

002607

172

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



BNFL

British Nuclear Fuels Limited



Contents

BNFL

- 4 Board of Directors
 - 5 Notice of Meeting
 - 6 Highlights of the Year 1982/83
-

- 7 Chairman's Review of the Year
 - 11 Company Objectives
 - 12 Report of the Directors
-

- 16 Report of the Auditors
 - 17 Accounting Policies
 - 19 Consolidated Profit and Loss Account
 - 20 Consolidated Balance Sheet
 - 21 Parent Company Balance Sheet
 - 22 Notes on the Accounts
 - 31 Subsidiary and Associated Companies
 - 32 Consolidated Source and Application of Funds Statement
 - 33 Consolidated Current Cost Profit and Loss Account
 - 34 Summarised Consolidated Current Cost Balance Sheet
 - 35 Notes on the Current Cost Accounts
 - 38 Financial Statistics
-

BNFL

Board of Directors

C Allday CBE

Chairman and Chief Executive

Dr D G Avery CBE

Deputy Managing Director

J Tatlock CBE

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
24 Newgate Street
London EC1A 7LH

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

Notice of Meeting

The TWELFTH ANNUAL GENERAL MEETING of British Nuclear Fuels Limited will be held at 1 Hobhouse Court, Suffolk Street, London SW1Y 4HH, on Wednesday, 24 August, 1983 at 2.30pm 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, 1983;
- 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
1 August 1983

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



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

	1983 £M	1982 £M
SALES	457.5	412.7
TRADING PROFIT	114.3	91.2
PROFIT BEFORE TAXATION	54.6	34.5
PROFIT FOR YEAR AFTER TAXATION AND MINORITY INTERESTS	44.9	29.8
DIVIDENDS	12.4	4.0
PROFIT RETAINED	32.5	25.8
CAPITAL EXPENDITURE	269.8	248.3
ASSETS EMPLOYED	922.0	743.4
SHAREHOLDERS' INTEREST (Average for year)	131.2	101.7
PROFIT FOR YEAR RELATED TO AVERAGE SHAREHOLDERS' INTEREST	34.2%	29.3%
NUMBER OF EMPLOYEES (Average for year)	16,105	16,290

Chairman's Review of the Year

BNFL

- 1 In presenting my first review, I begin by paying tribute to my predecessor, Sir John Hill, who retired at the end of March. Sir John, who is now Honorary President of the Company, was Chairman from BNFL's formation in 1971 and the Company's progress and success over the last 12 years owe a great deal to his guidance and leadership. All the Directors pay tribute to his contribution and I add my personal gratitude for his support and friendship over many years. He will, we hope, continue to play an important role in the nuclear industry, nationally and internationally.
- 2 We also pay tribute to the late Lord Hinton who died in June. He was a very great engineer who was responsible for the design and construction of all our early plants; the Fuel Element manufacturing complex at Springfields; the first Piles and Reprocessing Plant at Windscale; the Diffusion Plant at Capenhurst and the Calder Hall and Chapelcross Reactors. He was truly the father of our industry who kept a keen and critical interest in our affairs to the end of his life. We shall miss him.
- 3 In the 12 years since BNFL was formed, the Company has gone from strength to strength and last year was no exception. Significant progress has been made in improving efficiency and reducing costs. A substantial increase in profits, mainly export-led, combined with the resolution of some of the uncertainties related to the Company's future liabilities, has enabled the Directors to recommend a trebling of the dividend to £12M.
- 4 Continued ordering of nuclear electricity generating stations in this country is vital to the long-term future of the Company. There is, therefore, a continuing challenge to improve the nuclear fuel cycle service which we provide for the UK Electricity Generating Boards and overseas customers, particularly with regard to cost, in order to keep nuclear power competitive. Capital expenditure is being kept to a minimum and under tight control whilst meeting the extremely high standards set by the regulatory authorities responsible for health, safety and environmental protection. Nevertheless, the Group plans capital developments of some £3.5 billion over the next ten years and nearly all of this spend will be with UK industry.
- 5 We are also taking a hard look at our organisation and manning levels, particularly in the "overheads areas". We have set ourselves a first target reduction of 15% in personnel from the peak manning levels which were envisaged two years ago. We are on target; and we are convinced that with reduced layers of management, greater delegation of responsibility and better information dissemination we will achieve major cost savings with greater job satisfaction and opportunities for our employees.
- 6 All these savings are reflected in the prices we charge to the Electricity Generating Boards and through them the price of electricity to the domestic consumer. Such savings are essential to keep us competitive in world markets.
- 7 The Generating Boards also benefit from our export successes. We have more than doubled our export trade in the last three years from about £40M to more than £90M and our forward order book stands at £2,700M.
- 8 Our continuing success depends on the people we employ. We are fortunate in having inherited well-established consultation and negotiating procedures and these are providing the framework for jointly facing the changes in organisational pattern and operating practices referred to above. I am grateful for the continuing support and loyalty of all my fellow employees. Many have retired during the year and we wish them well. Many have joined us and we welcome them and wish them successful and fruitful careers with us.

- 9 Our working conditions, environment, amenities, welfare and training facilities are all good. Training includes apprenticeships, and although we can no longer offer jobs to all who complete their indentures we are keeping our intake high — 228 this year — which gives us a ratio of 1 apprentice to every 3 craftsmen in the Company compared to 1 to 15 in engineering industry generally. I believe it important in the long-term interest of both Company and nation to train young people and use our excellent apprentice and other training facilities to the full.
- 10 The Company's operations are scrutinised both internally and externally for health and safety, environmental protection and the non-proliferation of nuclear weapons; we have met all the statutory requirements in these areas. We accept the need for formal external surveillance by Government Departments and recognise that in order to reassure the public about the safety and acceptability of nuclear energy it is sometimes necessary to go to extreme lengths of precaution and protection. However, it is also our duty to draw attention to the cost-effectiveness of some of the very expensive schemes we are sometimes pressed to adopt compared with standards and risks adopted and accepted in other industrial and social activities.
- 11 The average annual whole body radiation exposure of the Company's radiation workers now stands at a little under 0.5 rems, which is less than one-tenth of the regulatory limit. The results to date of the Company's comprehensive epidemiological study of the mortality of employees and ex-employees show no evidence of radiation effects.
- 12 No serious nuclear incident or accident occurred in any of our works during the year. Radioactive discharges to the environment were within the limits and conditions of formal authorisations.
- 13 We are proud of this overall record of construction, operation, health and safety, and protection of the public and environment; but not complacent. Together with our plans for future developments and improvements it should provide the reassurance necessary to maintain public acceptance of our activities. However, there is a determined vocal minority opposed to us. This is their right. I regret that they receive an unbalanced degree of publicity and encouragement from many sections of the media. We are pleased that the media report our affairs, we accept that they should question our activities and statements and that they should report minority opinions. But I am disturbed at the frequency with which the minority opinions are given prominence and presented as authoritative either without support of scientific evidence or without peer review of what evidence they have. On the other hand, our opinions and statements tend to be discounted as "establishment" or "vested interest" despite the large body of supporting scientific evidence endorsed by eminent national and international bodies. We and others in the nuclear industry have the task of rectifying this situation.
- 14 As part of this task we maintain a flow of factual information to the public through many different channels in order to explain the importance of the Group's contribution to Britain's energy resources and to the national economy, and to emphasise the safety of our activities. We provide briefing for the media, Parliamentarians, educationists, business and trade union interests, community organisations and individual members of the public. More than 26,000 people visited the Company's works during the year, including some 15,000 who visited the Sellafield Exhibition Centre. Volunteer members of the Company's Speakers' Panel gave 310 talks to a wide range of community groups.

- 15** As implied by the financial results and other factors already referred to, our manufacturing and service operations were performed very satisfactorily. The following is a brief resume of some of the more important features and events.

Enrichment

- 16** After nearly 30 years of successful operation the Capenhurst Diffusion Plant was shut down in September 1982. Despite the continued fine performance of the old plant, its fate was inevitable in the face of the superior economics of centrifuge enrichment technology which we developed with our German and Dutch partners in Urenco/Centec. A six month decommissioning period, now completed, is to be followed by a five year dismantling programme. Nevertheless, it has been necessary to reduce the workforce by 600 and I am pleased to report that this was achieved by entirely voluntary means.
- 17** The first production plant using centrifuge technology at Capenhurst, now seven years old, continued to perform very well. The second plant has been progressively commissioned over the last year and components are now in production for the third phase, which will incorporate an even more advanced centrifuge design. Further advances in the technology have been identified from the joint R&D programmes of the Urenco/Centec partners, which should maintain the competitiveness of the project.
- 18** There has been only slow progress in the commercial market for enrichment services but Urenco has secured further business transferred from other enrichment suppliers.
- 19** During the year, Urenco/Centec's technology received an important vote of confidence when a group of Australian industrial companies, who had studied the competing world technologies on behalf of the Australian Government, chose Urenco/Centec's as the most promising and reliable. The next phase will be a detailed joint feasibility study.

Fuel Manufacture and Associated Services

- 20** Renovation of the Magnox fuel fabrication and assembly lines at Springfields is now well advanced and the expansion of the AGR production lines, to meet increased demand arising from fuel requirements for the Heysham II and Torness reactors, is proceeding to programme. The preliminary design has been completed of new facilities to produce more advanced designs of AGR fuel, starting in 1985.
- 21** Despite the continuing depression of the market, sales of natural UF_6 conversion have held up well as have sales of UO_2 powder and pellets, particularly to Belgium and France.
- 22** The absence of a firm nuclear programme in the UK makes it difficult for the Company to plan for future fabrication capacity and for establishing the technical capability to secure overseas business in this field which must necessarily be in water reactor fuel. Longer term the Company must retain its capability in this part of the fuel cycle against strong competition from suppliers with substantial domestic programmes.

Fuel Reprocessing

- 23** The reprocessing of irradiated Magnox fuel from the UK and overseas continued successfully during the year with a continuing reduction in the amount of irradiated fuel awaiting reprocessing at Sellafield. Storage pond capacity for overseas Light Water Reactor fuel has been extended by 1300 tU. CEGB and SSEB have continued to send AGR irradiated fuel to Sellafield for storage pending reprocessing.

- 24** Decontamination of a Magnox Dissolver Cell which was taken out of use some years ago because of corrosion of the dissolver, was successfully completed during the year. The cell will be refurbished instead of replaced — a great saving in cost. This experience is a useful addition to that already available for the decommissioning and dismantling of highly-active plants.
- 25** Engineering work for the Magnox and THORP (Thermal Oxide Reprocessing Plant) programmes continued at an increasing pace. Construction of the fuel receipt facilities associated with THORP will start this summer. Construction of the new Magnox storage and decanning plant and the new effluent treatment plant is at an advanced stage, and an extension to the Magnox swarf storage capacity has been completed.
- 26** A major area of development and engineering effort has been the treatment of radioactive effluents. Good progress has been made in detailed design work for the Windscale Vitrification Plant, which will vitrify highly-active fission product liquor. Development and design of encapsulation plant for intermediate level waste is continuing at an increasing pace.
- 27** Radioactive discharges to sea during 1982 were at all times within authorisations. The discharges continued the pattern of recent years in being much lower than in earlier years.
- 28** Following rejection of the Company's application for a permanent increased supply of water from Wastwater by the Secretary of State for the Environment, approval has been given for additional abstraction from Wastwater on a temporary basis. The Company has announced that its longer term needs are expected to be met by the development of ground water sources. These sources, the potential of which was confirmed after the Public Inquiry into the Company's Wastwater application was completed, will be significantly more expensive than extraction from Wastwater.

Transport

- 29** A new sea terminal for irradiated fuel transport to Sellafield has been provided at Ramsden Dock in the Port of Barrow. A Ramsden Dock Terminal Liaison Committee has been established to provide interchange of information and comment on operations at the terminal. It includes representatives from Barrow Borough Council and Cumbria County Council, local officials and the Company.
- 30** The Company, together with Pacific Nuclear Transport Limited (PNTL, of which BNFL owns 62½%) and Nuclear Transport Limited (NTL, of which BNFL owns 33⅓%), has transported irradiated fuel from 36 reactor sites outside the UK in Belgium, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Spain, Sweden and Switzerland.
- 31** PNTL had another successful year and added a fourth ship — 'PACIFIC TEAL' — to its fleet. All the orders so far for nuclear fuel carriers — five conversions and four new ships — have been placed with British shipyards. These ships have carried some 720 tonnes of irradiated fuel for about nine million flask-miles without damage to any flask.
- 32** NTL, which also had a profitable year, moves European oxide fuel to both Sellafield and Cap la Hague; this traffic currently averages about 500 tonnes per year by road, rail and sea. Again the safety record has been exemplary.

Electricity Generation

- 33** The Company's two nuclear power stations at Calder Hall and Chapelcross have continued to operate well. The results of a review of the technical and safety aspects of the reactors provides justification for planning their continued operation into the 1990's.

Company Objectives



The Company's primary objectives are:-

- i To earn a return on capital employed which is satisfactory to the shareholder and is consistent with the contractual, legal and social framework within which the Company operates.
- ii To achieve a high degree of self-financing in meeting the Company's future investment requirements.
- iii To provide an efficient and economic fuelling service to the UK Generating Boards and to meet the needs of other domestic customers.
- iv To obtain profitable overseas business in order to provide greater growth, with its attendant economies of scale, than that offered by the UK market alone.

These objectives are pursued subject to two overriding conditions:—

- i that standards of safety and environmental protection are maintained well within statutory requirements; and
- ii 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 pays particular attention to the remuneration and welfare of its present employees and, through expansion, seeks both to extend their opportunities and offer additional employment prospects.

Report of the Directors

for the year ended 31 March 1983

BNFL

- 1 The Directors of British Nuclear Fuels Limited have pleasure in submitting to the Shareholders their Twelfth Annual Report together with the audited Accounts for the year ended 31 March 1983.
- 2 The full accounts of the Group are set out on pages 17 to 37 and include, on a consolidated basis, the accounts of the Subsidiary Companies listed on page 31, 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	
	1983	1982	1983	1982
	£M	£M	£M	£M
Nuclear Fuel Services (including those provided to the UK Generating Boards)	402.0	366.8	104.0	83.7
Electricity	55.5	45.9	10.3	7.5
	<u>457.5</u>	<u>412.7</u>	<u>114.3</u>	<u>91.2</u>

All areas of the business have contributed to the increased profit levels with significant improvements being made in the export area.

Trading Profit now excludes the adjustment to opening provisions and deferred liabilities for decommissioning and long-term storage to reflect known changes in price levels. The comparative figures have been amended similarly (See Note on the Accounts 3).

4 Dividend

The Directors recommend that a final dividend of 38% should be paid.

5 Finance

- (a) Group capital expenditure of £269.8M (Parent £230.6M) 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 borrowed £50M under the long-term credit established with the European Investment Bank.
- (c) Capital expenditure authorised at the end of the year was £824M of which contracts have been placed for £180M. 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.

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

During the year further progress has been made in dealing with financial uncertainties mentioned in previous reports in connection with losses on certain unprofitable reprocessing contracts, the long-term management of waste products and the decommissioning of certain plants. In particular the responsibility of the Group, for the long-term management of waste products (including highly-active wastes) and for the decommissioning of plants, arising from programmes carried out prior to 1 April 1971 has been clarified in discussion with the Government; an additional provision, which is not considered significant, has been made in accordance with the Group's accounting policies.

In the opinion of the Directors, the amounts provided under accounting policies 3 and 4 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 re-appraisals will be made to take account of inflation and technological change, and any costs or benefits from such re-appraisals will be dealt with in the accounts of the years in which the need for adjustment is identified.

8 Corporate Plan

The Group annually submits a forward Plan covering the next ten years to the Department of Energy. This is the mechanism by which the Department is notified of the Group's projected programmes.

9 Exports

Export sales during the year totalled £91.5M (1982 £67.5M).

10 Personnel

The weekly average number of persons employed by the Group during the year was 16,105 (1982 16,290). The aggregate remuneration during the year was £147.2M (1982 £138.7M).

11 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 workforce, and their general training, career development and promotion opportunities are, as with all employees, appropriate to their skills and abilities.

12 Occupational Injuries

The frequency of lost time injuries for all employees per 100,000 man hours worked is 1.0 for 1982/83. This figure is not directly comparable with figures quoted in previous reports because of regulatory changes, including the types of employees involved and the period of disablement, which have been introduced. Comparable figures for previous years have been re-evaluated as follows:-

1981/82	1.0
1980/81	1.1

There is clearly no significant variation over these years.

13 The Board of Directors

Sir John Hill resigned from the Board on 31 March 1983. He was succeeded as Chairman by Mr C Allday. The names of the Directors of the Company at the end of the year are set out on page 4. All Directors served throughout the year.

14 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.

15 Contributions for Political or Charitable Purposes

No contributions were made for political purposes. Contributions to charities during the year amounted to £47,300 (1982 £30,750).

16 Energy Saving

The Group's efforts to conserve energy and improve energy utilisation continue, both in current plant and processes and by energy conservation measures being included at the design stage of new buildings.

Following the evaluation of consultant's reports a number of short pay back schemes including relagging, and improved temperature controls and steam metering have been initiated.

17 Auditors

A resolution to re-appoint 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*
1 August 1983

Report of the Auditors

to the members of British Nuclear Fuels Limited



We have audited the accounts set out on pages 17 to 37 in accordance with approved Auditing Standards. The accounts on pages 17 to 32 have been prepared under the historical cost convention and the supplementary accounts on pages 33 to 37 have been prepared under the current cost convention as described in Statement of Standard Accounting Practice No. 16.

In our opinion the accounts on pages 17 to 32 give a true and fair view of the state of affairs of the Company and the Group at 31 March 1983 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.

In our opinion the supplementary current cost accounts on pages 33 to 37 have been properly prepared, in accordance with the policies and methods described on pages 35 to 37, to give the information required by Statement of Standard Accounting Practice No. 16.

A handwritten signature in cursive script, reading 'Coopers & Lybrand'.

Coopers & Lybrand
Chartered Accountants

London
1 August 1983

Accounting Policies

BNFL

1 Consolidation

- (a) The consolidated accounts include the accounts of British Nuclear Fuels Limited, its subsidiary companies, as listed on page 31, 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 31. The accounts of the associated companies are made up to 31 December in each year.
- (c) Foreign currency balances are translated at the exchange rate ruling at the Balance Sheet date or at the rate of exchange specified in a related or matching forward contract. Exchange differences arising from the re-translation of the opening net investment in associated foreign enterprises are taken to reserves. Other 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.

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 irradiated metal fuel which is not expected to take place within the next twelve months; and
 - (iii) Provision is made on an ongoing basis for the estimated costs associated with the long-term management of the Group's waste products.

- (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.

Leasehold land is amortised over the period of the lease.

- (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

ended 31 March 1983



	1983	1982
	£M	£M
Sales	457.5	412.7
Trading Profit (Note 2)	114.3	91.2
Research and Development Written off	12.4	11.2
	101.9	80.0
Financial Charges (Note 3)	48.7	46.3
	53.2	33.7
Share of Profits less Losses of Associated Companies	1.4	0.8
Profit before Taxation	54.6	34.5
Taxation (Note 7)	6.2	2.5
Profit after Taxation	48.4	32.0
Profit attributable to Minority Interests	3.5	2.2
Profit after Taxation and Minority Interests	44.9	29.8
Dividends (Note 8)	12.4	4.0
Profit retained	32.5	25.8
Retained by		
British Nuclear Fuels Limited	28.8	23.5
Subsidiary Companies	3.1	2.1
Associated Companies	0.6	0.2
	32.5	25.8
Statement of Retained Profit/Reserves		
Retained Profit for the Year	32.5	25.8
Exchange differences	0.5	0.2
Retained Profit at Beginning of Year	82.0	56.0
Retained Profit/Reserves at End of Year	115.0	82.0

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 1983



	1983		1982
	£M	£M	£M
Assets Employed			
Fixed Assets (<i>Note 9</i>)		906.2	677.6
Investments			
Associated Companies (<i>Note 10</i>)	1.6		1.0
Advances to Partnerships (<i>Note 11</i>)	4.3		2.9
		5.9	3.9
		912.1	681.5
Current Assets (<i>Note 12</i>)	303.5		273.2
Less Current Liabilities and Provisions (<i>Note 13</i>)	293.6		211.3
Net Current Assets		9.9	61.9
		922.0	743.4
Financed by			
Issued Share Capital (<i>Note 14</i>)		32.7	32.7
Reserves		115.0	82.0
Shareholders' Interest		147.7	114.7
Minority Interests in a Subsidiary and a Partnership		15.2	11.7
Loans (<i>Note 15</i>)		266.8	270.3
Deferred Liabilities (<i>Note 16</i>)		351.3	232.8
Government Grants held as Deferred Credit (<i>Note 17</i>)		141.0	113.9
		922.0	743.4




C Allday
 J M Hayles } *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 1983

BNFL

	1983 £M	1982 £M
Assets Employed		
Fixed Assets (<i>Note 9</i>)	712.1	512.0
Interests in Subsidiary Companies (<i>Note 18</i>)	114.8	101.8
Investments		
Associated Companies (<i>Note 10</i>)	0.5	0.5
	<u>827.4</u>	<u>614.3</u>
Current Assets (<i>Note 12</i>)	268.6	238.6
Less Current Liabilities and Provisions (<i>Note 13</i>)	<u>281.4</u>	<u>200.2</u>
Net Current (Liabilities)/Assets	(12.8)	38.4
	<u>814.6</u>	<u>652.7</u>
Financed by		
Issued Share Capital (<i>Note 14</i>)	32.7	32.7
Reserves (<i>Note 19</i>)	112.4	82.8
Shareholders' Interest	<u>145.1</u>	<u>115.5</u>
Loans (<i>Note 15</i>)	252.7	262.1
Deferred Liabilities (<i>Note 16</i>)	327.7	211.0
Government Grants held as Deferred Credit (<i>Note 17</i>)	89.1	64.1
	<u>814.6</u>	<u>652.7</u>

C. Allday

C Allday
J M Hayles } *Directors*

S. O'Connell

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.

BNFL

- ## 2 Trading Profit

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

and after charging:—

3 Financial Charges

The adjustments to opening provisions are those referred to in Accounting Policies 3 and 4 which arise from changes in price levels.

4 Superannuation Contributions

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

	1983 £M	1982 £M
Principal non-industrial scheme	9.1	8.3
Protected persons scheme	2.8	2.6
Industrial scheme	5.5	4.7
	<u>17.4</u>	<u>15.6</u>

5 Directors' Emoluments

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

Range	1983 Number	1982 Number
Nil to £5,000	4	4
£15,001 to £20,000	—	2
£20,001 to £25,000	1	—
£25,001 to £30,000	—	1
£30,001 to £35,000	4	4
£35,001 to £40,000	2	—
£40,001 to £45,000	—	1
£45,001 to £50,000	1	—
Emoluments of the Chairman	£22,320	£17,120
Emoluments of the highest paid Director	£48,085	£41,695

6 Employees Earning more than £30,000 per annum

	1983 Number	1982 Number
£30,001 to £35,000	6	3

7 Taxation

	1983 £M	1982 £M
Overseas Taxation	—	0.1
Associated Companies	0.5	0.4
	<u>0.5</u>	<u>0.5</u>
Advance Corporation Tax	5.7	2.0
	<u>6.2</u>	<u>2.5</u>

No charge for corporation tax on the profits of the year arises, as a result of accelerated capital allowances, other timing differences and stock appreciation relief. The benefit of these amounted in the year to £19.6M.

8 Dividends

	1983 £M	1982 £M
Interim Dividend (1982 2%)	—	0.7
Final Dividend 38% (1982 10½%)	12.4	3.3
	<u>12.4</u>	<u>4.0</u>

9 Fixed Assets

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

	Land and Buildings Long Leasehold	Freehold	Plant and Equipment	Assets in Course of Construction	Total
	£M	£M	£M	£M	£M
Cost at 1 April 1982	3.7	72.8	313.7	457.5	847.7
Additions including reclassifications	0.1	27.2	119.8	122.7	269.8
Disposals	—	(0.4)	(11.7)	—	(12.1)
Cost at 31 March 1983	3.8	99.6	421.8	580.2	1,105.4
Depreciation at 1 April 1982	0.1	27.6	142.4	—	170.1
Charge for Year	0.1	6.3	34.5	—	40.9
Disposals	—	(0.2)	(11.6)	—	(11.8)
Depreciation at 31 March 1983	0.2	33.7	165.3	—	199.2
Net book value at 31 March 1983	3.6	65.9	256.5	580.2	906.2

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

	Land and Buildings Long Leasehold	Freehold	Plant and Equipment	Assets in Course of Construction	Total
	£M	£M	£M	£M	£M
Cost at 1 April 1982	3.7	69.4	222.4	360.0	655.5
Additions including reclassifications	0.1	20.3	50.3	159.9	230.6
Disposals	—	(0.4)	(11.6)	—	(12.0)
Cost at 31 March 1983	3.8	89.3	261.1	519.9	874.1
Depreciation at 1 April 1982	0.1	27.0	116.4	—	143.5
Charge for Year	0.1	6.1	24.0	—	30.2
Disposals	—	(0.2)	(11.5)	—	(11.7)
Depreciation at 31 March 1983	0.2	32.9	128.9	—	162.0
Net book value at 31 March 1983	3.6	56.4	132.2	519.9	712.1

10 Investment in Associated Companies

	1983		1982	
	Group	Parent	Group	Parent
	£M	£M	£M	£M
Unquoted shares at cost	0.3	0.3	0.3	0.3
Loans and advances	17.2	0.2	17.0	0.2
	17.5	0.5	17.3	0.5
Less Amount written off	17.0	—	16.8	—
	0.5	0.5	0.5	0.5
Share of retained profits	1.1	—	0.5	—
Share of net assets	1.6	0.5	1.0	0.5

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

Dividends amounting to £342,841 (1982 £134,097) 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 purpose 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

	1983		1982	
	Group £M	Parent £M	Group £M	Parent £M
Stocks of raw materials and stores	66.8	65.6	56.7	55.1
Work in Progress	49.1	41.4	56.8	50.1
Finished products	27.3	17.6	25.4	13.1
Debtors and payments in advance	144.5	134.3	120.4	107.8
Short-term deposits	11.7	8.0	12.3	10.9
Bank and cash balances	4.1	1.7	1.6	1.6
	<u>303.5</u>	<u>268.6</u>	<u>273.2</u>	<u>238.6</u>

Work in Progress is stated after deducting progress payments of £18.0M (1982 £15.4M).

13 Current Liabilities and Provisions

	1983		1982	
	Group £M	Parent £M	Group £M	Parent £M
Creditors, accrued liabilities and advances	171.1	163.0	131.9	126.5
Provisions	53.7	53.7	49.0	49.0
Bank loans and overdraft	16.9	16.9	8.3	7.8
Dividend	12.4	12.4	3.3	3.3
	<u>254.1</u>	<u>246.0</u>	<u>192.5</u>	<u>186.6</u>
Current portion of long-term loans	39.5	35.4	18.8	13.6
	<u>293.6</u>	<u>281.4</u>	<u>211.3</u>	<u>200.2</u>

14 Share Capital

	1983	1982
	£M	£M
Ordinary Shares of £1 each		
Authorised	43.0	43.0
	<u>43.0</u>	<u>43.0</u>
Issued and Fully Paid	32.7	32.7

15 Loans

		1983		1982	
	Period of Repayment	Group £M	Parent £M	Group £M	Parent £M
Unsecured Loans					
10%	1982	—	—	2.3	—
9 ¹ / ₈ %–11 ³ / ₈ %	1983–1995	18.7	18.7	13.8	13.8
5 ¹ / ₂ %	1983–1995	16.1	16.1	17.7	17.7
Bank Loans — Guaranteed Under Nuclear Industry Finance Acts					
3 ³ / ₈ %–1 ³ / ₈ % above					
London Inter-bank	1983–1991	120.0	120.0	160.0	160.0
11 ³ / ₈ %–13 ³ / ₈ %	1983–1995	127.1	127.1	77.1	77.1
Bank Loans					
1 ¹ / ₄ % above					
London Inter-bank	1983	1.0	—	2.0	—
Secured Bank Loans — Guaranteed by Secretary of State for Industry					
7 ¹ / ₂ %	1983–1987	7.3	—	9.1	—
7 ¹ / ₂ %	1983–1990	6.2	6.2	7.1	7.1
7 ¹ / ₂ %	1983–1991	9.9	—	—	—
		<u>306.3</u>	<u>288.1</u>	<u>289.1</u>	<u>275.7</u>
Less repayable before 31 March 1984 included in current liabilities					
		39.5	35.4	18.8	13.6
		<u>266.8</u>	<u>252.7</u>	<u>270.3</u>	<u>262.1</u>
Loans or instalments thereof are repayable within periods from balance sheet date of:—					
From one to two years		13.2	10.1	38.3	35.4
From two to five years		62.0	54.9	29.4	24.6
Over five years		191.6	187.7	202.6	202.1
		<u>266.8</u>	<u>252.7</u>	<u>270.3</u>	<u>262.1</u>

16 Deferred Liabilities

	1983		1982	
	Group £M	Parent £M	Group £M	Parent £M
Decommissioning	68.5	65.8	58.5	57.8
Advance Payments received and receivable under long-term contracts	241.4	220.5	148.0	126.9
Long-term Management of Waste Products	34.1	34.1	26.0	26.0
Future Reprocessing Costs	7.3	7.3	0.3	0.3
	<u>351.3</u>	<u>327.7</u>	<u>232.8</u>	<u>211.0</u>

Decommissioning and Long-term Management of Waste Products now include the Group's share of the liabilities arising pre 1.4.71 referred to in paragraph 7 of the Directors' Report.

17 Government Grants held as Deferred Credit

	1983		1982	
	Group £M	Parent £M	Group £M	Parent £M
Regional Development Grants	122.0	89.1	92.3	64.1
Centrifuge Project	19.0	—	21.6	—
	<u>141.0</u>	<u>89.1</u>	<u>113.9</u>	<u>64.1</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

	1983	1982
	£M	£M
Unquoted shares at cost	1.3	1.3
Convertible Unsecured Loan Stock at cost	13.0	21.0
	14.3	22.3
Provision for losses	2.6	7.1
	11.7	15.2
Unsecured Loan Stock at cost	97.0	—
	108.7	15.2
Amount owing by Subsidiary Companies on current account	6.1	86.6
	114.8	101.8

The subsidiary companies are listed on page 31.

Long-term finance for BNFL Enrichment Limited's subordinate companies is being obtained by the issue of interest bearing Unsecured Loan Stock. BNFL acquired stock to the value of £89M during the year. In addition, the conversion rights of £8M Convertible Unsecured Loan Stock were cancelled in consideration of which the stock now bears interest.

19 Parent Company Reserves

	£M
Balance at 1 April 1982	82.8
Profit retained	29.6
Balance at 31 March 1983	112.4

Parent Company reserves include £8.9M (1982 £8.1M) 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:—

	1983		1982	
	Group	Parent	Group	Parent
	£M	£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	224.4	181.5	172.9	141.4
The benefit of taxation losses carried forward	(115.5)	(85.0)	(98.0)	(74.0)
Timing differences between the charging of particular items in the accounts and their equivalent deduction for taxation purposes	(75.0)	(74.8)	(62.5)	(62.4)
Recoverable UK Advance Corporation Tax	(11.5)	(9.4)	(5.8)	(5.0)
	<u>22.4</u>	<u>12.3</u>	<u>6.6</u>	<u>—</u>

At 31 March 1983 certain companies in the Group had accumulated tax losses amounting to £10M 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 £824M (1982 £662M) for the Group including £664M (1982 £563M) for the Company, for which contracts of £180M (1982 £142M) have been placed by the Group including £117M (1982 £95M) by the Company.

22 Contingent Liabilities

At 31 March 1983 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 and 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 organisations.

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 organisations.

NTL-Société Nucleaire Pour Les Transports Lourds SARL

Incorporated in France in 1983, 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.

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 organisations.

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 1983

BNFL

	1983		1982	
	£M	£M	£M	£M
Source of Funds				
Profit before Taxation		54.6		34.5
Adjustments for items not involving movements of funds:-				
(Profit) retained in Associated Companies		(0.6)		(0.2)
Depreciation		40.9		34.6
Government Grants released		(9.3)		(7.4)
Increase in amounts set aside for deferred liabilities		25.1		8.4
Total generated from operations		110.7		69.9
Funds from Other Sources				
Disposal of Fixed Assets		0.3		0.5
Advance payments under long-term contracts		93.4		52.3
Government Grants receivable		36.4		30.6
Loans received	66.0		80.3	
Less increase in amount repayable within one year	20.7		2.4	
		45.3		77.9
Increase in Minority Interests in a Subsidiary and a Partnership		3.5		3.7
		289.6		234.9
Application of Funds				
Purchase of Fixed Assets	269.8		248.3	
Dividends paid	3.3		2.7	
Repayment of Loans	48.8		16.1	
Taxation paid	1.7		1.2	
Investment in Partnerships and Associated Companies	2.0		1.4	
		325.6		269.7
		(36.0)		(34.8)
Increase/(Decrease) in Working Capital				
Stocks		4.3		(6.9)
Debtors		24.1		15.4
Creditors		(57.7)		(47.8)
Movement in net liquid funds:-				
Short-term deposits		(0.6)		7.5
Bank and cash balances		(6.1)		(3.0)
		(6.7)		4.5
		(36.0)		(34.8)

Consolidated Current Cost Profit and Loss Account

for the year ended 31 March 1983



	1983		1982	
	£M	£M	£M	£M
Sales		457.5		412.7
Profit before Financial Charges and taxation on the historical cost basis		103.3		80.8
Less Current cost operating adjustments (Note 2)		51.2		53.9
Current cost operating profit		52.1		26.9
Gearing adjustment (Note 5)	31.4		32.4	
Financial Charges	(48.7)		(46.3)	
		(17.3)		(13.9)
Current cost profit before taxation		34.8		13.0
Taxation		6.2		2.5
Current cost profit after taxation		28.6		10.5
Minority Interests		2.8		1.2
Current cost profit attributable to shareholders		25.8		9.3
Dividends		12.4		4.0
Current cost profit for the year		13.4		5.3
Statement of Retained Profit/Reserves				
Current cost profit for the year		13.4		5.3
Movements on current cost reserve (Note 4)		21.2		63.2
Unrealised Exchange Gain		0.5		0.2
		35.1		68.7
Retained profit/reserves at the beginning of the year		229.3		160.6
Retained profit/reserves at the end of the year		264.4		229.3

The notes on pages 35 to 37 form an integral part of the accounts.

The Auditors' Report is on page 16.

Summarised Consolidated Current Cost Balance Sheet

as at 31 March 1983



	1983		1982	
	£M	£M	£M	£M
Assets Employed				
Fixed Assets (<i>Note 3</i>)		1,046.7		815.1
Investments		6.3		4.2
Net Current Assets:—				
Stocks and work in progress	156.4		146.5	
Trade Debtors	144.5		120.4	
Trade Creditors and Provisions	(221.8)		(177.6)	
	79.1		89.3	
Proposed dividend	(12.4)		(3.3)	
Other current assets/(liabilities) (net)	(36.4)		(3.8)	
		30.3		82.2
		1,083.3		901.5
Financed by				
Share Capital and Reserves:—				
Share capital	32.7		32.7	
Current cost reserve (<i>Note 4</i>)	198.6		177.4	
Other reserves and retained profit	65.8		51.9	
		297.1		262.0
Minority Interests		17.4		14.0
Loans		266.8		270.3
Deferred Liabilities		351.3		232.8
Government Grants		150.7		122.4
		1,083.3		901.5

The notes on pages 35 to 37 form an integral part of the accounts.
The Auditors' Report is on page 16.

Notes on the Current Cost Accounts

BNFL

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 except to the extent that they are specifically financed by advance payments from customers, 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 accounts.

(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

	1983	1982
	£M	£M
Cost of Sales	12.6	10.6
Monetary Working Capital	(6.7)	(9.7)
Working Capital	5.9	0.9
Fixed Assets — Contractually Committed	26.2	41.2
— Others	19.1	11.8
Current Cost Operating Adjustments	51.2	53.9

3 Fixed Assets

	1983			1982		
	Gross	Depreciation	Net	Gross	Depreciation	Net
	£M	£M	£M	£M	£M	£M
Land and Buildings	136.1	42.2	93.9	104.4	33.6	70.8
Plant and Machinery	581.3	213.0	368.3	446.7	172.5	274.2
Assets in Course of Construction	584.5	—	584.5	470.1	—	470.1
	<u>1,301.9</u>	<u>255.2</u>	<u>1,046.7</u>	<u>1,021.2</u>	<u>206.1</u>	<u>815.1</u>

The net figure includes £691.3M (1982 £491.9M) assets which are contractually committed.

4 Current Cost Reserve

	1983		1982	
	£M	£M	£M	£M
Revaluation surpluses reflecting price changes:—				
Land and Buildings	2.2		6.0	
Plant and Machinery	28.1		37.3	
Assets in Course of Construction	(7.4)		7.7	
Investments	0.1		0.3	
Stocks and Work in Progress	0.3		7.0	
Government Grants	(2.2)		(2.7)	
	<u>21.1</u>		<u>55.6</u>	
Contractually Committed Assets adjustment	26.2		41.2	
Cost of Sales adjustment	12.6		10.6	
Monetary Working Capital adjustment	(6.7)		(9.7)	
Gearing adjustment	(31.4)		(32.4)	
Minority Interests	(0.6)		(2.1)	
	<u>21.2</u>		<u>63.2</u>	
Movement in Year				
Balance at Beginning of Year	177.4		114.2	
Balance at End of Year	<u>198.6</u>		<u>177.4</u>	
of which: realised	49.2		30.1	
unrealised	149.4		147.3	
	<u>198.6</u>		<u>177.4</u>	

5 Financing of Net Operating Assets

	1983		1982	
	£M	£M	£M	£M
Fixed Assets (net of Regional Development Grants and specific advance payments from customers)		882.7		697.3
Investments		6.3		4.2
Working Capital		(30.8)		4.5
Net Operating Assets		<u>858.2</u>		<u>706.0</u>
Share Capital and Reserves		297.1		262.0
Proposed Dividend		<u>12.4</u>		<u>3.3</u>
Total Shareholders' Interest		309.5		265.3
Minority Interests		17.4		14.0
Loans	266.8		270.3	
Non specific advance payments from customers	209.1		131.0	
Government Grants	19.0		21.6	
Other Net Current Liabilities	<u>36.4</u>		<u>3.8</u>	
Net Borrowing		<u>531.3</u>		<u>426.7</u>
		<u>858.2</u>		<u>706.0</u>

The gearing adjustment is based on the proportion of the net operating assets that were financed by net borrowing during the year.

Financial Statistics

	1983	1982	1981	1980	1979
	£M	£M	£M	£M	£M
Assets Employed					
Fixed Assets	906.2	677.6	464.4	291.1	202.0
Investments	5.9	3.9	2.5	2.4	6.9
Net Current Assets	9.9	61.9	101.1	119.8	125.0
	<u>922.0</u>	<u>743.4</u>	<u>568.0</u>	<u>413.3</u>	<u>333.9</u>
Financed by					
Share Capital	32.7	32.7	32.7	32.7	32.7
Reserves	115.0	82.0	56.0	45.8	29.6
Shareholders' Interest	<u>147.7</u>	<u>114.7</u>	<u>88.7</u>	<u>78.5</u>	<u>62.3</u>
Minority Interest	15.2	11.7	8.0	4.6	12.9
Loans	266.8	270.3	208.5	123.1	97.2
Deferred Liabilities	351.3	232.8	172.1	134.1	102.8
Government Grants	141.0	113.9	90.7	73.0	58.7
	<u>922.0</u>	<u>743.4</u>	<u>568.0</u>	<u>413.3</u>	<u>333.9</u>

Sales and Profits

	1983	1982	1981	1980	1979
	£M	£M	£M	£M	£M
Sales: Nuclear Fuel Services — Home	310.5	299.3	273.5	211.3	176.1
— Export	91.5	67.5	40.8	40.7	30.2
Electricity	55.5	45.9	34.9	31.5	28.2
	<u>457.5</u>	<u>412.7</u>	<u>349.2</u>	<u>283.5</u>	<u>234.5</u>
Trading Profit (after RDGs and Depreciation)	114.3	91.2	50.5	35.1	31.1
Regional Development Grants Released	6.7	4.9	4.1	3.6	2.0
Depreciation	40.9	34.6	27.2	18.3	11.2
Exceptional Item	—	—	—	4.7	—
Research and Development Written off	12.4	11.2	11.7	9.2	9.7
Financial Charges (1981 and prior — Interest only)	48.7	46.3	22.8	12.0	8.4
Share of Profits Less Losses of Associated Companies	1.4	0.8	0.1	0.3	0.3
Profit before Taxation	54.6	34.5	16.1	18.9	13.3
Taxation	6.2	2.5	1.2	1.4	1.3
Profit after Taxation	48.4	32.0	14.9	17.5	12.0
Profit/(Loss) Attributable to Minority Interests	3.5	2.2	2.0	1.5	(0.5)
Profit after Taxation and Minority Interests	44.9	29.8	12.9	16.0	12.5
Dividends	12.4	4.0	2.7	2.7	2.2
Profit Retained	32.5	25.8	10.2	13.3	10.3
Profit after Taxation and Minority Interests as a					
Percentage of average Shareholders' Interest (%)	34.2	29.3	15.4	22.3	21.8

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

1982 which have been restated to show the effect of including the adjustment to opening provisions and deferred liabilities for decommissioning and long-term storage to reflect known changes in price levels, as Financial Charges.

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.