R S Morris

R L Pilling

P Shelbourne

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 PLC
55 King Street
Manchester M60 2DB

Solicitors

Freshfields
Grindall House
25 Newgate Street
London EC1A 7LH

Alsop, Stevens, Batesons & Co
India Buildings
Water Street
Liverpool L2 0NH

Notice of Meeting



The ELEVENTH ANNUAL GENERAL MEETING of British Nuclear Fuels Limited will be held at 1 Hobhouse Court, Suffolk Street, London SW1Y 4HH, on Wednesday, 1 September, 1982, at 3.30 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, 1982;
- 2 To declare a final dividend;
- 3 To re-appoint Coopers & Lybrand as Auditors under Section 1 (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 July 1982

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).

	1982 £M	1981 £M
SALES	412.7	349.2
TRADING PROFIT	78.7	50.5
PROFIT BEFORE TAXATION	34.5	16.1
PROFIT FOR YEAR AFTER TAXATION AND MINORITY INTERESTS	19.8	12.9
DIVIDENDS	4.0	2.7
PROFIT RETAINED	25.8	10.2
CAPITAL EXPENDITURE	248.3	200.5
ASSETS EMPLOYED	743.4	568.0
SHAREHOLDERS' INTEREST (Average for year)	101.7	83.6
PROFIT FOR YEAR RELATED TO AVERAGE SHAREHOLDERS' INTEREST	29.3%	15.4%
NUMBER OF EMPLOYEES (Average for year)	16,290	15,660

Chairman's Review of the Year

BNFL

- 1 The past year has been an encouraging one for BNFL, despite the effects of recession at home and abroad. I take most encouragement from the success which the Group has had in its efforts to improve efficiency and contain costs, particularly in the area of design and engineering. The awareness by all concerned of the need to be economic, whilst meeting exceptionally high safety and reliability criteria, is important to the Group, especially as it is involved in a heavy capital programme. I believe that this understanding, coupled with the highest standards of design, augurs well for the competitiveness of the Group and its contribution to the economy of civil nuclear power.
- 2 Capital expenditure continues at a high level and will do so for several years, but has been kept under rigorous examination. About two-thirds of the planned investment will be made at Sellafield (formerly Windscale and Calder Works). This investment is essential if the Group is to continue to provide economic, safe and reliable fuel cycle services to its customers. Although capital expenditure must be reflected in the cost of providing these services, improvements in the quality of the fuel supplied by the Group over the years have enabled our customers, particularly the Central Electricity Generating Board and the South of Scotland Electricity Board, to obtain progressively more energy from each unit of fuel supplied. This has provided them with substantial compensatory cost benefits.
- 3 The Group's investment programme represents a significant fraction of the plant construction work undertaken in the British chemical engineering sector. About 95 per cent of the Group's construction work and orders for plant and equipment is placed with British based companies. In addition, the Group sub-contracted about half the associated engineering and design work, at a cost last year of £36M.
- 4 A substantial proportion of the Group's capital programme continued to be financed from internally generated funds and advances from customers. Nevertheless, provision had to be made during the year for further borrowings and the Government demonstrated its continuing confidence in the Group by extending its guarantee limit from £500M to £1,000M.
- 5 During the year the Government transferred the shareholding in the Group from the UK Atomic Energy Authority to the Secretary of State for Energy. I welcome this move as recognition that the Group has developed into a large commercial undertaking in its own right in the 10 years since it was formed. The Group's long association and close co-operation with the Atomic Energy Authority is important and greatly valued, particularly in the Research and Development field, and will, I am confident, continue.
- 6 I am pleased to report an improvement in the Group's profits. Among the factors which contributed to this improvement was a higher reprocessing throughput at Sellafield. This gives me particular pleasure, reflecting as it does the exceptional efforts made by all those concerned.
- 7 I continue to be encouraged and grateful for the loyalty and support given to the Group by its employees. Staff have co-operated in a complete reorganisation of the salary and grading structure, based on job evaluation, and I am sure this will benefit both the Group and its employees through better management organisation and greater job satisfaction. Improvements continue to be sought in the quality of the Group's management and plans are in hand to streamline the management structure further.

- 8 The announcement of 500 job losses at Capenhurst during the year was a matter of great regret to me and to my fellow Directors. The job losses, which start to take effect shortly, were caused principally by the decision to shut down the Diffusion Plant, parts of which have been operating continuously for 29 years. The improved economics offered by the centrifuge uranium enrichment process, together with a lower than anticipated demand for enrichment services, made the closure of the Diffusion Plant inevitable. It is a tribute to the ability, dedication and determination of those who designed and operated the plant that it has performed so well over the years. It has been a truly tremendous example of British engineering achievement.
- 9 In recent months, the Ministry of Defence has announced its intention of concluding a contract with BNFL which will result in the construction of a new centrifuge enrichment plant at Capenhurst, thus preserving a significant number of jobs which would otherwise have been lost. The new plant will provide work for the Group and contractors during the construction phase and employment for about 100 once it is in operation.

Financial Results

- 10 The Accounts set out in later pages show that both turnover and trading profit have increased significantly during the year.
- 11 The increased turnover is partly due to additional export business, principally in the transport and reprocessing of irradiated fuel and the toll enrichment of uranium, and partly to the increased value of home business. The increase in profits is the result of an increase in the capital employed on behalf of the Electricity Boards, of an improved exchange rate, of the increased throughput at Sellafield referred to earlier, and of an improvement on electricity account following the return to operation of a Calder reactor, previously shut down because of excess stocks of Magnox fuel awaiting reprocessing.
- 12 Although interest charges have increased, profit for the year after taxation and minority interest is substantially improved and the return on shareholders' interest increased to 29% (1981 15%).

Dividends

- 13 The increase in profits has enabled the Directors to recommend an increase in the level of dividend for the year.

Current Cost Accounts

- 14 The Group's results on a current cost basis in accordance with Statement of Standard Accounting Practice No. 16 are reproduced on pages 32 to 36. They show that the historical profit of £30M attributable to the Shareholders is reduced to £9M on a current cost basis mainly reflecting the effect of inflation on that portion of the Group's business on which the profit is determined on the basis of historical return on capital employed.

Enrichment

- 15 Having achieved its purpose of demonstrating the technical feasibility of enrichment by centrifuge, and having contributed to the design of the subsequent plants, the pilot centrifuge plant, which was commissioned in the early 1970s has been shut down. The first production plant continues to operate satisfactorily, and the second plant is now being commissioned.

- 16** The Group markets its enrichment services through the Anglo-Dutch-German collaborative venture, Urenco, which is increasingly successful. Some new business was obtained at the expense of our competitors but there is little sign of a real upturn in the market, which is suffering from substantial over-capacity. Further developments of the centrifuge technology, in collaboration with our Dutch and German partners, should ensure a steady if rather slow expansion of enrichment activities.

Fuel Manufacture and Associated Services

- 17** Fuel Division again met all production targets for Home and Export Business.
- 18** The major renovation of the Magnox production lines to which I referred last year is proceeding to programme and is planned to be completed in 1984. A start has been made on the refurbishment of the AGR fuel production lines to meet increased demand which will include the initial charges of the Heysham II and Torness reactors.
- 19** AGR fuel in the Hinkley B and Hunterston B reactors has performed well and is now approaching two-thirds of its target irradiation. Significant improvements in the performance of AGR fuel are now within reach as a result of extensive development work over the last few years. A programme for progressive changes in design has been agreed with the Central Electricity Generating Board and the South of Scotland Electricity Board and manufacture of the improved fuel will commence early next year.
- 20** Severe competition continues in the market for uranium hexafluoride conversion. Delays and cancellations of nuclear power projects in several countries will prolong the existing world-wide surplus of capacity for some years. In spite of these difficult trading conditions, the Company has continued to obtain important overseas orders in Europe and Japan. World-wide interest in the Group's hex conversion technology continues and the Group is participating in a number of joint feasibility studies with overseas interests with the view to constructing new UOC to UF_6 conversion plants when market conditions justify expansion.
- 21** Orders have been won for BWR fuel from Holland and for UO_2 powder from France and Italy.

Fuel Reprocessing

- 22** Reprocessing of Magnox fuel was at a higher rate than for many years. As a result there has been a substantial reduction in the large stocks of fuel awaiting reprocessing, particularly at CEGB and SSEB stations. A further extension to storage pond capacity for overseas Light Water Reactor fuel is currently being brought into use. AGR fuel from the Hinkley Point B and Hunterston B stations is being received in quantity and stored in the new AGR fuel storage pond.
- 23** Discharges of activity to sea during 1981 were at all times within our authorisations and continued the 1980 pattern in being significantly lower than discharges in earlier years.
- 24** The substantial engineering work at Sellafield for the Magnox and THORP (Thermal Oxide Reprocessing Plant) programmes continued at an increasing pace, with construction of the new Magnox storage and decanning plant and the new effluent treatment plant approaching completion. Clearance and preparation of the site for THORP is at an advanced stage.

- 25 A new plant for the production of plutonium oxide came into operation during the year and has been extremely successful. Several shipments of plutonium nitrate liquor from PFR fuel reprocessing at Dounreay have been delivered to Sellafield for oxide production and fuel fabrication, thus completing the Fast Reactor fuel cycle of fuel fabrication, electricity production, fuel reprocessing and fuel refabrication using reprocessed plutonium.
- 26 Another important area of development and engineering was the treatment of radioactive effluents. Detailed design work for the Windscale Vitrification Plant, which will vitrify highly active fission product concentrate, is now under way. Development and design of encapsulation treatment plants for intermediate level wastes is gaining momentum.
- 27 BNFL's application for a permanent increased supply of water from Wastwater was refused by the Secretary of State for the Environment, but it was accepted that BNFL urgently needed extra water, some of which could only come from Wastwater or Ennerdale. An application has been made for additional abstraction from Wastwater on a temporary basis, pending the provision of a satisfactory supply from another source.

Transport

- 28 The Group is the principal shareholder in Pacific Nuclear Transport Limited, PNTL. This Company had a further successful year and improvement in the scale of operations has benefited the Company's customers. The construction of the fourth PNTL ship for carrying spent fuel from Japan is approaching completion.
- 29 The Group's new ship, the "Mediterranean Shearwater", entered service during the year. It has been specially designed to transport spent fuel from Italy to the UK.
- 30 Nuclear Transport Limited, the Group's associated company which undertakes spent fuel transport in Europe, had another satisfactory year.

Electricity Generation

- 31 The reactors at Calder Hall and Chapelcross Magnox stations continued to operate well during the year. Calder Hall celebrated its twenty-fifth anniversary on 17 October and in its 25 years of operation has generated electricity equivalent to that from the burning of 17 million tonnes of coal.

People

- 32 Mr J M Hayles joined the Board of Directors as Director, Finance.
- 33 The number of people employed by the Group rose by about 4% over the year, bringing the total to 16,360.
- 34 I would like to thank all those who retired during the year for their past dedication and support. In expressing my appreciation of the contribution made by all employees during the year, I would like to welcome the newcomers and express my confidence that they will make valuable contributions to the future success of the Group.

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 1982



1 The Directors of British Nuclear Fuels Limited have pleasure in submitting to the Shareholders their Eleventh Annual Report together with the audited Accounts for the year ended 31 March 1982.

2 The full accounts of the Group are set out on pages 17 to 36 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 Shareholding

The shares of the Company were transferred from the UK Atomic Energy Authority to the Secretary of State for Energy on 3 August 1981 in accordance with the order laid before Parliament.

4 Turnover and Profits

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

	Sales		Trading Profit	
	1982	1981	1982	1981
	£M	£M	£M	£M
Nuclear Fuel Services (including those provided to the UK Generating Boards)	366.8	314.3	75.7	53.9
Electricity	45.9	34.9	3.0	(3.4)
	<u>412.7</u>	<u>349.2</u>	<u>78.7</u>	<u>50.5</u>

Improvements in both the Home and Export areas of business have contributed to the increased profit on Nuclear Fuel Services. Electricity has benefited from the full year's operation of the Calder reactor, previously shut down to reduce the load on irradiated fuel storage and reprocessing facilities.

5 Dividend

The Directors recommend that a final dividend of 10¼% should be paid, making a total of 12¼% for the year.

6 Finance

- (a) Group capital expenditure of £248.3M (Parent £202.4M) has been incurred during the year, mainly on the continued upgrading of reprocessing facilities at Sellafield and on the second centrifuge enrichment plant at Capenhurst.
- (b) During the year the Parent Company made £70M drawings from the £200M facility arranged with an international consortium of banks and signed in May 1981.

- (c) Capital expenditure authorised at the end of the year was £662M of which contracts have been placed for £142M. The expenditure arises from 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. External requirements for funds in the next financial year will be met from existing negotiated facilities. These and future requirements will be supported where necessary by the provisions of the Nuclear Industry (Finance) Acts 1977 and 1981.

7 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.

8 Provisions and Long-term Commitments

During the year progress has been made in dealing with uncertainties mentioned in previous reports in connection with losses on certain unprofitable reprocessing contracts, the long-term storage of waste products and the decommissioning of certain plants. In each of these cases provision has been made in accordance with the Group's accounting policies. In the opinion of the Directors, the amounts provided represent the best current assessments of the costs of meeting these liabilities as estimated at the balance sheet date based on the latest information available. In accordance with the accounting policies, annual reappraisals will be made to take account of inflation and technological change, and any costs or benefits from such reappraisals will be dealt with in the accounts of the years in which the need for adjustment is identified.

Because of the timescales involved the provisions are made in present day money values, and it is considered that future increases in price levels will be compensated by the benefit arising from the retention of the associated funds within the business.

No provision has been made for the potential costs of vitrifying the highly active waste products on hand at the date of formation of the Company. Furthermore, no provision is made for the decommissioning of obsolete plants located on BNFL sites when these were taken over in 1971. The amounts involved would be substantial. The question of how such costs should be met, when they arise is under discussion with Government.

9 Corporate Plan

The Group annually submits a forward Plan covering the next ten years 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 1981 Plan have been accepted.

10 Exports

Export sales during the year totalled £67.5M (1981 £40.8M).

11 Personnel

The weekly average number of persons employed by the Group during the year was 16,290 (1981 15,660) and with this increased employment aggregate remuneration during the year rose to £138.7M (1981 £124.0M).

12 Employment of Disabled Persons

The Company's policy is at all times to give fair consideration to applications for employment from disabled persons and to employ as many in appropriate work as it is able to do. Disabled people are considered to be an integral part of the Company's work-force, and their general training, career development and promotion opportunities are, as with all employees, appropriate to their skills and abilities.

13 Industrial Injuries

The frequency of lost time injuries per 100,000 industrial man hours worked is 1.9 for 1981/82, which is comparable with the figures for earlier years:—

1980/81	1.9
1979/80	2.1
1978/79	2.1

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

14 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 J M Hayles was appointed to the Board on 1 September 1981. All other Directors served throughout the year.

15 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 Dr T N Marsham was a full-time member and Mr C Allday and Dr N L Franklin

were part-time members of the UKAEA, which has a number of substantial contracts with the Group. Dr Franklin is also Managing Director of the National Nuclear Corporation which has a number of contracts with the Group.

16 Contributions for Political or Charitable Purposes

No contributions were made for political purposes. Contributions to charities during the year amounted to £30,750 (1981 £13,560).

17 Energy Saving

The Group's efforts to conserve energy and improve energy utilisation continue and savings are being maintained in line with stated objectives.

Programmes for waste heat recovery, installation of improved automated controls etc. are at the design stage or are in the process of implementation throughout the Group. A consultant's report has been received for the Sellafield site and is currently being evaluated.

18 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 July 1982



Report of the Auditors

to the members of British Nuclear Fuels Limited

BNFL

- 1 We have audited the accounts set out on pages 17 to 36 in accordance with approved Auditing Standards. The accounts on pages 17 to 31 have been prepared under the historical cost convention and the supplementary accounts on pages 32 to 36 have been prepared under the current cost convention as described in Statement of Standard Accounting Practice No. 16.
- 2 We draw attention to the basis on which provision is made for the Group's long-term commitments as set out in accounting policies 3 and 4. Because of the timescales involved and the possibility of future technological changes, the provisions for these commitments are subjected to annual reappraisal. As a result, adjustments might be necessary which will be dealt with in the accounts for the years in which any need is identified.
- 3 As explained in paragraph 8 of the Directors' Report, no provision has been made for the potential costs of long-term storage (vitrification) of waste products on hand at the date of formation of the Company in 1971 or for the decommissioning of obsolete plants located on BNFL sites when they were taken over in 1971. The amounts involved would be substantial. The question of how such costs should be met, when they arise, is under discussion with Government.
- 4 Subject to the outcome of the discussions referred to in paragraph 3 above, in our opinion:
 - (a) the accounts on pages 17 to 31 give a true and fair view of the state of affairs of the Company and the Group at 31 March 1982 and of the profit and source and application of funds of the Group for the year then ended and comply with the Companies Acts 1948 to 1981;
 - (b) the supplementary current cost accounts on pages 32 to 36 have been properly prepared, in accordance with the policies and methods described on pages 34 to 36 to give the information required by Statement of Standard Accounting Practice No. 16.

Coopers & Lybrand
Chartered Accountants

London
30 July 1982

Accounting Policies

BNFL

1 Consolidation

- (a) The consolidated accounts include the accounts of British Nuclear Fuels Limited, its subsidiary companies, as listed on page 30, and the accounts of the Urenco (UK) Partnership, all of which are made up to 31 March.
- (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 30. 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 profits on year-end balances are taken to reserves; realised exchange differences and unrealised exchange losses 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.

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 Deferred Liabilities

- (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;
 - (ii) Provision is made under this heading for the expected cost of reprocessing the irradiated fuel discharged from the reactors at Calder and Chapelcross which is not expected to take place within the next twelve months; and
 - (iii) Provision is made for the estimated cost of vitrifying, beginning in the late 1980's, 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, nor for the decommissioning of obsolete plants located on the Company's sites at that date.

- (b) These provisions are based on the latest technical assessments of the processes and methods likely to be used and the present assessment of the time when these liabilities will require to be met. They are computed at present price levels. The provisions are reviewed annually to reflect any known changes in techniques, timings 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 or, in the case of contractually committed assets over the period in which the cost of these assets is recoverable from the customers. The periods 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 period used for depreciation purposes for 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 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 1982



	1982	1981
	£M	£M
Sales	412.7	349.2
Trading Profit (<i>Note 2</i>)	78.7	50.5
Research and Development Written off	11.2	11.7
	67.5	38.8
Interest (<i>Note 3</i>)	33.8	22.8
	33.7	16.0
Share of Profits less Losses of Associated Companies	0.8	0.1
Profit before Taxation	34.5	16.1
Taxation (<i>Note 7</i>)	2.5	1.2
Profit after Taxation	32.0	14.9
Profit attributable to Minority Interests	2.2	2.0
Profit after Taxation and Minority Interests	29.8	12.9
Dividends (<i>Note 8</i>)	4.0	2.7
Profit retained	25.8	10.2
Retained by		
British Nuclear Fuels Limited	23.5	7.2
Subsidiary Companies	2.1	3.2
Associated Companies	0.2	(0.2)
	25.8	10.2
Statement of Retained Profit/Reserves		
Retained Profit for the Year	25.8	10.2
Unrealised Exchange Gains	0.2	—
Retained Profit at Beginning of Year	56.0	45.8
Retained Profit/Reserves at End of Year	82.0	56.0

The Accounting Policies on pages 17 and 18 and notes on pages 22 to 30 form an integral part of the accounts.

The Auditors' Report is on page 16.

Consolidated Balance Sheet

as at 31 March 1982



	1982		1981
	£M	£M	£M
Assets Employed			
Fixed Assets (<i>Note 9</i>)		677.6	464.4
Investments			
Associated Companies (<i>Note 10</i>)	1.0		0.8
Advances to Partnerships (<i>Note 11</i>)	2.9		1.7
		3.9	2.5
		681.5	466.9
Current Assets (<i>Note 12</i>)	273.2		256.6
Less Current Liabilities and Provisions (<i>Note 13</i>)	211.3		155.5
Net Current Assets		61.9	101.1
		743.4	568.0
Financed by			
Issued Share Capital (<i>Note 14</i>)		32.7	32.7
Reserves		82.0	56.0
Shareholders' Interest		114.7	88.7
Minority Interests in a Subsidiary and a Partnership		11.7	8.0
Loans (<i>Note 15</i>)		270.3	208.5
Deferred Liabilities (<i>Note 16</i>)		232.8	172.1
Government Grants held as Deferred Credit (<i>Note 17</i>)		113.9	90.7
		743.4	568.0

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 30 form an integral part of the accounts.

The Auditors' Report is on page 16.

Parent Company Balance Sheet

as at 31 March 1982

BNFL

	1982	1981
	£M	£M
Assets Employed		
Fixed Assets (<i>Note 9</i>)	512.0	336.5
Interests in Subsidiary Companies (<i>Note 18</i>)	101.8	74.6
Investments		
Associated Companies (<i>Note 10</i>)	0.5	0.5
	<u>614.3</u>	<u>411.6</u>
Current Assets (<i>Note 12</i>)	238.6	221.6
Less Current Liabilities and Provisions (<i>Note 13</i>)	200.2	145.3
Net Current Assets	<u>38.4</u>	<u>76.3</u>
	<u>652.7</u>	<u>487.9</u>
	<u><u>652.7</u></u>	<u><u>487.9</u></u>
Financed by		
Issued Share Capital (<i>Note 14</i>)	32.7	32.7
Reserves (<i>Note 19</i>)	82.8	57.9
Shareholders' Interest	<u>115.5</u>	<u>90.6</u>
Loans (<i>Note 15</i>)	262.1	194.9
Deferred Liabilities (<i>Note 16</i>)	211.0	157.9
Government Grants held as Deferred Credit (<i>Note 17</i>)	64.1	44.5
	<u>652.7</u>	<u>487.9</u>
	<u><u>652.7</u></u>	<u><u>487.9</u></u>

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 30 form an integral part of the accounts.

The Auditors' Report is on page 16.

Notes on the Accounts



- 1** These accounts have been prepared in compliance with Section 152A of and Schedule 8A to the Companies Act 1948.

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:—

	1982 £M	1981 £M
Regional Development Grants released	4.9	4.1
Centrifuge Assistance released	<u>2.5</u>	<u>2.7</u>
and after charging:—		
Additional amount required to reflect known changes in techniques, timing and price levels on opening provisions and deferred liabilities for decommissioning and long term storage.	11.5	22.6
Directors' Emoluments		
Fees £11,250 (1981 £10,500)	—	—
Management	0.3	0.2
Depreciation	34.6	27.2
Hire of Plant and Equipment	3.3	2.8
Royalties to UKAEA	2.5	1.9
Contributions to Superannuation Funds (<i>Note 4</i>)	15.6	12.8
Auditors' Remuneration £45,650 (1981 £41,200) (Parent £37,500 (1981 £35,000))	—	—

3 Interest

	1982 £M	1981 £M
Interest on loans: repayable within five years	11.0	16.7
repayable after five years	<u>22.8</u>	<u>5.1</u>
	33.8	21.8
Interest on bank overdraft and short-term loans	<u>1.9</u>	<u>2.5</u>
	35.7	24.3
Less Interest from short-term deposits	<u>1.9</u>	<u>1.5</u>
	<u><u>33.8</u></u>	<u><u>22.8</u></u>

4 Superannuation Contributions

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

	1982	1981
	£M	£M
Principal non-industrial scheme	8.3	6.5
Protected persons scheme	2.6	2.2
Industrial scheme	4.7	4.1
	<u>15.6</u>	<u>12.8</u>

5 Directors' Emoluments

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

Range	1982 Number	1981 Number
Nil to £5,000	4	6
£15,001 to £20,000	2	—
£25,001 to £30,000	1	2
£30,001 to £35,000	4	2
£35,001 to £40,000	—	1
£40,001 to £45,000	1	—
Emoluments of the Chairman	£17,120	£1,667
Emoluments of the highest paid Director	£41,695	£39,195

6 Employees Earning more than £20,000 per annum

	1982 Number	1981 Number
£20,001 to £25,000	156	167
£25,001 to £30,000	24	6
£30,001 to £35,000	3	2

7 Taxation

	1982 £M	1981 £M
Overseas Taxation	0.1	0.1
Associated Companies	0.4	—
	<u>0.5</u>	<u>0.1</u>
Advance Corporation Tax	2.0	1.1
	<u>2.5</u>	<u>1.2</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. The benefit of these amounted in the year to £19.3M.

8 Dividends

	1982 £M	1981 £M
Interim dividend paid on 9 December 1981 2% (1981 2%)	0.7	0.7
Final Dividend 10¼% (1981 6¼%)	3.3	2.0
	<u>4.0</u>	<u>2.7</u>

9 Fixed Assets

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

	Land and Buildings £M	Plant and Equipment £M	Assets in Course of Construction £M	Total £M
Cost at 1 April 1981	59.6	256.5	284.3	600.4
Additions including reclassifications	17.6	57.5	173.2	248.3
Disposals	(0.7)	(0.3)	—	(1.0)
Cost at 31 March 1982	76.5	313.7	457.5	847.7
Depreciation at 1 April 1981	22.7	113.3	—	136.0
Charge for Year	5.2	29.4	—	34.6
Disposals	(0.2)	(0.3)	—	(0.5)
Depreciation at 31 March 1982	27.7	142.4	—	170.1
Net book value at 31 March 1982	48.8	171.3	457.5	677.6

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

	Land and Buildings £M	Plant and Equipment £M	Assets in Course of Construction £M	Total £M
Cost at 1 April 1981	56.2	172.2	225.7	454.1
Additions including reclassifications	17.6	50.5	134.3	202.4
Disposals	(0.7)	(0.3)	—	(1.0)
Cost at 31 March 1982	73.1	222.4	360.0	655.5
Depreciation at 1 April 1981	22.4	95.2	—	117.6
Charge for Year	4.9	21.5	—	26.4
Disposals	(0.2)	(0.3)	—	(0.5)
Depreciation at 31 March 1982	27.1	116.4	—	143.5
Net book value at 31 March 1982	46.0	106.0	360.0	512.0

(c) Included in the above figures for Land and Buildings is freehold land at £1.0M (1981 £1.0M) which is not depreciated, leasehold land at £0.7M (1981 £0.4M) which is depreciated over the period of the lease and long leasehold buildings at £3.0M (1981 £3.0M).

10 Investments in Associated Companies

	1982		1981	
	Group £M	Parent £M	Group £M	Parent £M
Unquoted shares at cost	0.3	0.3	0.3	0.3
Loans and advances	17.0	0.2	16.9	0.2
	17.3	0.5	17.2	0.5
Less Amount written off	16.8	—	16.7	—
	0.5	0.5	0.5	0.5
Share of retained profits	0.5	—	0.3	—
	1.0	0.5	0.8	0.5

The unquoted shares comprise investments in the Associated Companies listed on page 30.

Dividends amounting to £134,097 (1981 £258,303) have been received during the year.

11 Advances to Partnerships

BNFL, through its subsidiary companies, is in partnership with Dutch and German organisations in enterprises in the Netherlands and in Germany, for the purposes of producing enriched uranium using the centrifuge method. The Group's interest in each of the partnerships is 2% and is stated after deducting the Group's share of losses to date.

12 Current Assets

	1982		1981	
	Group	Parent	Group	Parent
	£M	£M	£M	£M
Stocks of raw materials and stores	56.7	55.1	45.6	44.6
Work in Progress	56.8	50.1	78.8	73.6
Finished products	25.4	13.1	21.4	7.0
Debtors and payments in advance	120.4	107.8	105.0	95.4
Short term deposits	12.3	10.9	4.8	--
Bank and cash balances	1.6	1.6	1.0	1.0
	<u>273.2</u>	<u>238.6</u>	<u>256.6</u>	<u>221.6</u>

Work in Progress is stated after deducting progress payments of £15.4M (1981 £16.2M).

13 Current Liabilities and Provisions

	1982		1981	
	Group	Parent	Group	Parent
	£M	£M	£M	£M
Creditors, accrued liabilities and advances	131.9	126.5	95.0	88.7
Provisions	49.0	49.0	37.4	37.4
Bank loans and overdraft	8.3	7.8	4.7	4.7
Dividend	3.3	3.3	2.0	2.0
	<u>192.5</u>	<u>186.6</u>	<u>139.1</u>	<u>132.8</u>
Current portion of long-term loans	18.8	13.6	16.4	12.5
	<u>211.3</u>	<u>200.2</u>	<u>155.5</u>	<u>145.3</u>

14 Share Capital

	1982 £M	1981 £M
Ordinary Shares of £1 each Authorised	43.0	43.0
Issued and Fully Paid	32.7	32.7

15 Loans

		1982		1981	
	Period of Repayment	Group £M	Parent £M	Group £M	Parent £M
Unsecured Loans					
10%	1983	2.3	—	3.3	—
9 1/8 % - 11 1/8 %	1982-1995	13.8	13.8	8.8	8.8
5 1/2 %	1982-1995	17.7	17.7	19.2	15.2
Bank Loans — Guaranteed Under Nuclear Industry Finance Acts					
3/8 % - 1 3/8 % above					
London Inter-bank	1983-1991	160.0	160.0	100.0	100.0
11 1/5 % - 12 7/8 %	1983-1995	77.1	77.1	77.1	77.1
Bank Loans					
1 1/4 % above					
London Inter-bank	1982-1983	2.0	—	3.0	—
Secured Bank Loans -- Guaranteed by Secretary of State for Industry					
7 1/2 %	1982-1987	9.1	—	11.2	—
7 1/2 %	1982-1990	7.1	7.1	2.3	2.3
		289.1	275.7	224.9	207.4
Less repayable before 31 March 1983 included in current liabilities					
		18.8	13.6	16.4	12.5
		270.3	262.1	208.5	194.9
Loans or instalments thereof are repayable within periods from balance sheet date of:—					
From one to two years		38.3	35.4	17.5	12.9
From two to five years		29.4	24.6	100.0	92.6
Over five years		202.6	202.1	91.0	89.4
		270.3	262.1	208.5	194.9

16 Deferred Liabilities

	1982		1981	
	Group £M	Parent £M	Group £M	Parent £M
Decommissioning	58.5	57.8	44.5	44.0
Advance Payments received and receivable under long-term contracts	148.0	126.9	95.7	82.0
Long-term storage	26.0	26.0	25.4	25.4
Reprocessing of irradiated fuel discharged from Calder and Chapelcross	0.3	0.3	6.5	6.5
	<u>232.8</u>	<u>211.0</u>	<u>172.1</u>	<u>157.9</u>

17 Government Grants held as Deferred Credit

	1982		1981	
	Group £M	Parent £M	Group £M	Parent £M
Regional Development Grants	92.3	64.1	66.6	44.5
Centrifuge Project	21.6	—	24.1	—
	<u>113.9</u>	<u>64.1</u>	<u>90.7</u>	<u>44.5</u>

HM 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.

18 Interests in Subsidiary Companies

	1982 £M	1981 £M
Unquoted shares at cost	1.3	1.3
Convertible Unsecured Loan Stock at Cost	21.0	21.0
	<u>22.3</u>	<u>22.3</u>
Provision for losses	7.1	7.2
	<u>15.2</u>	<u>15.1</u>
Amount owing by Subsidiary Companies	86.6	59.5
	<u>101.8</u>	<u>74.6</u>

The subsidiary companies are listed on page 30.

19 Parent Company Reserves

	£M
Balance at 1 April 1981	57.9
Profit retained	24.9
Balance at 31 March 1982	<u>82.8</u>

Parent Company reserves include £8.1M (1981 £6.7M) profit on transactions with Urenco (UK) Partnership and subsidiary companies which is eliminated on consolidation.

20 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.

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

	1982		1981	
	Group £M	Parent £M	Group £M	Parent £M
Excess of book written down value of fixed assets eligible for taxation capital allowances over the taxation written down value of those assets	172.9	141.4	189.9	145.4
The benefit of taxation losses carried forward	(98.0)	(74.0)	(98.7)	(62.6)
Timing differences between the charging of particular items in the accounts and their equivalent deduction for taxation purposes	(62.5)	(62.4)	(49.5)	(49.4)
Recoverable UK Advance Corporation Tax	(5.8)	(5.0)	(4.0)	(4.0)
	<u>6.6</u>	<u>—</u>	<u>37.7</u>	<u>29.4</u>

At 31 March 1982 certain companies in the Group had accumulated tax losses amounting to £7M which are available for off-set only against future taxable profits of those companies and which have, therefore, not been included in the deferred taxation above.

21 Capital Expenditure Authorised

Capital expenditure authorised but not provided for in these accounts amounted to £662M (1981 £660M) for the Group including £563M (1981 £559M) for the Company, for which contracts of £142M (1981 £147M) have been placed by the Group including £95M (1981 £105M) by the Company.

22 Contingent Liabilities

At 31 March 1982 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 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 organisations.

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 1982

BNFL

	1982		1981	
	£M	£M	£M	£M
Source of Funds				
Profit before Taxation		34.5		16.1
Adjustments for items not involving movements of funds:—				
(Profit)/Loss retained in Associated Companies		(0.2)		0.2
Depreciation		34.6		27.2
Government Grants released		(7.4)		(6.8)
Increase in amounts set aside for long-term storage, decommissioning and reprocessing Calder/Chapelcross irradiated fuel		8.4		3.4
Total generated from operations		69.9		40.1
Funds from Other Sources				
Disposal of Fixed Assets		0.5		—
Advance payments under long-term contracts		52.3		34.6
Government Grants receivable		30.6		24.5
Loans received	80.3		102.6	
Less increase in amounts repayable within one year	2.4		11.5	
		77.9		91.1
Increase in Minority Interests in a Subsidiary and a Partnership		3.7		3.4
		234.9		193.7
Application of Funds				
Purchase of Fixed Assets	248.3		200.5	
Dividends paid	2.7		2.7	
Repayment of Loans	16.1		5.7	
Taxation paid	1.2		1.2	
Investment in Partnerships and Associated Companies	1.4		0.1	
		269.7		210.2
		(34.8)		(16.5)
Increase/(Decrease) in Working Capital				
Stocks		(6.9)		13.3
Debtors		15.4		10.4
Creditors		(47.8)		(25.8)
Movement in net liquid funds:				
Short term deposits		7.5		(0.2)
Bank and cash balances		(3.0)		(14.2)
		4.5		(14.4)
		(34.8)		(16.5)

Consolidated Current Cost Profit and Loss Account

for the year ended 31 March 1982

BNFL

	1982		1981	
	£M	£M	£M	£M
Sales		412.7		349.2
Profit before interest and taxation on the historical cost basis		68.3		38.9
Less Current cost operating adjustments (<i>Note 2</i>)		55.4		25.1
Current cost operating profit		12.9		13.8
Gearing adjustment	33.9		15.3	
Interest	(33.8)	0.1	(22.8)	(7.5)
Current cost profit before taxation		13.0		6.3
Taxation		2.5		1.2
Current cost profit after taxation		10.5		5.1
Minority interests		1.2		1.8
Current cost profit attributable to shareholders		9.3		3.3
Dividends		4.0		2.7
Current cost profit for the year		5.3		0.6

Statement of Retained Profit/Reserves

Current cost profit for the year	5.3	0.6
Movements on current cost reserve (<i>Note 4</i>)	63.2	114.2
Unrealised Exchange Gain	0.2	—
	68.7	114.8
Retained profit/reserves at the beginning of the year	160.6	45.8
Retained profit/reserves at the end of the year	229.3	160.6

The notes on pages 34 to 36 form an integral part of the accounts.

The Auditors' Report is on page 16.

Summarised Consolidated Current Cost Balance Sheet

as at 31 March 1982



	1982		1981	
	£M	£M	£M	£M
Assets Employed				
Fixed Assets (<i>Note 3</i>)		815.1		563.2
Investments		4.2		2.5
Net Current Assets:—				
Stocks and work in progress	146.5		130.5	
Monetary working capital (net)	(142.0)		(101.8)	
Total working capital	4.5		28.7	
Proposed dividend	(3.3)		(2.0)	
Other current assets/(liabilities) (net)	(3.8)	(2.6)	11.8	38.5
		<u>816.7</u>		<u>604.2</u>
Financed by				
Share Capital and Reserves:—				
Share capital	32.7		32.7	
Current cost reserve (<i>Note 4</i>)	177.4		114.2	
Other reserves and retained profit	<u>51.9</u>	262.0	<u>46.4</u>	193.3
Minority Interests		14.0		9.2
Loans		270.3		208.5
Deferred Liabilities		148.0		95.7
Government Grants		<u>122.4</u>		<u>97.5</u>
		<u>816.7</u>		<u>604.2</u>

The notes on pages 34 to 36 form an integral part of the accounts.

The Auditors' Report is on page 16.

Notes on the Current Cost Accounts



1 Basis of preparation

The current cost accounts have been prepared by reference to current cost principles in conformity with SSAP 16. The accounting policies used in preparing the historical cost accounts have been adopted in the current cost accounts except where adjusted by reference to current cost principles as set out below.

(a) Fixed Assets

The Group's fixed assets fall into two categories:—

(i) Assets acquired to meet specific contracts, the cost of which assets will be met by the customer over a period of years; these are referred to as contractually committed assets;

(ii) Other fixed assets.

It is considered that the impact of inflation on the Group is best reflected by treating contractually committed fixed assets as monetary assets and showing them at their historical cost net book values, this amount being the proportion of the cost of the assets remaining to be recovered from the customers. The adjustment relating to these assets reflects the change due to inflation in the need for funds to finance such assets and is computed by reference to their historical cost net book values using an appropriate Government price index of general application. Other assets are stated at the lower of their net current replacement costs using appropriate Government indices or their recoverable amounts and corresponding depreciation adjustments have been made.

(b) Working Capital

Stocks and work in progress which will be replaced are stated at estimated current replacement cost. Those which will not be replaced are stated at historical cost. Monetary working capital comprises trade debtors less trade creditors, provisions and deferred liabilities other than advance payments. Replacement costs and the cost of sales and monetary working capital adjustments have been based on records of changing prices maintained by the Group or appropriate Government indices. The cost of sales adjustment has been arrived at, in part, using the averaging method. No cost of sales adjustment has been made in respect of stocks which will not be replaced. These are excluded from net operating assets and offset against net borrowings in note 5 to the current cost balance sheet.

(c) Gearing adjustment

The gearing adjustment is based on the average gearing during the year, calculated on a Group basis.

2. Adjustments made in deriving current cost operating profit

	1982	1981
	£M	£M
Cost of Sales	10.6	5.2
Monetary Working Capital	(9.7)	(11.5)
Working Capital	0.9	(6.3)
Fixed Assets — Contractually Committed	42.7	18.9
— Others	11.8	12.5
Current Cost Operating Adjustments	55.4	25.1

3. Fixed Assets

	1982			1981		
	Gross	Depreciation	Net	Gross	Depreciation	Net
	£M	£M	£M	£M	£M	£M
Land and Buildings	104.4	33.6	70.8	80.3	25.8	54.5
Plant and Machinery	446.7	172.5	274.2	347.0	126.6	220.4
Assets in Course of Construction	470.1	—	470.1	288.3	—	288.3
	1,021.2	206.1	815.1	715.6	152.4	563.2

The net figure includes £491.9M (1981 £320.3M) assets which are contractually committed.

4. Current Cost Reserve

	1982		1981	
	£M	£M	£M	£M
Revaluation surpluses reflecting price changes:				
Land and Buildings	6.0		19.7	
Plant and Machinery	37.3		88.3	
Assets in Course of Construction	7.7		3.9	
Investments	0.3		—	
Stocks and Work in Progress	—		13.8	
Government Grants	(2.1)	55.6	(7.4)	118.3
Contractually Committed Assets adjustment		42.7		18.9
Cost of Sales adjustment		10.6		5.2
Monetary Working Capital adjustment		(9.7)		(11.5)
Gearing adjustment		(33.9)		(15.3)
Minority Interests		(2.1)		(1.4)
Movement in Year		63.2		114.2
Balance at Beginning of Year (1981 — opening position)		114.2		—
Balance at End of Year		177.4		114.2
of which: realised		30.1		9.6
unrealised		147.3		104.6
		177.4		114.2

5. Financing of Net Operating Assets

	1982		1981	
	£M	£M	£M	£M
Fixed Assets (net of Regional Development Grants)		714.3		489.8
Investments		4.2		2.5
Working Capital		4.5		28.7
Net Operating Assets		<u>723.0</u>		<u>521.0</u>
Share Capital and Reserves		262.0		193.3
Proposed Dividend		3.3		2.0
Total Shareholders' Interest		<u>265.3</u>		<u>195.3</u>
Minority Interests		14.0		9.2
Loans	270.3		208.5	
Deferred Liabilities	148.0		95.7	
Government Grants	21.6		24.1	
Other Current (Assets)/Liabilities	<u>3.8</u>		<u>(11.8)</u>	
Net Borrowing		<u>443.7</u>		<u>316.5</u>
		<u>723.0</u>		<u>521.0</u>

Financial Statistics

	1982	1981	1980	1979	1978
	£M	£M	£M	£M	£M
Assets Employed					
Fixed Assets	677.6	464.4	291.1	202.0	102.8
Investments	3.9	2.5	2.4	6.9	25.6
Net Current Assets	61.9	101.1	119.8	125.0	93.8
	<u>743.4</u>	<u>568.0</u>	<u>413.3</u>	<u>333.9</u>	<u>222.2</u>
Financed by					
Share Capital	32.7	32.7	32.7	32.7	32.7
Reserves	82.0	56.0	45.8	29.6	19.5
Shareholders' Interest	<u>114.7</u>	<u>88.7</u>	<u>78.5</u>	<u>62.3</u>	<u>52.2</u>
Minority Interest	11.7	8.0	4.6	12.9	0.4
Loans	270.3	208.5	123.1	97.2	83.8
Deferred Liabilities	232.8	172.1	134.1	102.8	48.8
Government Grants	113.9	90.7	73.0	58.7	37.0
	<u>743.4</u>	<u>568.0</u>	<u>413.3</u>	<u>333.9</u>	<u>222.2</u>

Sales and Profits		1982	1981	1980	1979	1978
		£M	£M	£M	£M	£M
Sales: Nuclear Fuel Services — Home		299.3	273.5	211.3	176.1	120.4
	— Export	67.5	40.8	40.7	30.2	23.2
		45.9	34.9	31.5	28.2	18.1
	Electricity	<u>412.7</u>	<u>349.2</u>	<u>283.5</u>	<u>234.5</u>	<u>161.7</u>
Trading Profit (after RDGs and Depreciation)		78.7	50.5	35.1	31.1	19.1
Regional Development Grants Released		4.9	4.1	3.6	2.0	1.9
Depreciation		34.6	27.2	18.3	11.2	9.5
Exceptional Item		—	—	4.7	—	—
Research and Development Written off		11.2	11.7	9.2	9.7	7.8
Interest		33.8	22.8	12.0	8.4	6.1
Share of Profits Less Losses of Associated Companies		0.8	0.1	0.3	0.3	0.2
Profit before Taxation		34.5	16.1	18.9	13.3	5.4
Taxation		2.5	1.2	1.4	1.3	0.8
Profit after Taxation		32.0	14.9	17.5	12.0	4.6
Profit/(Loss) Attributable to Minority Interests		2.2	2.0	1.5	(0.5)	(0.1)
Profit after Taxation and Minority Interests		29.8	12.9	16.0	12.5	4.7
Dividends		4.0	2.7	2.7	2.2	1.3
Profit Retained		25.8	10.2	13.3	10.3	3.4
Profit after Taxation and Minority Interests as a Percentage of average Shareholders' Interest (%)		29.3	15.4	22.3	21.8	9.3

NOTE: The above figures are as shown in the published accounts for each year with the exception of those for:—

1980, which have been restated to show the effect of prior year adjustment in respect of Calder/Chapelcross reprocessing.

1979, which were restated following the consolidation of the Urenco (UK) Partnership.

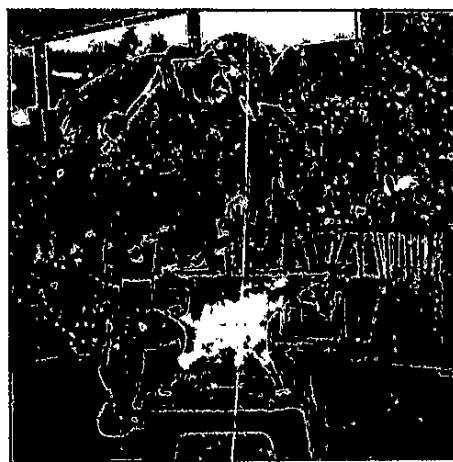
1978, which were restated to show the effect of prior year adjustment in respect of deferred taxation and decommissioning.



Deputy managing director Dr Donald Avery was awarded the CBE in the New Year Honours List



Con Allday welcomes full time officials to BNL's Trade Union Annual Conference.



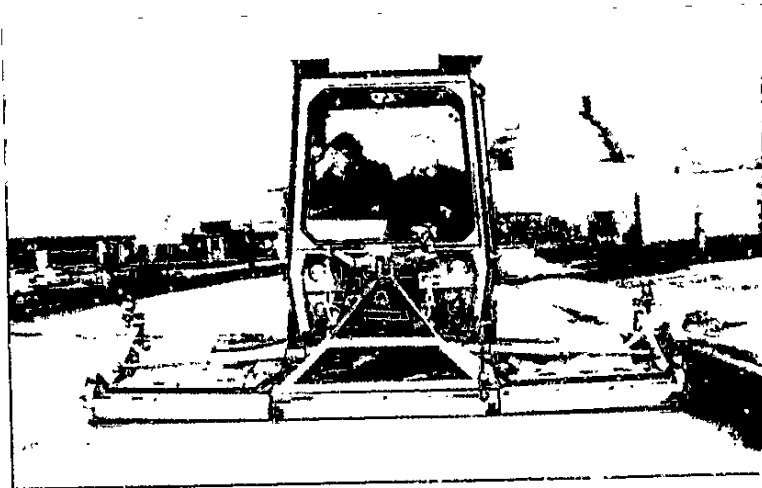
BNL currently employs over 1,000 apprentices. Various aspects of their training are illustrated.

Apprentices on an outward bound course in the Lake District.

Director of the Women's Royal Army Corps with the first girls at Sellafield to complete their training.

Blacksmith apprentice at Springfields.

Apprentices meet Prince Philip at a reception to celebrate the 25th Anniversary of the Duke of Edinburgh Award scheme.



Road survey vehicle at Schelkhu

Schmid's new exhibition centre

New rail transport at Chapeleux

Two room house at St. Sulpice Street

New terminal at Barros operated by BNL

