



# Annual Report & Accounts 2008/2009

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# **Our mission is to:**

**Deliver safe, sustainable and publicly acceptable solutions to the challenge of nuclear clean up and waste management. This means never compromising on safety or security, taking full account of our social and environmental responsibilities, always seeking value for money for the taxpayer and actively engaging with stakeholders.**

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# Welcome to the NDA Annual Report & Accounts 2008/2009

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## Foreword



**Lord Hunt of Kings Heath**  
**Minister of State, Department for Energy and**  
**Climate Change**

The NDA was established in order to deliver the Government's commitment to dealing effectively with the nuclear legacy and is responsible for driving substantial change to improve delivery and cost-efficiency in a large and complex industry. In its first four years the NDA has made significant progress in tackling this unprecedented challenge, including the completion this last year of the re-structuring of its estate to facilitate the programme of competitions that is essential if we are to get a grip on the legacy.

The NDA achieved a major milestone in November 2008 when it signed the new Parent Body Agreement for Sellafield Limited with Nuclear Management Partners Limited (NMP), successfully concluding the competition for the management of Sellafield. The Sellafield site is the biggest and most complex European

nuclear site and this was one of the largest public procurements in Europe. This and the first competition, for the Low Level Waste Repository near Drigg, have both brought world-class capability to the UK for the delivery of safe, secure and environmentally responsible decommissioning and clean up.

I would like to congratulate everyone at the NDA on their achievements to date and thank them personally for their hard work and dedication to the challenge.

Looking ahead, the NDA's challenge will be to secure value through the remaining site competitions and then to ensure that the new contractors deliver. Above all it must continue to make progress on decommissioning and clean up, with the focus on tackling the highest hazards, particularly at Sellafield.

A handwritten signature in black ink, appearing to read 'Philip Hunt'.

## Chairman's Statement



**Stephen Henwood**  
Chairman

My first year as Chairman has been one of significant transition and change, but one in which the challenges and opportunities that lie ahead have become clearer.

During the year we have moved from the Department for Business Enterprise and Regulatory Reform (BERR), to the Department of Energy and Climate Change (DECC). Together with the nuclear renaissance, this re-emphasises the strategic importance of the NDA's mission to deliver effective and efficient decommissioning and clean up.

The prospect of new build has provided the NDA with an opportunity to maximise value from surplus land adjacent to our sites which could be used by new build developers, aiming at all times to maximise the commercial value for the benefit of the UK taxpayer.

In June 2008, the Government published the White Paper "Managing Radioactive Waste Safely: A Framework for Implementing Geological Disposal". This confirmed the NDA as the body responsible for implementing a national Geological Disposal Facility (GDF), and recognised the role that the GDF will play in enabling and supporting the nuclear new build programme, as well as underpinning the NDA's own waste management plans.

The global economic crisis presents challenges for us all and will bring pressures on future funding, as it will for all those operating in the public sector. Commercial income is essential in funding our core mission and our success in securing additional income has allowed us to deliver our financial results whilst addressing additional costs arising in parts of our estate. In future years that income will reduce as our two remaining power stations come offline.

Since 2005, our focus has been on the creation of a robust baseline plan and the many enabling actions to position people, assets and partners for the delivery of our mission. During 2008/2009, building on that foundation, we have started to increase the emphasis on delivery and performance. This will continue in future years, subject always to our commitment to safety and security.

The year has seen considerable changes in the composition of the NDA Board. Primrose Stark, Lyndon Stanton and Roger Scott completed their terms as Non-Executive Directors and I would like to thank them for their contributions to the development of the NDA in its formative years. Janette Brown, Patrick Dixon, David Owens and Alistair Wivell have joined the Board. They bring a wide range of skills and experience in different industrial sectors and an external perspective which will be particularly valuable at this time.

The executive team was strengthened by the appointment of John Clarke to the Board as Commercial Director on 1 June 2008. Following the resignation of Ian Roxburgh as Chief Executive, Richard Waite was appointed Acting Chief Executive on 1 August 2008. He has continued the development of the NDA at a critical time and I would like to thank him and all the NDA team for their efforts and achievements in the year.

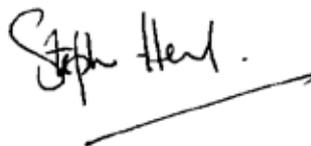
On 17 June 2009 we announced the appointment of Tony Fountain as Chief Executive of the NDA with effect from 1 October. Tony has considerable experience and a strong track record in senior strategic and operational roles at BP where most recently he has been COO of the Fuels Value Chains business. We look forward to him joining us to lead our increased focus on performance and delivery.

The success of the NDA is dependent on a wide group of stakeholders, both inside and outside of Government. I would like to thank them for their constructive engagement and challenge. The quality of our plans is better as a result of their involvement.

Since 2005 we have significantly and successfully restructured the industry. In 2008/2009 following competition we have appointed international partners to run our operations and deliver decommissioning and clean-up at Sellafield and the Low Level Waste Repository near Drigg. We also published our plans for competing for the remaining sites in line with the timetable defined in our original strategy.

The completion of these competitions is an important milestone but not an end in itself. We will continue to work with our delivery partners to ensure that we have the right plans in place and that they are being delivered efficiently. We have made a good start in reducing the hazards of our civil nuclear legacy as this report explains and during 2008/2009 we have put considerable

effort into defining more clearly the programmes of work that make up our mission. Over the coming year we will make further progress, with a particular focus on securing hazard reduction and value for money for the taxpayer.



## Chief Executive's Review



**Richard Waite**  
**Acting Chief Executive and Accounting Officer**

This year has been one of great achievements as we continued to deliver our mission of dealing with the UK's public sector nuclear legacy. It also saw us develop our position as a strategic delivery authority while leaving our start up years behind.

We not only saw some of our flagship projects come to fruition, but we also laid the groundwork for future successes. Our focus has rightly been on those commitments we made in our 2008/2011 Business Plan. We have made good progress against all our objectives in the Plan, building on the hard work and successes from earlier years.

In our first four years of operations we have delivered:

- cumulative efficiency savings of £625 million
- £5.9 billion of income secured from our commercial assets
- a restructured nuclear industry
- new pension arrangements for the workforce across our estate

Although we have achieved much during this last year I will take this opportunity to highlight a few of those successes of which I am most proud.

In November 2008 we concluded one of Europe's largest procurement projects with the delivery of the Sellafield Parent Body Organisation (PBO) competition on time.

After one year we are on course to achieve the three priority areas set by Government. These three-year objectives are focused on delivering real results:

- reducing the UK civil nuclear liability
- achieving at least 3% efficiency savings
- reducing risks associated with high hazard

We have continued to develop open and honest relationships with those individuals and communities with an interest in our activities.

We have built relationships with our delivery partners, the Parent Body Organisations. While the initial focus was on working with our newly appointed partners, we have started to engender the same partnership approach with incumbent PBOs.

The end of the financial year saw the process of land auctions get underway. Our innovative approach to maximising value from our surplus land assets is a first for us and is one that will realise income of over £387 million.

Looking to the future, we have put in place plans and processes to deliver our next strategic plan working closely with our stakeholders. Within this work we are focusing on what we will deliver in the next 20 years as well as in the longer term. This will not only give us clarity of purpose but also enable us to demonstrate the value for money we provide to the UK taxpayer.

### **Encourage the highest standards in health, safety, security and environmental performance**

With our encouragement, the Site Licence Companies (SLCs) have shared ideas and expertise in health, safety, security and environmental protection with the result that best practice is spreading across the estate.

We have increased confidence that appropriate standards are consistently being met thanks to our improved environmental performance metrics and independent health and safety reviews. I am pleased that all sites now meet industry standard targets for recordable injuries.

In the year ahead we will continue to seek a reduction in the level of risk from the hazards within our estate. We will work with our SLCs in identifying good and efficient decommissioning practices so the SLCs can replicate them across the estate.

### **Deliver hazard and risk reduction**

One of our top priorities is to deal with high hazard, high risk facilities and during this year we have seen some real progress in this area.

In particular, the reduction of Highly Active Liquor (HAL) stocks at Sellafield to the lowest levels in over 20 years is a significant achievement.

Another real triumph is the demolition of the Criticality Facility at Dounreay concluding nearly a decade of innovative work on a problem that was once thought impossible to solve.

Work to decommission one of the highest hazards at Sellafield also took a major step forward with the start of de-sludging in the Windscale Pile Fuel Storage Pond.

Noteworthy achievements across some of the Magnox sites include the removal of all remaining fuel skips from the ponds at Hunterston A and Hinkley Point A and the stripping and removal of asbestos from plant at Chapelcross and Sizewell A.

During the year we produced a hazard baseline that helps us measure progress on hazard reduction across our estate. Work also continues to develop our prioritisation process.

### **Progress decommissioning and clean up**

Our ultimate aim is to achieve safe and secure decommissioning of the nuclear legacy and deliver environmental restoration of our sites to agreed end states.

We have therefore reprioritised funds from lower hazard projects to address our higher priority objectives, and have continued to review plans for decommissioning sites in line with our top priorities.

This year we have seen land released at our Harwell site to make way for the development of a Science and Innovation Campus. We also saw the completion of the decommissioning of the Active Handling Facility at Winfrith and the commissioning of the Intermediate Level Waste (ILW) Store at Hunterston.

In addition, planning approval has been secured for a Low Level Waste (LLW) Facility at Dounreay and construction of Vault 9 has begun at the LLW Repository near Drigg.

These are all activities which focus on our primary objective of decommissioning and clean-up and, ultimately, site restoration.

**Maximise commercial value from our existing assets and operations**

We have enjoyed another year of good electricity generation and have secured regulatory approval to extend the operating life of Oldbury, thereby utilising existing fuel.

We have also explored ways to maximise the value of our assets; alongside the sale of surplus land we have also carried out a detailed economic assessment of our fuel manufacturing operations and uranium stocks.

On a less positive note, the performance of the Sellafield Mixed Oxide Plant (SMP) remains under close scrutiny by the NDA Board. The NDA is in the process of examining options for the future of the plant in conjunction with Sellafield Limited.

**Ensure safe and secure management of radioactive waste and materials**

Our additional duties relating to LLW and geological disposal of higher active wastes have instigated a range of activities this year. In particular, we have developed a strategy for the management of UK industry LLW with our new delivery partner for the LLW Repository, UK Nuclear Waste Management Limited. The analysis of strategic options, a Strategic Environmental Assessment and extensive engagement with stakeholders has supported this work.

In June 2008, the Government reaffirmed our role with regard to the UK programme for geological disposal of higher activity wastes in its Managing Radioactive Waste Safely White Paper. In response, we continued to prepare our Radioactive Waste Management Directorate (RWMD) for its intended future involvement in delivering the Geological Disposal Facility (GDF). In addition, we have worked with the Committee on Radioactive Waste Management (CoRWM) on a variety of waste issues and supported the Government's process to find a potential location for the GDF.

This year we completed our UK-wide review of waste storage which has already helped to inform the development of our Higher Activity Waste (HAW) Strategy. Finding solutions to dealing with HAW will underpin major hazard reduction. We have therefore strengthened our research programmes to explore a range of technically innovative approaches to the long-term management of radioactive wastes. Technology to reduce waste volume and new approaches to waste packaging are amongst the innovations being evaluated and developed.

In order to support the policy making processes on plutonium and uranic materials led by the Department of Energy and Climate Change (DECC), we have also worked with our stakeholders to develop a range of potential strategies to manage the UK civil stockpiles of these materials. A paper detailing credible options for plutonium was published on our website. We will continue to engage with our stakeholders as this work progresses so that we are able to provide DECC with our informed views. We have also defined the current baseline and a number of credible options to support our initial Oxide Fuel Strategy.

### **Determine the scope of the liabilities**

During the year, we produced a revised estimate of the lifetime costs of delivering our remit. In addition, we have now moved to updating the programme lifecycle as changes occur, thereby improving efficiencies and providing greater immediacy. This will also reduce the cost of administering the update process.

### **Provide socio-economic support and development**

We continue to focus our socio-economic activities on the four areas identified in our published Socio-Economic Policy as having the potential to be most significantly impacted by our decommissioning and clean up activities. These are:

- West Cumbria
- Caithness and North Sutherland
- Anglesey and Meirionnydd; and
- The Gretna-Lockerbie-Annan corridor in Dumfries and Galloway

For each area we have endorsed a detailed Priority Area Plan which will bring greater focus to the relationships and goals we are working towards with delivery partners and stakeholders.

In addition to the direct funding associated with socio-economic activity, we have contributed significantly to the wider socio-economic aims of our priority areas. In particular, the Sellafield competition has delivered a PBO committed to introducing their own funds to the West Cumbria community.

We have also focused on preparatory work to develop our Corporate Responsibility Policy, a set of sustainability principles, performance baselines and key performance indicators.

### **Deliver skills, research and development**

We have continued to invest in this area to ensure we have innovative technology and an appropriately skilled workforce and supply chain to deliver our mission.

In November 2008 we launched the NDA Skills and Capability Strategy demonstrating how we will meet the skills challenges of our mission, whilst the associated Action Plan sets out challenging objectives for us and our partners which will be reported on annually.

We part-funded the Energus building at Lillyhall in West Cumbria, which was completed in March 2009. This provides the National Skills Academy for Nuclear with a training facility in West Cumbria and it forms an integral part of the West Cumbria Energy Coast Masterplan.

The NDA National Graduate Scheme “nucleargraduates” recruited 30 trainees from over 3,000 applicants and continues to receive the support of over 30 major employers in, or related to, the nuclear sector. This year the scheme achieved the Young Generation Network Award for Outstanding Support; a welcome prize for such a fledgling programme.

Another key achievement was the roll out of the Community Apprenticeship Scheme by the National Skills Academy, on our behalf, resulting in 37 new apprentices being enrolled and employed within the supply chain.

This year we developed our research portfolio putting in place four framework contracts. This has introduced a diverse range of researchers with the aim of encouraging collaborative and innovative working.

We have also continued to explore opportunities to share research and development findings with international partners.

**Compete the management of our sites**

Following the successful conclusion of our first two competitions, in December 2008, we announced the competition schedule for the rest of our estate. The next competition will select a Parent Body Organisation (PBO) for the Dounreay site in Caithness, Scotland. The competition is expected to be launched later this year and is due for completion in 2011/2012. Thereafter we will launch another competition to select a PBO for three Site Licence Companies: Magnox North Ltd, Magnox South Ltd and Research Sites Restoration Ltd (RSRL).

**Control costs and drive efficiency**

In 2008/2009 we continued to deliver value for money for the taxpayer, with our contractors achieving positive cost efficiencies of £183 million, against our overall programme expenditure of £2.4 billion.

As in previous years we incentivised our SLCs to deliver savings. These savings have been utilised to meet emergent issues and allocated to sites based on priority and affordability. This process of national portfolio management has proved itself and has helped maximise the overall effectiveness of our funds.

Although I have highlighted only a few of the critical activities from the past years, the rest of the report gives a broader view of our achievements.



**Richard Waite**  
**Accounting Officer and Acting Chief**  
**Executive**

8 July 2009

## Health, Safety, Security and the Environment (HSSE) Report

We have continued to promote the highest standards of health, safety, security and protection of the environment as we progress decommissioning and clean up.

The new Parent Body Organisations (PBOs) now in place at Low Level Waste Repository Ltd (LLWR) and Sellafield Ltd have demonstrated their commitment to safety, security and protection of the environment.

This year we have included all of our health and safety reporting in this document and will not produce a separate report.

### Hazard and risk reduction

During 2008/2009 our strategic focus has again been to reduce risks, particularly those from high hazard plant on our sites.

Progress has been made in reducing the inventory of Highly Active Liquors (HAL) at Sellafield to its lowest level in 20 years, exceeding the expectations set by the Health and Safety Executive (HSE) in their revised specification.

Almost 5% of sodium potassium (NaK) reactor coolant from the high hazard Dounreay Fast Reactor has been disposed of, despite an unplanned outage for the plant during the year.

Reprocessing of Magnox fuel continues in line with the Magnox Operating Programme although slightly down on that planned. The end date has moved to March 2016 due to programme changes, including additional power generation at Oldbury.

### Promoting the highest standards

To continue the focus on sharing best practice across the industry, we held our second annual Health and Safety Conference and an Environmental Good Practice Conference during 2008, which a cross-section of our contractors attended.

We have developed our vision for security, safeguards and non-proliferation in partnership with our Site Licence Companies (SLCs) and regulators and hosted a Security Forum and a UK industry-wide Safeguards & Nuclear Materials Management (NMM) Conference.

All of these events reinforced the desire to promote the highest standards of health, safety, security and environmental management throughout the industry.

We also carried out five detailed site safety and environment assurance reviews during the year at Chapelcross, LLWR, Sellafield, Springfields and Magnox South. The reviews found many examples of good practice as well as opportunities for improvement.

At Sellafield, efforts have been made to improve safety, security and environmental performance, and opportunities were found to implement good practice across the site and to bring in best practice from across the estate.

The NDA team also worked with SLCs to follow up on major incidents to ensure appropriate investigations take place.

We investigated a series of incidents at Bradwell, finding some common causes. These have been addressed at both the site and at SLC level with steps taken to improve the training of investigators, the quality of causal analysis and the transparency of action being taken to address findings.

### Metrics development

We have continued to develop our performance measurements for health, safety and the environment with our SLCs and regulators. These are now used by the SLCs to report their performance.

During 2009/2010 we will explore the option of introducing leading metrics, as well as continuing to develop our environmental metrics based on the Environment Agency's Nuclear Industry Sector Plan.

### HSE performance of our SLCs

The NDA's primary objective is securing the decommissioning and clean up of the civil nuclear legacy. We do not directly manage the sites for which we are responsible. Day to day responsibility for health, safety, security and protection of the environment and for compliance with appropriate regulations, lies with the individual SLCs as 'users', under contract of the nuclear licensed sites.

### Enforcement action

During 2008/2009 the regulators have taken action, including two prosecutions, against our SLCs. In both cases the offences were committed prior to our formation and the current PBO taking control of the SLCs.

Sellafield Ltd was prosecuted under the Health and Safety at Work Act following the death of a worker in a fall from B6 chimney in 2003. Magnox North Ltd was prosecuted under the Radioactive Substances Act for incidents that took place between 1993 and 2004. Both companies were fined and costs awarded against them.

A prohibition notice was issued by the Department for Transport to stop the transport of some materials from Sellafield.

The Health and Safety Executive (HSE) has issued three improvement notices on Sellafield Ltd to:

- improve the timely delivery of safety case reviews
- improve control of radiation hazards
- improve risk assessments

### Safety of personnel

Together with our SLCs we have looked at how to ensure the risks from driving are minimised. However, it is with regret that we have to report that a member of Magnox North staff was involved in a fatal road traffic accident while travelling on business and that a second person, from the same site, was also involved in a fatal road traffic accident whilst commuting to work.

### Performance reporting

Our SLCs report on a range of metrics; nuclear safety, environmental compliance, health and safety that are shown here:

SLC	INES (No. of events)	RIDDOR (No. of injury events)	No. of Environment non-compliance	Sickness (days per employee per year)
Magnox North	5	2	5	5.9
Magnox South	2	4	1	5.7
RSRL	0	1	0	6.8
DSRL	0	4	0	6.8
Springfields	0	2	2	7.0
LLWR	0	1	0	10.2
Sellafield	8	21	0	8.6
<b>Total for 2008/2009</b>	<b>15</b>	<b>35</b>	<b>8</b>	
<b>Total for 2007/2008</b>	<b>8</b>	<b>43</b>	<b>9</b>	

### **International Nuclear Event Scale (INES)**

The number of INES events increased to 15. All but one were level 1 (on a scale of 1 to 7, 1 being an anomaly, eg that reduces defence in depth such as a failure to do maintenance and 7 being a major event, eg Chernobyl). The single level 2 event was due to contamination in a non classified area. The NDA has noted this increase and is encouraging the SLCs to address areas for improvement in specific technical requirements.

### **Reportable Injuries, Diseases or Dangerous Occurrences Regulations (RIDDOR)**

The number of RIDDOR events reported has fallen, reflecting the work undertaken by safety representatives and behavioural safety observers in reinforcing safety awareness at the SLCs.

### **Environmental Non-Compliances**

The number of reported environmental non-compliances has fallen compared with the previous year, however there are several potential non-compliances which have yet to be definitively categorised. Although our performance remains good compared to other sectors we are conscious that this is only one measure of environmental performance and we acknowledge the ongoing need to improve performance.

Other environment related metrics such as radioactive discharges, energy usage, waste recycling and water usage are also monitored. These led to high water use being identified at Dungeness A, allowing water leaks to be repaired, significantly reducing water wastage at this site.

### **Sickness**

The SLC sickness rates, including long term sick cases, generally compare favourably with the national average of 8 days per annum per employee.

### **Radiation dose**

Total and maximum radiation dose incurred by employees and contractors is closely monitored. An increase in exposure from previous years was identified at Bradwell and Hinkley Point A, which was attributed to specific decommissioning work in areas not usually accessed. The doses are within pre-defined dose levels and are subject to stringent and ongoing action to ensure they remain As Low As Reasonably Practicable (ALARP) and are regularly reviewed.

### **Interaction with regulators and Government**

In 2008/2009 we reviewed how we engage with regulators and Government to improve how we work together. This resulted in the creation of the Strategy Delivery and Development Group in place of the Senior Regulators Forum to focus discussions on strategic matters. This group complements others such as the Waste Management Steering Group, which focuses on the Governance of our waste management responsibilities.

### **NDA's own HSSE performance**

In addition to our obligations as owners of the 19 operational sites on our estate, we are directly responsible for the health and safety of our own employees.

No RIDDOR reportable injuries were incurred by NDA staff during the year. However, there were two cases of non reportable occupational ill-health during the year compared with none the previous year.

The average sickness absence of our employees is 4.1 working days lost per employee for the financial year, reduced from 5.5 in 2007/2008 and significantly below the national average of 8 working days lost per employee.

### **Health and safety management systems**

Our health and safety policy was updated during the financial year and a range of health and safety documents have been introduced or enhanced.

### **Safety training**

A wide range of health and safety related training was completed by our employees this year and 20 of our Senior Management team, including the Executive Directors, attended the Institution of Occupational Safety and Health (IOSH) Safety for Senior Executives training.

### **Driving on company business**

We recognise that driving continues to be one of the most significant risks to our employees. We continue to take steps to highlight the dangers through our regular staff briefings in order to minimise business miles driven and encourage adoption of safe driving practices. Our Executive Directors encourage staff to plan their travel to reduce business driving and make use of video and conference call facilities wherever possible.

### **Radiation dose**

The maximum individual exposure remains well below the statutory annual dose limit of 20mSv. The NDA's maximum annual dose objective was exceeded in 2008/2009 due to late return of a number of film badges and consequent inclusion of accumulated natural background dose in the total. The dosimetry requirements will be reviewed in light of the low levels of exposure to our staff.

### **Consultation with employees**

We continued to consult our employees on issues that may affect them and have introduced a new Staff Consultation Group (SCG). The central Health, Safety, Security and Environment Committee has temporarily deferred its meetings to allow its terms of reference to be aligned to the SCG.

### **Environmental Performance**

We achieved ISO 14001:2004 certification in March 2008 and all our offices are now certified to this. We continue to integrate our environmental management system with the other NDA management systems.

## Financial Review



**William Roberts**  
**Chief Financial Officer**

It is clear that the current economic pressures on public expenditure give us even more reason for stronger focus on resource allocation. Our ability to move funds and resources between sites is a key enabler in balancing the financial and programme requirements. Reprioritisation of expenditure together with efficiency savings has allowed greater focus on the delivery of hazard reduction, and, in 2008/2009, this has contributed to our progress in improving the management of the estate we inherited.

We have an important responsibility to ensure we deliver maximum value for money from the funding we receive from UK Government. We continue to maximise commercial income opportunities in order to reduce our impact on the taxpayer.

Key financial highlights of the year have been as follows:

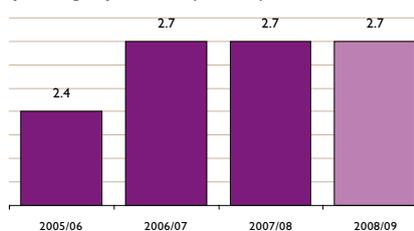
- income of £2 billion (2007/2008 - £1.5 billion) an increase on prior year of £517 million caused by the combination of additional electricity sales and enhanced income from long term waste and reprocessing contracts
- increased asset values through identifying surplus land and putting it up for auction which has led to an increase in asset revaluations of £507 million
- improved cost efficiencies of £183 million this year compared with the budgeted cost of work done in the year (2007/2008 - £110 million)
- net increase in the Nuclear Liabilities Estimate of £404 million (2007/2008 - £7.1 billion)
- a much reduced deficit for the year of £2.7 billion (2007/2008 - £8.5 billion)
- significantly lower Grant-In-Aid received of £898 million (2007/2008 - £1.6 billion)

Figure 1 shows our summary financials as extracted from our financial statements and the rest of this section describes the key elements including:

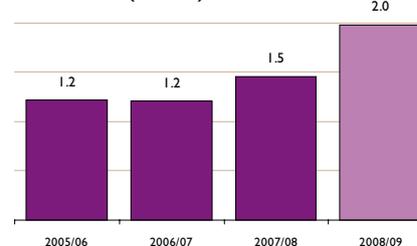
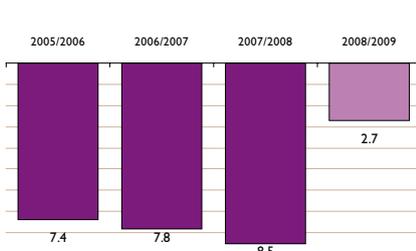
- restructuring the industry to deliver value for money
- maximising commercial value from our assets
- securing and managing our funding
- managing expenditure and delivering our programme
- making progress towards understanding and stabilising the nuclear liabilities estimate

**Figure 1: Summary of group financials**

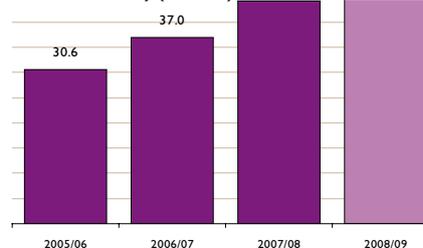
	2005/2006	2006/2007	2007/2008	2008/2009
	£m	£m	£m	£m
<b>Income and Expenditure Account extracts</b>				
Commercial income	1,211	1,206	1,463	1,980
NDA expenditure	(2,378)	(2,656)	(2,655)	(2,728)
<i>of which: contractor expenditure</i>	<i>(2,022)</i>	<i>(2,192)</i>	<i>(2,181)</i>	<i>(2,243)</i>
Nuclear liability charge (see note 4 to the financial statements)	(2,736)	(3,842)	(4,512)	(701)
Operating deficit before financing	(6,111)	(6,043)	(6,347)	(1,684)
Financing charges	(1,295)	(1,765)	(2,165)	(1,016)
Deficit for the year	(7,405)	(7,808)	(8,512)	(2,697)
<b>Balance Sheet extracts (2007/2008 restated)</b>				
Tangible fixed assets	5,305	4,009	3,515	1,834
Nuclear liabilities estimate	(30,574)	(37,036)	(44,100)	(44,504)
<i>of which: Geological Disposal Facility</i>			(3,381)	(3,702)
<i>Decommissioning and Clean up Liability</i>	Data split not available		(40,719)	(40,802)
Net liabilities	(29,708)	(36,380)	(43,257)	(44,550)
<b>Cash Flow Statement extracts</b>				
Purchase of tangible fixed assets	(291)	(368)	(438)	(451)
Grant-in-Aid received	773	1,108	1,646	898
Increase/(decrease) in cash in the year	(298)	(124)	395	(291)

**Operating Expenditure (£ billion)**


Over the last four years we have delivered total income of £5.9 billion as well as efficiencies of £625 million on our operating expenditure based on the budgeted cost of work done in the year. The operating expenditure in 2008/2009 was £2.7 billion which is in line with our expectations at the time of the 2007 Comprehensive Spending Review (CSR07).

**Total Income (£ billion)**

**Deficit for the year (£ billion)**


Estimating the nuclear liability has been one of the significant challenges inherited by us. Last year for the first time we established a firm baseline estimate and with this understanding of our estate the nuclear liabilities estimate now stands at £44.5 billion, which includes £3.7 billion for the Geological Disposal Facility.

**Nuclear Liability (£ billion)**


## Industry structure

We have driven a significant change in the industry structure, designed to deliver increased performance and value for money for the taxpayer. On 1 April 2008 UK Nuclear Waste Management Limited (UKNWM), a consortium comprising URS Washington Division, Studsvik, Areva and Serco Assurance, was awarded the contract for the management and operation of the Low Level Waste Repository (LLWR) and later in 2008/2009 a transition agreement between us and Nuclear Management Partners Ltd, a consortium comprising URS Washington Division, Amec and Areva, was entered into for the ownership of Sellafield Ltd. This is the Site Licence Company (SLC) that manages and operates the Sellafield, Windscale and Capenhurst sites. The contract went live on 24 November 2008 for an initial five year period. Another significant change relates to the separation of Magnox Electric into two nuclear licensed companies, Magnox South Ltd and Magnox North Ltd from 1 October 2008. The companies are ultimately owned by Energy Solutions Inc and hence are privately operated.

Figure 2 illustrates how most of the estate is now under private sector management. The 19 sites are now operated by seven SLCs under contract to us. Of these SLCs, five are now in private sector management and the sale of UKAEA will place the remaining two into private ownership. Competition for the two UKAEA sites is scheduled for 2011/2012. The scale of this industry restructuring is considerable, involving a combined workforce of around 18,500.

**Figure 2: Current industry structure**

Subsidiaries	Ownership	
Direct Rail Services Limited	100%	
NDA Properties Limited	100%	
Rutherford Indemnity Limited	100%	
International Nuclear Services Limited	100%	
International Nuclear Services Japan	100% (via INSL)	
International Nuclear Services France	100% (via INSL)	
Pacific Nuclear Transport Limited	62.5% (via INSL)	
Rokkasho KK	66%	

Sites	Site Licence Company	Parent Body Organisation (and owning consortia)
Sizewell Bradwell Berkeley Dungeness A Hinkley Point A	Magnox South Limited	Energy Solutions Inc
Hunterson A Oldbury Chapelcross Trawsfynydd Wylfa	Magnox North Limited	Energy Solutions Inc
Calder Hall Capenhurst Windscale Sellafield	Sellafield Limited	Nuclear Management Partners Limited (URS Washington Division, Amec and Areva)
Springfields	Springfields Fuels Limited	Westinghouse Electric UK Limited (Toshiba Corporation)
Low Level Waste (LLW) Repository	LLW Repository Limited	UK Nuclear Waste Management Limited (URS, Studsvik, Areva and Serco)
Dounreay	Dounreay Site Restoration Limited	UKAEA Limited
Harwell Winfrith	Research Sites Restoration Limited	UKAEA Limited

Key  
 Grouped By SLC  
 Competition for these SLCs due for completion in 2011 and 2012

### Maximising commercial value of our assets

We have a responsibility to maximise the commercial value of our assets in order to offset the costs of the decommissioning programme, for example by reviewing land holdings that are surplus to operational requirements which we could release to the market as part of a land disposal process.

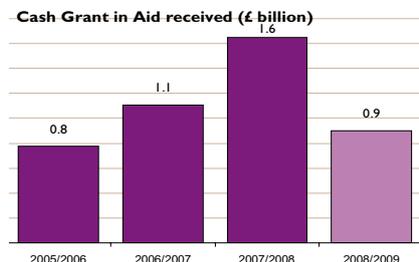
During the year, we started the process for the disposal of surplus land at Wylfa on Anglesey, Oldbury in Gloucestershire and Bradwell in Essex. The results of the auction were announced on 29 April 2009. The new owners will be responsible for taking the sites forward through the planning and development stages. This auction has generated £387 million from the sale of these sites which will help fund the decommissioning programme. The disposal process for land adjacent to the nuclear site at Sellafield in Cumbria also started after the financial year-end.

Recognising the UK Government's policy objectives to allow private sector investment in new nuclear build, we continue to determine the level of market interest in our land and other assets, both for new nuclear build and for other purposes. This includes determining the optimum strategy for the Springfields and Capenhurst sites, as well as their uranic material, in order to maximise value from the estate and reduce our liabilities.

We have extended the generating lives of Oldbury and Wylfa beyond their currently planned closure dates, using existing fuel supplies within the Magnox Operating Programme (MOP) timescales. These efforts assist us with the objective of having a national nuclear infrastructure in place to support long term UK needs and supporting the UK's nuclear industry.

### Funding

We are funded by a combination of UK Government funding and income from commercial operations. The nature of our commercial activities means that fluctuations in this income are inevitable. Site expenditure can also be subject to unavoidable pressures. In order to manage this, we have been continually improving reporting and control mechanisms as well as establishing a contingency. Maintaining a substantial and flexible contingency allows us to balance the long term funding of the decommissioning programme with short term volatile income streams. The aim is to enable us to maintain a clear view of our financial position, allowing us to make funding decisions in our prioritisation of work and to manage our operations within agreed UK Government funding.



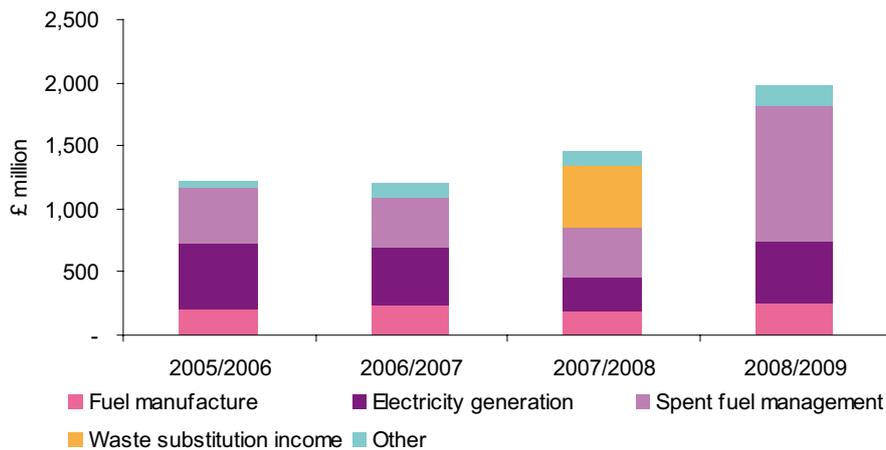
Grant-in-Aid received amounted to £898 million for 2008/2009 (£1.6 billion for 2007/2008) and is shown as financing in the Cash Flow Statement and not as income. The need for Grant-in-Aid reduced in the year due to the combination of an increase in income as a result of better electricity prices during the year and the waste substitution income received at the end of 2007/2008, which funded operations at the beginning of the year.

As a result of the improved income, we were able to increase the amount held in the End of Year Flexibility (EYF) contingency to £940 million. These amounts are held by Central Government and are not included on our Balance Sheet, and we can only access them with the agreement of our sponsoring Department and HM Treasury.



Figure 3 shows our income profile in both the current year and since inception.

**Figure 3: Sources of income since our inception**



**Income**  
£1.98 billion

We exceeded our forecast income in the year, with income of £2 billion, £517 million more than the previous year.

The favourable income variance was the result of higher electricity sales and the enhanced income from long term waste and reprocessing contracts.

The income associated with these waste and reprocessing contracts has increased to £1.1 billion (2007/2008 - £876 million including waste substitution income) due to a change in the timing of the income recognition on our long-term contracts where revenue is now recognised either over the operating life of plant or at the point of transfer of title to waste.

Our electricity generating assets produced 7.79TWh against a budgeted output of 5.11TWh. This resulted in income of £504 million (2007/2008 - £279 million) compared with the budget of £242 million. The majority of the positive variance was split between additional generation of £125 million and price, £134 million. Increased generation was achieved due to better than planned output from Wylfa and the successful extension of operations at Oldbury, where generation was formerly scheduled to cease at the end of December 2008.

Operational performance was below budget for the Sellafield plants with the Thermal Oxide Reprocessing Plant (THORP) shearing 117te of fuel against a budget of 220te. The Sellafield MOX Plant (SMP) continued to under perform against plan producing only 2 MOX assemblies against a budget of 8 assemblies in 2008/2009.

Income from Springfields was £280 million (2007/2008 £201 million), which was below expectations as a result of lower fuel orders from British Energy's Advanced Gas Reactor stations.

It continues to be important that we maximise our income and take advantage of commercial opportunities so as to minimise the need for direct funding from the UK Government and to build up a contingency.

One such opportunity that we will be able to use to generate future income is as a result of Reactor 1 at Oldbury nuclear power station in Gloucestershire being given permission to restart by the Nuclear Installations Inspectorate, after being out of action for 30 months. The reactor is now likely to generate electricity for the National Grid through 2009 and 2010, taking account of fuel availability and reprocessing schedules at Sellafield. Also, Wylfa has been granted approval to continue generating electricity for at least another nine months past its planned closure date of March 2010 providing further income to support our clean up mission. However, these two remaining electricity generating stations are scheduled to close over the next few years. The loss of this income will increase our reliance on UK Government funding.

### Operating expenditure

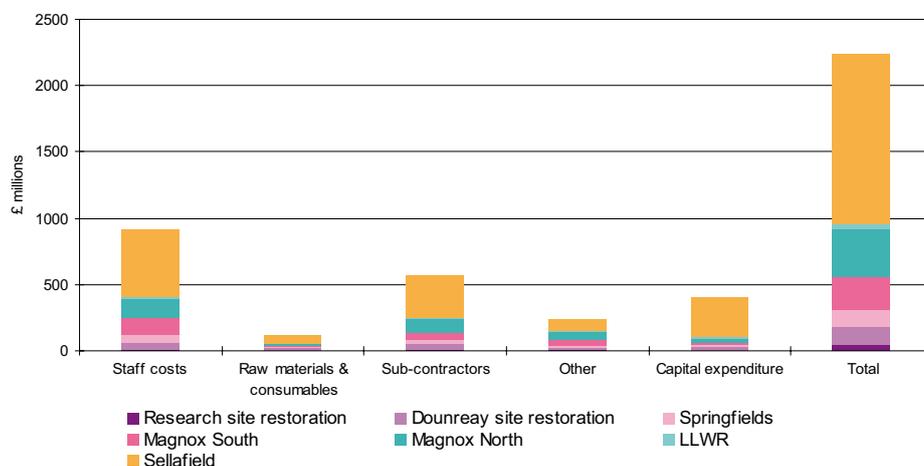
Operating  
Expenditure  
£2.73 billion

Our focus is on hazard reduction and as a result our expenditure is also focused on higher hazard sites, such as Dounreay and Sellafield, ensuring they receive appropriate priority and that we manage our portfolio appropriately. In allocating funds we have a duty to ensure that the risks presented by these facilities are actively managed.

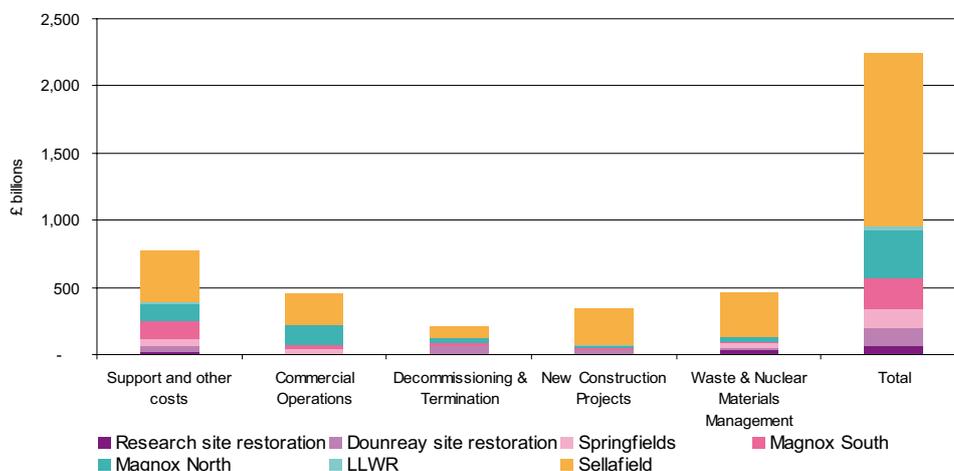
The increase in operating expenditure of £73 million from 2007/2008 was justified in the Spending Review on the basis that it would be used primarily to fund high hazard work. We also recognise the need to maintain progress in decommissioning at all our sites and to deliver best value. To assist in focusing our resources, and to demonstrate progress in our mission, we have initiated the 'Hazard Baseline Project', which initially considers High-Level Waste (HLW) and Intermediate Level Waste (ILW) (excluding operational wastes), as these dominate the waste hazard profile.

Our operating expenditure of £2.7 billion includes £2.2 billion of spend by the SLCs. Our total spend by type and SLC is illustrated in Figures 4A and 4B. Figure 4A shows the spend analysed by similar categories to previous years and Figure 4B shows the spend analysed by the work breakdown structure shown in Figure 6 for the discounted nuclear liability. Non-SLC operating expenditure can be seen in Note 4 to the financial statements.

**Figure 4A: Total contractor spend by type and by SLC**



**Figure 4B: Total contractor spend analysed by work breakdown structure**



The figures above demonstrate that during 2008/2009 we incurred £2.24 billion of allowable costs paid to contractors (2007/2008 - £2.18 billion). The largest elements of contractor expenditure are staff costs and spend on sub-contractors, reflecting the manpower intensive nature of the site operations. One of the areas that we are keen to focus on is support costs to ensure these are applied effectively in delivering the decommissioning and clean up mission.

Included within our contractor's operational expenditure is capital expenditure which is then capitalised on our balance sheet; during the year we have funded a number of major projects. These have either been aimed at the objective of reducing the nuclear liability by developing assets for clean up or managing high priority wastes or at creating a national nuclear infrastructure to support long term UK needs and supporting the UK's nuclear industry. Such projects include the B30 Sludge Packaging Plant 1 (SPP1) buffer store project at Sellafield; the Sellafield Product and Residue Store (SPRS); LLWR Vault 9; B38 silos retrieval project at Sellafield; and NaK retrievals project at Downreay. These projects have required a significant level of capital investment and highlight the efforts being made to create an efficient and progressive decommissioning environment.

Research and Development (R&D) expenditure is a vital part of our mission and our direct spend was estimated to be £11 million in the year with additional R&D spend estimated to be £90 million via our contractors. This spend helps us with our objective to deliver investment in skills, R&D and supply chain development.

We are responsible for funding a number of pension schemes, including the BNFL Group Pension Scheme, UK Nirex Pension Scheme, and the Merchant Navy Pension Scheme. We are also the lead employer to the Combined Nuclear Pension Plan (CNPP), which now has around 11,000 staff from Sellafield, Springfields and LLWR. Contributions to the scheme are paid by the SLCs and the pension costs are reimbursed. Magnox employees are members of the Electricity Supply Pension Scheme (ESPS). We reimburse the costs of the scheme to Magnox Electric Limited, the sponsoring employer of the Magnox Group section of the ESPS. Collectively these schemes include around 24,000 individuals and have investments of approximately £2 billion.

Our employees are members of the Principal Civil Service Pension Scheme (PCSPS).

Other Operating  
and  
Financing Costs  
£1.25 billion

Other costs, which are primarily non-cash in nature, include items such as release of work-in-progress relating to long-term contracts (£1.1 billion), depreciation (£435 million), impairment (£55 million), non-nuclear provision release (£868 million credit) and financing costs (£1 billion).

### Nuclear liability provision movement

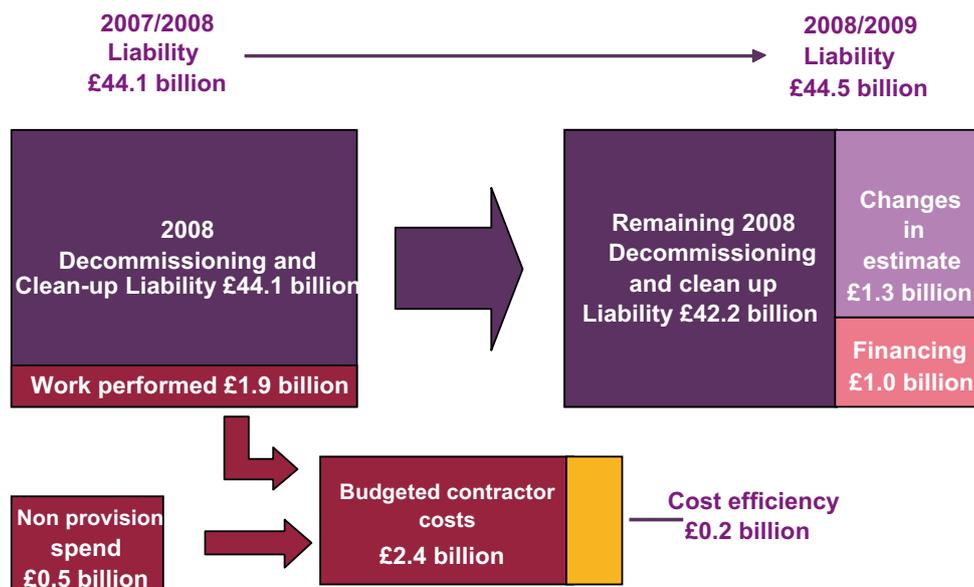
Nuclear  
Provision Charge  
£0.70 billion

The cost of decommissioning and clean up has been prepared for each site and the aggregation of these plans, adjusted for accounting requirements such as discounting and removal of commercial costs, represents the nuclear liability provision. The discounted amount of the decommissioning and clean up future cost estimate is £40.8 billion (2007/2008 - £40.7 billion) and the Geological Disposal Facility (GDF) liability estimate is £3.7 billion (2007/2008 - £3.4 billion). Overall the liability has increased by a net £404 million from £44.1 billion in 2007/2008 to £44.5 billion in 2008/2009.

One of our key challenges has been to obtain a better understanding of the nature and scale of the decommissioning challenge. It remains a matter of ongoing focus and whilst there are still areas of uncertainty, large areas of the work plan are well characterised with a stable platform from which to move forward and measure future progress. The establishment of a baseline liability estimate, which was reflected in last year's Annual Report and Accounts, was a major achievement and has allowed us to make significant progress.

Figure 5 below illustrates the movement in the decommissioning and clean up liability including GDF as well as showing the efficiencies achieved in the year.

**Figure 5: Analysis of movement in the nuclear liability estimate and efficiencies achieved on liabilities discharged**



During the year the decommissioning and clean up liability has increased by a net £404 million from £44.1 billion to £44.5 billion (discounted at the required 2.2% HM Treasury rate). This increase is the net result of three broad drivers:

- a change in estimate of £1.3 billion on decommissioning and clean up reflecting the latest available information
- an increase of £1 billion for financing to update the cost estimates to 2009 money values and unwinding one year's discount. Each year the provision will increase as the discount unwinds
- a reduction of £1.9 billion in respect of work performed during 2008/2009 against the 2007/2008 provision

We generated efficiencies of £183 million on the work performed in the year, driving value for money by getting decommissioning and clean up work which was estimated to cost £2.4 billion for a cost of only £2.2 billion. Of the £2.4 billion, £1.9 billion had been provided for in the 2007/2008 liability and the remainder related to commercial activities and NDA expenditure, which are not included in the liability.

The changes in estimate account for £1.3 billion of the increase in the discounted liabilities estimate. The main drivers for this movement are:

- in 2008 the Magnox SLCs final site clearance costs including reactor dismantling and site landscaping were insufficiently developed and underpinned for inclusion in the 2007/2008 accounts. As a result of a re-modelling exercise and review during 2008/2009, the associated cost of realigning the final site clearance and care and maintenance costs have been identified as approximately £1 billion mainly in the next 20 to 50 years
- operations of the important national infrastructure of the LLWR have been extended by 20 years as a result of the identification of innovations within the national Low Level Waste (LLW) arena. This has also led to an increase in operational cost estimates of approximately £161 million over the lifetime of the facility. The aim of both competition and the structure of the contracts now in place is to facilitate reductions to these costs in the long run
- another driver for the increase is as a result of reprocessing operations at Sellafield, which are dependant upon downstream evaporative capacity in the Highly Active Waste Plants. As noted in 2008/2009, we have undertaken a review of the performance of these plants, and with increased knowledge of the state of the assets in these processes we have judged it prudent to assume an increase of approximately £100 million

### **Nuclear liabilities**

Through the production of Lifetime Plans (LTPs), we now have a detailed estimate against which future movements in liabilities can be mapped. This is a significant achievement and, whilst there are still areas of uncertainty, a large proportion of the estate has been well characterised. This will enable site licensees to move towards maintaining the LTP through a rigorous change control process rather than the previous process of re-basing the LTP in its entirety each year.

Regarding the Sellafield site, we will be working collaboratively with the new Sellafield Parent Body Organisation (PBO) contractor to update and review the LTP for submission in 2010. This will incorporate

plans that the new PBO has for improving efficiency and will deliver a robust LTP estimate that will then be subject to ongoing change control.

The focus over the next two years will be to identify opportunities to reduce liabilities in line with our Departmental Strategic Objective (DSO) target. We expect site licensees to deliver reductions in fixed costs across the estate to allow increased expenditure on decommissioning and clean up, building upon initiatives identified in 2008/2009. Furthermore, as the competition programme matures, we expect liability estimates to change over time as innovation drives greater efficiency in programme delivery.

We will further enhance scrutiny of the liability estimates, continuing to subject lifetime cost estimates to third party evaluation. This will provide ongoing assurance that the processes used to develop the liability figures are robust and that the LTPs are properly underpinned.

Challenges still remain given the complexity of the sites and other variable factors. Since our formation, and the process of understanding the legacy began, we have seen significant new issues emerge which have had considerable programme and cost implications, such as the operational difficulties of THORP and other key plant. In summary, the condition of the estate we inherited has proved to be more challenging than previously understood and demonstrates that we are dealing with an evolving situation.

There are some areas where we are unable to accurately quantify liability until policy decisions are progressed. For example with nuclear materials, such as uranium and plutonium, we will continue to ensure safe and secure storage pending the development and approval of relevant disposition strategies. To achieve this, we have utilised the Strategy Management System framework to identify the credible options for a plutonium management strategy for the UK civil stockpile, details of which have been published on our website. The contingent assets or liabilities associated with nuclear materials are disclosed in Note 34 to the financial statements.

Work on characterising the challenge and developing a baseline for the liability has allowed us to identify previously less well defined areas such as:

- site end states
- timing of final decommissioning of sites
- material to be retrieved from legacy ponds and silos
- contaminated land quantities
- disposition plans for wastes and spent fuel (SF), as well as decisions over future LLW storage plans

It is also clear that there are some other factors that can affect the ultimate liabilities estimate, such as:

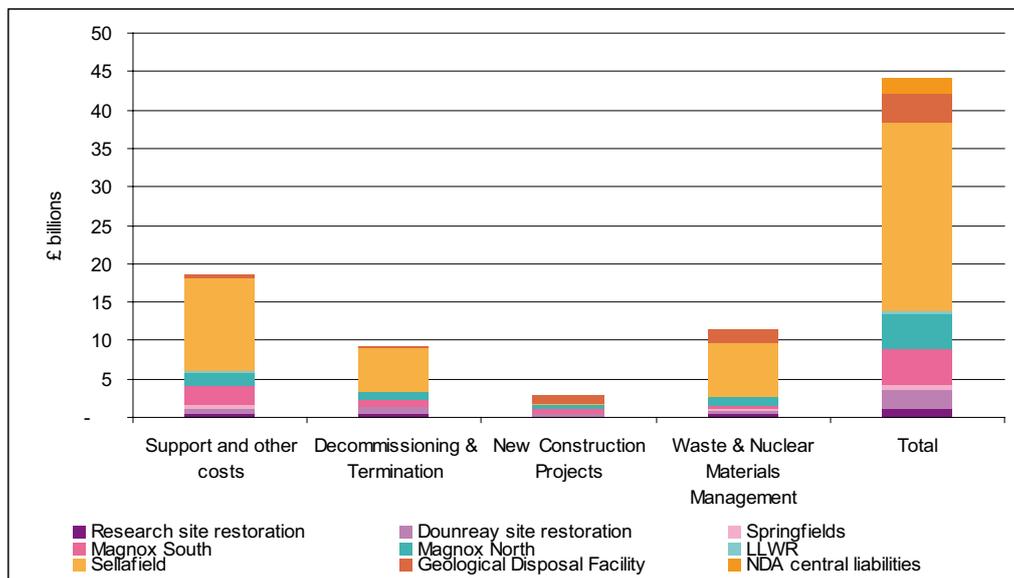
- different inflation rate assumptions spread over the life of the programme
- the availability and timing of funding
- future UK Government policy positions, particularly on nuclear materials and waste
- future regulatory change

Further information is included in Note 25 to the financial statements.

These factors have the potential to increase or decrease the liabilities estimate in future. So, whilst we have clear visibility about the majority of the task ahead and the associated costs, it is also clear that this figure will be subject to further change in the future.

The ability of PBOs to improve decommissioning plans and deliver greater value for money will be a further factor going forward. We have already started to see a reduction in timescales and a downward trend in costs at some sites, e.g. RSRL and DSRL, with RSRL currently showing a 7% decrease in discounted provision of £93 million, and a 2% reduction at DSRL of £42 million. Figure 6 shows the breakdown of the nuclear liabilities.

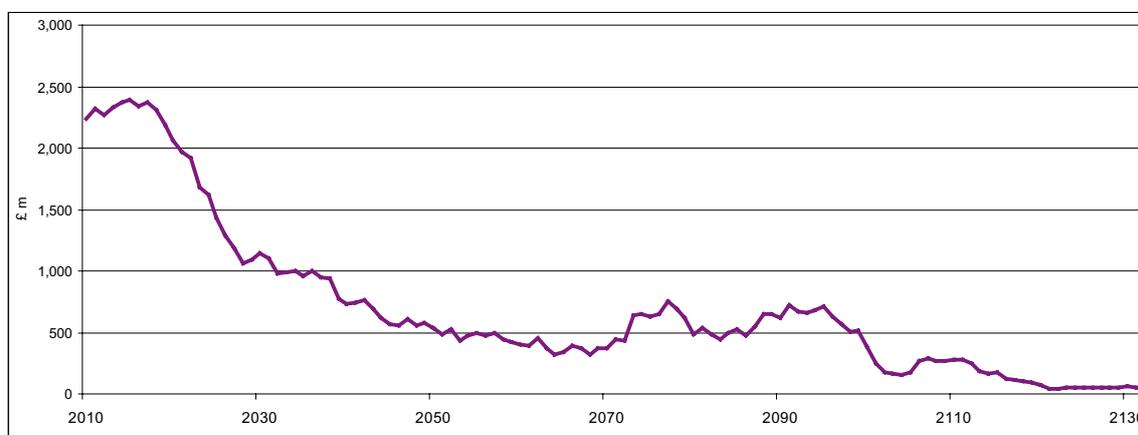
**Figure 6: Total discounted nuclear liabilities by type of liability and by SLC**



The net increase in the total nuclear liabilities estimate is £404 million (£83 million increase in decommissioning and clean up liability and £321 million increase in Geological Disposal Facility (GDF) liability). Details on the charge in the income and expenditure account, including financing, can be seen in Note 25 to the financial statements.

These future costs will be incurred over a significant period of time and the expenditure profile has been shown in Figure 7.

**Figure 7: Total expenditure profile for the nuclear liability estimate (undiscounted)**



### Geological Disposal Facility

Our share of the discounted costs of the GDF has increased by £321 million from £3.4 billion to £3.7 billion. The £321 million increase is as a result of financing charges and is the combined effect of unwinding one year's discounting and of restating the provision in 2009 money values.

The cost estimate in 2007/2008 was principally based on the baseline inventory provided by the Committee on Radioactive Waste Management which was based on the 2004 National Inventory reported in the UK Government's Managing Radioactive Waste Safely (MRWS) Consultation document published in June 2007. However, the MRWS White Paper published in June 2008 is based on the 2007 National Inventory and gives a decrease in the LLW and Spent Fuel (SF) and an increase in the ILW and HLW.

We are focused on implementing the UK Government's strategy for the management of Intermediate and High Level Wastes. This entails ensuring that interim storage is available for these materials while horizon scanning takes place to ensure that our waste management approach for each type of material is optimised while work is taken forward on the development of a GDF. A GDF will provide a final disposal location for the higher level radioactive wastes and will ensure that future generations are protected from harm as a result of these materials. Geological disposal is internationally recognised as the preferred approach for the long-term management of higher activity radioactive waste.

The MRWS White Paper sets out the UK Government's framework for the implementation of geological disposal based on voluntarism and partnership and was accompanied by a call for communities to express an interest in discussing the possibility of hosting a GDF. It places various commitments on us including setting out a framework for public and stakeholder engagement, and communicating on this during the development of the new facility. Stakeholders have been invited to comment on the framework to allow an engagement and communications strategy to be developed, with the resulting strategy to be agreed by the UK Government.

## Going concern

The accounts show a deficit on the Income and Expenditure Account of £2.7 billion for the year ended 31 March 2009 and net liabilities of £44.6 billion primarily attributable to the nuclear provision.

We acknowledge the support and understanding that DECC has given us and there is no reason to believe that DECC's sponsorship and parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements - see Note 1a to the financial statements for further details.

## Key Statistics

**Figure 8: Breakdown of key financials by SLC and Group**

2008/2009									
	RSRL	DSRL	Springfields	Magnox South	Magnox North	LLWR	Sellafield	NDA HQ and Group Companies	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Income	7	5	280	2	1	16	1,080	589	<b>1,980</b>
Operational expenditure	64	145	222	238	387	33	1,349	290	<b>2,728</b>
of which capital expenditure	4	22	10	22	33	9	304	-	<b>404</b>
Tangible fixed assets	35	2	-	-	4	16	1,001	776	<b>1,834</b>
Depreciation	1	6	-	-	-	1	410	17	<b>435</b>
Impairment	-	-	11	-	-	2	42	-	<b>55</b>
SLC Employee numbers	430	1,003	1,491	1,928	2,412	111	11,028	-	<b>18,403</b>
2007/2008									
	RSRL	DSRL	Springfields	Magnox South	Magnox North	LLWR	Sellafield	NDA HQ and Group Companies	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Income	4	1	201	1	1	16	931	308	<b>1,463</b>
Operational expenditure	55	137	143	242	321	32	1,251	474	<b>2,655</b>
of which capital expenditure	6	21	14	21	23	3	345	-	<b>433</b>
Tangible fixed assets (restated)	65	125	-	73	93	10	2,948	201	<b>3,515</b>
Depreciation	2	4	-	2	-	1	308	12	<b>329</b>
Impairment	-	-	14	-	(7)	-	348	1	<b>356</b>
SLC Employee numbers	467	1,013	1,524	1,909	2,438	11,116	-	-	<b>18,467</b>

**Figure 9: Total discounted nuclear liabilities by site and SLC**

<b>Discounted decommissioning and clean-up liability</b>			
	<b>2007/2008</b>	<b>2008/2009</b>	<b>Movement</b>
	<b>Restated</b>		
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Total discounted nuclear liabilities</b>			
<b>Magnox South Limited</b>			
Sizewell A	748	927	179
Bradwell	703	746	43
Berkeley	507	608	101
Dungeness A	870	903	33
Hinkley Point A	888	905	17
Magnox central costs south	551	527	(24)
<b>Magnox North Limited</b>			
Hunterston A	667	691	24
Oldbury	911	967	56
Chapelcross	775	857	82
Trawsfynydd	835	818	(17)
Wylfa	770	939	169
Magnox central costs north	355	345	(10)
<b>Sellafield Limited</b>			
Capenhurst	576	622	46
Windscale	907	980	73
Sellafield (including Calder Hall)	23,921	23,027	(894)
<b>Dounreay Site Restoration site Limited</b>			
Dounreay	2,415	2,373	(42)
<b>Research Sites Restoration Limited</b>			
Harwell and Winfrith	1,321	1,228	(93)
<b>Springfields Fuels Limited</b>			
	634	664	30
<b>LLW Respository Limited</b>			
	149	303	154
<b>NDA central liabilities</b>			
	2,166	2,317	151
<b>Geological Disposal Facility</b>			
	3,381	3,702	321
<b>Authority</b>			
	<b>44,050</b>	<b>44,449</b>	<b>399</b>
<b>NDA group companies</b>			
	50	55	5
<b>NDA Group</b>			
	<b>44,100</b>	<b>44,504</b>	<b>404</b>
	<b>2007/2008</b>	<b>2008/2009</b>	<b>Movement</b>
	<b>Restated</b>		
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Summary</b>			
Magnox	8,580	9,233	653
Sellafield	25,404	24,629	(775)
Research sites	3,736	3,601	(135)
Other areas	2,999	3,339	340
<b>Decommissioning Liabilities Estimate</b>			
	<b>40,719</b>	<b>40,802</b>	<b>83</b>
<b>Geological Disposal Facility</b>			
	3,381	3,702	321
<b>Total Nuclear Liabilities Estimate</b>			
	<b>44,100</b>	<b>44,504</b>	<b>404</b>

## Directors and Executives



The NDA Board



Richard Waite and the Executive Team

## Non Executive Directors



**Stephen Henwood R**  
**Chairman**

Stephen Henwood was appointed Chairman of the NDA on 1 March 2008.

A Chartered Management Accountant, he read Economics at Liverpool University and in 1999 attended the Advanced Management Programme at Harvard Business School.

His business career has combined financial and general management roles, initially in the food industry, with Tate & Lyle PLC and from 1992 to 2006 with BAE Systems.

His roles at BAE Systems included Group Financial Controller and Managing Director of Royal Ordnance. From 2001 to 2006 he was Group Managing Director, International Partnerships, responsible for improving the operational performance and the restructuring of a portfolio of European joint ventures involved in defence systems. The portfolio included MBDA, the world's largest missile company. After completing a number of significant transactions

that removed the need for his role, he left BAE Systems at the end of 2006.

Since then he has been involved in a range of activities including the Chairmanship of an engineering business funded by the Carlyle fund. He has held a number of non executive directorships including Saab AB and Nord Anglia Education and remains a Director of Hampson Industries PLC and Lost Wax Ltd. He is the Honorary Treasurer and a member of Council of the Royal Geographical Society.

R - Indicates Member of the Remuneration Committee

## Non Executive Directors



**Nick Baldwin R\* S**

Nick Baldwin was interim Chairman of the NDA from 31 July 2007 until 29 February 2008 following Sir Anthony Cleaver's retirement.

He is a Chartered Engineer, a Chartered Director, a Fellow of the Institution of Engineering & Technology (FIET) and a Fellow of the Institution of Mechanical Engineers (FIMechE), and has been a Non Executive Director of the NDA since October 2004.

He has a portfolio of advisory, consultancy and governance roles, working in the Government, utility, private equity and housing sectors. He is a Non Executive Director of Scottish and Southern Energy plc, the Forensic Science Service and Sanctuary Housing Group. He also has Chairman roles with the Public Weather Service Customer Group and TreeHouse Trust.

Previously he worked in electricity, gas and water utilities, culminating in being the Chief Executive of Powergen plc.



**Janette Brown A**

Janette Brown is a Chartered Accountant. She has more than 15 years experience in the corporate finance sector, concentrating on providing strategic, financial and transaction advice for a wide range of clients.

A former senior Managing Director of ING Barings and a director of Citigroup, Janette has worked for a number of major clients on acquisitions and raising finance, and also provides high-level independent strategic financial advice to companies.

A – Indicates Member of the Audit Committee  
R\* – Indicates Chair of the Remuneration Committee  
S – Indicates Member of the Socio-Economic Committee

## Non Executive Directors



**Tony Cooper R S**

Tony Cooper is a former senior Trade Union Official with nuclear industry connections and has held a number of public sector non executive roles, including in the Forestry Commission and the Postal Services Commission. He was Chairman of the Nuclear Industry Association (NIA) but stepped down from that role in December 2005 following his appointment to the NDA Board.

He was a non executive member of the former Department of Trade and Industry (DTI) Strategy Board and the DTI Investment Committee. Tony also served on the DTI Energy Advisory Committee for the entirety of its 10 year life.

Tony is Chairman of the Combined Nuclear Pension Plan (CNPP) Trustees and Trustee Director of the Group Pension Scheme (GPS).



**Patrick Dixon**

Patrick Dixon was most recently Regional Vice President for Refining at BP plc, responsible for all of BP's refineries outside the US.

His career of more than 30 years in the oil industry has included executive and non executive roles in refining, petrochemicals, trading and marketing in many parts of the world, as well as strategy, operations, mergers and acquisitions and change management. He has broad experience of English and European corporate governance.

R - Indicates Member of the Remuneration Committee

S - Indicates Member of the Socio-Economic Committee

## Non Executive Directors



**David Illingworth A\***

David Illingworth is Chairman of the NDA's Audit Committee and is also Independent Chairman of the Trinity Retirement Benefit Scheme (TRBS).

David was President of the Institute of Chartered Accountants in England and Wales (ICAEW) from 2003 to 2004. He served as Chairman of the Consultative Committee of Accounting Bodies (CCAB) and as Director and Deputy Chair of the Financial Reporting Council (FRC). He was a member of the Takeover Panel from 2003 to 2004.

David joined KPMG in 1968 and, after qualifying as a chartered accountant and spending 26 years in the partnership, left in 2004.



**David Owens A**

David Owens is currently Chief Executive of Thames Water Group, appointed in 2006. Prior to that he was a Divisional Director of Macquarie Bank.

Between 2002 and 2006 he held numerous senior interim advisory and private equity roles for major clients in the utility and energy sectors. He has extensive experience in strategic and operational roles in these sectors.

A\* - Indicates Chair of the Audit Committee  
A – Indicates Member of the Audit Committee

**Non Executive Directors****Alistair Wivell R**

Alistair Wivell was formerly on the main board of Balfour Beatty plc and a Group Managing Director. He was responsible for all UK construction, international civil engineering and mechanical and electrical companies within the Balfour Beatty Group. He has remained a consultant to the company since retiring, and has been engaged on a number of significant international projects.

Alistair was awarded the CBE for his services to the construction industry in 1998. He is currently Chairman of the Balfour Beatty Pension Fund.

R - Indicates Member of the Remuneration Committee

## Executive Directors



**Richard Waite B**  
**Accounting Officer and Acting Chief Executive Officer**

Richard Waite joined the NDA from BAE Systems, where he was the Land Systems Business Improvement Director with responsibility for project management and engineering across a diverse range of defence business areas.

He was also Programmes Director in the company's Royal Ordnance Defence business, responsible for the delivery of a large land weapons systems order book.

Richard joined the defence industry in 1998 as Prime Contracts Director for GEC Marine and, prior to his defence career, spent 18 years in the nuclear industry. His nuclear career spanned a number of roles in advanced gas-cooled reactor design and construction before joining the Sizewell B project, where he became Site and Commissioning Manager before taking up the role of Projects Director in Nuclear Electric.

Richard's career in the NDA has included such roles as Engineering Director, Radioactive Waste Management Director as well as Divisional Director Strategy and Technology before taking up his current role of Acting Chief Executive Officer in August of 2008. Richard is also Chairman of the INS Board.

B – Indicates Board Member

## Executive Directors



**John Clarke B**  
**Divisional Director, Commercial**

John Clarke's most recent role before joining the NDA in June 2008 was Managing Director of INS Limited.

John has more than 25 years experience of working in the nuclear industry. A Chartered Engineer and Fellow of the Institution of Chemical Engineers (FIChemE), his early career involved a range of roles in the design, development, commissioning and operation of nuclear fuel processing plants. A member of the Sellafield Limited Executive Team for eight years, John spent five years as Head of Environmental, Health, Safety and Quality followed by three years as Director of Production where he was accountable for the majority of operational activities at Sellafield.

John is a director of INS Limited and of Pacific Nuclear Transport Limited (PNTL).



**James Morse B**  
**Divisional Director, Programme Assurance**

James Morse joined the NDA from Bechtel where he worked on a variety of project management and project director roles, latterly leading 1,200 staff working on the West Coast Mainline Modernisation programme for Network Rail.

James brings 25 years of experience in programme and project management, having previously worked for Exxon Chemical, Foster Wheeler Energy and Costain Engineering in a variety of project engineer and project management roles. He has gained significant project and management experience both in the UK and internationally.

B – Indicates Board Member

## Executive Directors



**William Roberts B**  
**Chief Financial Officer**

William Roberts was appointed to the NDA Board in January 2005. William has extensive experience in the energy and utilities sector and has been responsible for shaping large infrastructure enterprises in both the public and private sectors.

Before joining the NDA, William held senior finance and board positions with TXU Corporation and CDC Group, where he worked internationally. Prior to that, William worked on the UK's railway privatisation after qualifying as a Chartered Accountant with Ernst & Young.

In addition to his role as the NDA's Chief Financial Officer, William is Chairman of Direct Rail Services Limited, a trustee of the Combined Nuclear Pension Plan (CNPP) and Chairman of the Group Pension Scheme (GPS).

B – Indicates Board Member

## Directors



**Jim McLaughlin**  
**Director of Human Resources**

Jim McLaughlin joined the NDA in April 2008 from the Royal Bank of Scotland where he had worked since 2003, most recently as their Head of Learning.

Jim has more than 25 years of experience in the construction, power generation and supply industries, including the roles of Director of Learning for Scottish Power and International HR Director for Pacificorp based in the USA.

## Directors



**Jon Phillips**  
**Director of Communications and Stakeholder Relations**

Jon Phillips joined the NDA in March 2005 from BAA plc where he had worked since 1992 in a number of roles including Community Relations, Media Relations and Public Affairs.

Immediately prior to joining the NDA, Jon was Communications Director at Heathrow where he was involved in building awareness and support for the sustainable growth and physical transformation of the airport, including the construction of Terminal 5.

Jon spent five years working in consultancy public relations before joining BAA.



**Alan Rae**  
**Director of Nuclear Safety, Security, Safeguards, Environment and Health**

Alan Rae joined the NDA in 2005 and has been extensively involved in the NDA's competition programme and leading several aspects of the NSSE team work. Alan has been the NDA's Director of Nuclear Safety, Security, Safeguards, Environment and Health since November 2007 and in this role reports directly to James Morse, Divisional Director, Programme Assurance.

Alan has 25 years experience in the nuclear industry prior to joining the NDA. This included 10 years in plant operations and more than 15 years as a nuclear safety regulator. His experience includes regulation of plant operations, commissioning and decommissioning on both civil and defence related nuclear facilities. Alan also has extensive safety policy experience both domestically and internationally following a posting with the US Nuclear Regulatory Commission.

## Directors' Report

### About the NDA

The Nuclear Decommissioning Authority (NDA) is an executive non-departmental public body (NDPB) that was established on 22 July 2004 under the Energy Act 2004.

It was created with the primary objective of overseeing and monitoring the decommissioning and clean up of the UK's civil nuclear legacy.

Since then the NDA's remit has been extended to include the long term management of all the UK's radioactive waste by finding appropriate storage and disposal solutions.

### Accounts direction

These accounts have been prepared in a form directed by the Secretary of State with the approval of HM Treasury and in accordance with Section 26 of the Energy Act 2004.

### Directors' interests

Directors of the NDA must declare any personal, private or commercial interests.

A register of such interests is maintained by the NDA.

### Directors

After more than three and a half years of leading the NDA, Dr Ian Roxburgh stepped down as Chief Executive on 31 July 2008. Richard Waite, Divisional Director, Strategy and Technology, became Acting Chief Executive from 1 August 2008.

The non executive and executive directors who served during the year to 31 March 2009 and their responsibilities were:

Stephen Henwood	Chairman
Nick Baldwin	Non Executive Director
Janette Brown	Non Executive Director (Appointed 5 March 2009)
Tony Cooper	Non Executive Director
Patrick Dixon	Non Executive Director (Appointed 5 March 2009)
David Illingworth	Non Executive Director
David Owens	Non Executive Director (Appointed 5 March 2009)
Alistair Wivell	Non Executive Director (Appointed 5 March 2009)
Richard Waite	Divisional Director, Strategy and Technology Acting Chief Executive and Accounting Officer From 1 August 2008
John Clarke	Commercial Director (Appointed 1 June 2008)
James Morse	Divisional Director, Programme Assurance
William Roberts	Chief Financial Officer
Dr Ian Roxburgh	Chief Executive and Accounting Officer (Stepped down 31 July 2008)
Professor Roger Scott	Non Executive Director (Retired 31 December 2008)
Dr Lyndon Stanton	Non Executive Director (Retired 31 December 2008)
Primrose Stark	Non Executive Director (Retired 28 February 2009)

### External auditors

The NDA Group's auditor, the Comptroller and Auditor General (C&AG), appointed under the Energy Act 2004, audits the NDA's financial statements. The services provided by the C&AG

relate to statutory audit work for the NDA and its consolidation. During the year the National Audit Office (NAO) undertook a value for money review of the competition process for the Low Level Waste Repository SLC.

### **Disclosure of information to the NDA's external auditor**

As Accounting Officer, as far as I am aware, there is no relevant information of which the NDA's auditors are unaware. I have taken all the steps that I ought to have taken to establish that the NDA's auditors are aware of all relevant information.

### **Employees and employment**

The number of the NDA's full-time equivalent employees during the year to 31 March 2009 averaged 364 (2007/2008 – 340), The average number within the NDA Group was 949 (2007/2008 - 785).

### **Pensions**

All NDA employees are entitled to join the Principal Civil Service Pension Scheme (PCSPS). Details of the scheme are given in Note 28 to the accounts.

### **Equal opportunities**

The NDA believes that every individual has a right to equal treatment and opportunities. Discrimination or harassment on the grounds of gender, age, marital status, ethnic or national origin, religion, sexual orientation or disability will not be tolerated.

The NDA's Equal Opportunities, Harrassment, Discrimination and Diversity Policy outlines the rights of all employees as well as the responsibility on all staff to comply with equal opportunities legislation. Furthermore, ongoing monitoring of equal opportunities data is undertaken to ensure compliance with this policy.

### **Learning and development**

A comprehensive learning and development programme continues to be rolled out at individual, team and organisational level to meet the needs of the business.

### **Absence**

An average of 4.1 days sickness absence per NDA employee was recorded in 2008/2009, with 2 instances of non-recordable occupational ill health. Further details can be found in the Health, Safety, Security and the Environment Report.

### **Staff Consultation Group**

Employee involvement is critical to the success of the business and to this end a Staff Consultation Group has been set up to discuss management and policy matters between staff and management. Following a staff referendum it was agreed that the NDA would recognise Trade Unions and the Staff Consultation Group has been reformed accordingly.

### **Better payment practice**

The NDA is working towards compliance with the Better Payment Practice Code in its treatment of suppliers. The key principles are to settle the terms of payment with suppliers when agreeing the transaction, to settle disputes on invoices without delay and to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment. During the year, the NDA has achieved a 96% success rate for payment of suppliers in accordance with terms (2007/2008 - 96%). The NDA is striving to achieve a 100% success rate.

### **Charitable and political donations**

During the year, the NDA did not make any charitable donations (2007/2008 – £2,500). No political donations or contributions were made either.

### **Investment in socio-economic developments**

In accordance with our remit under the Energy Act 2004, during the year the NDA made socio-economic grants of £10m (2007/2008 £15 million).

### **Research and development**

During the year, the NDA directly funded expenditure of £11m (2007/2008 - £18 million) on research and development. In addition, the NDA funded research and development undertaken by our contractors.

### **Funding, counterparty and foreign exchange risk**

Although a NDPB, the NDA is also responsible for certain commercial activities and is, therefore, subject to these risks and uncertainties that surround any commercial operation. Its electricity trading activity is subject to price variation risk and was managed by British Energy Trading Services Limited to hedge energy price exposure. The NDA's foreign exchange risk is managed by the site licensees to hedge foreign currency transactions. Details are found in Note 1 and Note 33 of the accounts.

### **Data security and information risk management**

The NDA's IT network is designed and built to comply with the Government's information security standards and is subject to inspection by the Office for Civil Nuclear Security (OCNS) to ensure that it remains compliant. As a NDPB the NDA is required to apply all new policies concerning IT security, including the restrictions on the use of CDs, DVDs and memory sticks. The NDA network is also subject to annual independent penetration testing, which gives assurance that existing security policies are complied with.

The NDA has appointed a Senior Information Risk Owner (SIRO) who is accountable for Information risk management, and whose task is to ensure that the NDA and its wider nuclear estate is compliant with Cabinet Office guidelines and other regulatory and statutory requirements.

This year there has been one reportable incident in which three security vetting forms were lost at the Post Office. These forms contained personal information and both the individuals affected and the Information Commissioner were notified within 24 hours. There were no losses of confidential information during the preceding financial year.

### **Summary of results for the period**

The summary of the results for the year is as stated in the Financial Review.

Transfers to and from reserves are detailed in Note 30 to the accounts.

The accounts show a deficit on the Income and Expenditure Account of £2,697 million for the year ended 31 March 2009, largely arising from the increase in the nuclear liabilities and net liabilities of £44,550 million, primarily attributable to the nuclear provision.

### **Changes in fixed assets during the period**

The changes in fixed assets are reported in Notes 10 and 11 to the accounts.

### **Events after the year-end**

- a) On 1 April 2009 the leases on two properties were transferred from BNFL plc to NDA Properties Limited under a nuclear transfer scheme.

- b) On 29 April 2009, the NDA announced the disposal by auction of land at Bradwell, Wylfa and Oldbury sites, for £387m. The expected proceeds have been factored in to the tangible fixed asset revaluations.
- c) Land at Sellafield was nominated into the Strategic Site Assessment process for potential new build. This has enhanced the value of the land which the NDA has identified for potential disposal and this enhanced value is factored in to the tangible fixed asset revaluations.
- d) On 17 June 2009, the NDA announced the appointment of Tony Fountain as Accounting Officer and Chief Executive. Tony Fountain will join the NDA on 1 October 2009.

### **Going concern**

A full explanation of the adoption of a going concern basis appears in the principal Accounting Policies, Note 1 to the Accounts. Approved by the Board and signed on its behalf.

A handwritten signature in black ink, appearing to read 'R. Waite'.

**Richard Waite**  
**Accounting Officer and Acting Chief**  
**Executive**

8 July 2009

## Corporate Governance

### Best practice

The NDA, as a NDPB, operates in accordance with the provisions of the Energy Act 2004 and Cabinet Office guidelines for NDPBs. It also seeks to apply, where appropriate, best practice in corporate governance as represented by the revised Combined Code on Corporate Governance.

### The Board

Responsibility for ensuring that high standards of corporate governance are observed at all times within the NDA rests with the Board of Directors. In particular, they are responsible for ensuring the maintenance of a control framework in which they can obtain assurance that risk is properly assessed and managed, appropriate internal controls are in force and complied with and business performance is properly monitored.

The Board sets out the strategic framework and direction within which the NDA operates.

### Matters reserved to the Board include:

- establishing committees of the Board, reviewing their activities and, where appropriate, ratifying their decisions
- ratification of the NDA strategy and plans
- approval and maintenance of NDA policies
- ratification of all significant matters relating to the NDA, such as material acquisitions and disposals of assets, major litigation or significant matters related to the public interest or of interest at a ministerial level in Government
- receiving and considering reports from the Audit Committee on the control, risk management and assurance framework

- approval and operation of delegated authorities
- reviewing and approving the NDA Annual Report and Accounts following review by the Audit Committee

The Board has four Executive Directors (2007/2008 – five) and eight Non Executive Directors (2007/2008 – seven), including the Non Executive Chairman and meets monthly, except for August.

The day-to-day business management of the NDA is delegated by the Board to the Chief Executive Officer and the other Executive Directors. In addition, the Board has delegated certain responsibilities to the Audit Committee, the Remuneration Committee and the Socio-Economic Committee.

### The Chairman

In October 2008 it was announced that the department responsible for the NDA would transfer from Department for Business, Enterprise and Regulatory Reform (BERR) to the Department of Energy and Climate Change (DECC). This change took full effect from April 2009.

The Secretary of State for the DECC in consultation with the Scottish Ministers, appoints the Chairman of the Board.

The Secretary of State for DECC and Scottish Ministers set the NDA Chairman objectives for the NDA Board. The Chairman is responsible for the leadership of the Board, ensuring that it effectively discharges its responsibilities and managing its agenda.

### The Accounting Officer and Chief Executive Officer

Ian Roxburgh was Accounting Officer and Chief Executive until stepping down on 31 July 2008.

From this date Richard Waite was appointed Accounting Officer by the Permanent Secretary for BERR and Acting Chief Executive by the Board.

The responsibilities of the Accounting Officer are set out in a letter from the BERR Permanent Secretary, the Accounting Officer Memorandum and the Management Statement and Financial Memorandum.

The Accounting Officer is accountable to Parliament for the activities of the NDA, the stewardship of public funds entrusted to the NDA and the extent to which key performance targets and objectives are met.

He is personally responsible for:

- the propriety and regularity of the public finances for which he is answerable
- the keeping of proper accounts
- prudent and economical administration
- the avoidance of waste and extravagance and the effective and efficient use of all available resources
- the maintenance of public service values within the NDA, and for the transparency and openness of its proceedings

He is also responsible for taking appropriate action if the NDA Board should consider taking a course that would not comply with these requirements.

#### **The Remuneration Committee**

The purpose of the Remuneration Committee is to support the Board in discharging its responsibilities under the Energy Act 2004 to determine the remuneration and terms of service for the Chief Executive and the Executive Directors.

The NDA Remuneration Committee is comprised wholly of Non Executive Directors. During 2008/2009 these members were:

Nick Baldwin (Chairman)  
Primrose Stark (retired 28 February 2009)  
Tony Cooper  
Stephen Henwood  
Alistair Wivell (from 31 March 2009)

The Committee typically meets in line with the annual cycle for determining the remuneration and terms of service for the Chief Executive and other Executive Directors, setting the pay remit and approving the bonus scheme arrangements.

The Chief Executive, along with the Director of Human Resources, also attends these meetings, except for the discussion of issues relevant to their own remuneration.

#### **The Audit Committee**

The Board has delegated responsibility for reviewing the NDA's system of internal control and monitoring its effectiveness to the Audit Committee. The system is designed to manage rather than eliminate the risk of failure to achieve the NDA's objectives. Any such system can only provide reasonable, and not absolute, assurance against mis statement or loss.

Through the Audit Committee the Board has reviewed the effectiveness of the internal control system, including financial, operational and compliance controls and risk management in accordance with best practice.

The NDA Audit committee is comprised wholly of Non Executive Directors. During 2008/2009 these members were:

David Illingworth (Chairman)  
Professor Roger Scott (retired 31 December 2008)  
Dr Lyndon Stanton (retired 31 December 2008)  
Janette Brown (from 5 March 2009)  
David Owens (from 5 March 2009)

The Chief Executive, in his capacity as Accounting Officer, along with the Chief Financial Officer attends Audit Committee meetings. The Head of Group Internal Audit, the Head of Risk and the Corporate Controller also attend, along with representatives from both DECC and the National Audit Office (NAO).

The roles and responsibilities of the Audit Committee are set out in the terms of reference approved by the Board and include, amongst other things:

- ensuring that systems are in place to provide the Board and management with relevant, accurate and timely information based on solid management information systems which are continually being challenged and improved
- reviewing the effectiveness of the NDA's system of internal control and its internal audit function to ensure compliance with its policies, strategies and operating procedures
- reviewing and challenging the risk management framework process with specific reports produced for Audit Committee approval
- approval of the internal audit plan and work programme
- reporting to the Board on its review of the overall effectiveness of the NDA's system of internal control over the NDA's operations as well as on lifetime plans and on competition processes
- reviewing and challenging individual internal audit reports
- reviewing and following up the NAO's Management Letter and recommendations from internal audit

- reviewing key findings and following up on recommendations arising from value for money studies undertaken by the NAO
- monitoring the external auditors' independence and objectivity
- reviewing the NDA Annual Report and Financial Statements prior to submission to the Board and reporting on them appropriately

The Audit Committee is an advisory body and through a continuous improvement review process identifies, evaluates and controls the significant risks the NDA faces. During the year the Audit Committee undertook a review of its own effectiveness in conjunction with the external auditors. The internal control environment is subject to continual monitoring by the committee which will, where necessary, ensure improvements are implemented.

Details of the work undertaken by the Audit Committee in these areas are set out in the Statement on Internal Control.

### **Socio-Economic Committee**

The Board has delegated responsibility for the oversight of the NDA's socio-economic activities to the Socio-Economic Committee. This oversight is performed in accordance with the NDA Socio-Economic Policy. The committee is comprised of Executive and Non Executive Directors

The roles and responsibilities of the Socio-Economic Committee are set out in the terms of reference and include:

- to advise the Board on socio-economic strategy and on the appropriate exercising of the NDA's socio-economic duties
- to develop and maintain appropriate process and evaluation criteria for assessment of socio-economic funding proposals

- to assess and make funding decisions on proposals for socio-economic support from designated representatives of those communities affected by decommissioning
- to review progress and outcomes of projects sponsored by the NDA.

### **Board and sub-committee attendance record**

	Board	Remuneration Committee	Audit Committee	Socio-Economic Committee
S Henwood	92%	100%		
N Baldwin	83%	100%		100%
D Illingworth	100%		100%	
A Cooper	100%	100%		100%
P Stark	100%	100%		100%
R Scott	100%		100%	
L Stanton	100%		100%	
A Wivell	100%			
D Owens	100%			
J Brown	100%			
I Roxburgh	100%	100%	100%	
R Waite	100%		60%	
W Roberts	100%		100%	
J Morse	100%			
J Clarke	72%			

### **Expenditure Review Panel**

The Expenditure Review Panel (ERP) is a sub-committee of the board managed by the executive team. The ERP sanctions and, where appropriate, approves spending proposals across the estate. This helps to ensure that expenditure on investments, contracts or projects supports the delivery of the NDA's strategic objectives.

## Remuneration Report

### The role of the Remuneration Committee

The remuneration of the Chief Executive and Executive Directors is determined by the Remuneration Committee.

The Remuneration Committee is comprised of non executive directors with the Chief Executive and the Director of Human Resources in attendance. Members of the Remuneration Committee who served during 2008/2009 were:

Nick Baldwin (Chairman)  
Primrose Stark (retired 28 February 2009)  
Tony Cooper  
Stephen Henwood  
Alistair Wivell (from 31 March 2009)

In reaching its recommendations, the Remuneration Committee has regard, amongst other things, to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities
- regional/local variations in labour markets and their effects on the recruitment and retention of staff
- Government policies for improving the public services, including the requirement on departments to meet the output targets for the delivery of departmental services

The Remuneration Committee takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

### Remuneration policy

The individual components of the remuneration packages are:

#### Salaries and allowances

Salaries and allowances are reviewed annually and, in the first instance, have been benchmarked against industry data. They represent a rate deemed applicable to attract the calibre of employee, with the appropriate level of experience, required to undertake the role and responsibility of the position.

#### Performance related bonuses

These are calculated in accordance with the achievement of corporate and personal objectives, agreed between the executive Directors and the Board.

The NDA has a total reward strategy comprising both pay and grading arrangements and other rewards and non-pay benefits. This includes a commitment to permit staff, including executives, to participate in a bonus scheme. NDA specific objectives, set and approved by the Remuneration Committee, are tracked and monitored throughout the year as part of the performance management process.

Subject to satisfactory performance, bonuses are awarded as follows:

- for Chief Executive and the Executive Team, 75% of the bonus is based on corporate objectives and 25% based on personal objectives. This recognises that the Executive Team has a greater ability to control overall NDA performance than staff in other grades. Achievement of the personal objectives is auditable and approved by the Remuneration Committee

- for all other employees, 50% of the available bonus is based on corporate objectives with the remaining 50% of available bonus based on the successful completion of performance against personal objectives

The final decision on the achievement of personal objectives and the measurement of personal performance for all other employees rests with the Chief Executive.

### **Chief Executive and executive remuneration**

#### **Review**

During 2007 the Remuneration Committee undertook a review of senior executive remuneration supported by the independent remuneration consultants, Hewitt Associates. 2008/2009 is the first year that changes resulting from the review have been implemented.

The review was timely in that the role and the operation of the NDA was better defined than at the time of the appointment of most of the senior executives. The remit of the NDA had been extended since its formation, principally through the merger with Nirex as the Radioactive Waste Management Division with responsibility for the development of the Geological Disposal Facility, as well with the NDA assuming responsibility for International Nuclear Services Limited. In addition the senior management roles and responsibilities had been significantly changed in the first half of 2008. This followed an organisational review where the number of executives was reduced from nine to six with the duties of the exiting executives being taken up by the remaining team. This resulted in a reduction in the overall salary bill for the executive team. The NDA made a commitment to introduce an appropriate Long Term Incentive Plan (LTIP) to replace the interim scheme that had operated since 2005.

The review examined comparative data for the senior management group, considering the size and scope of the roles and also considered the structure of the remuneration package to ensure that it appropriately aligned the senior management team with the objectives of the NDA. This data was compared with both the public and private sectors to recognise that executive appointments to the NDA could come from either sector.

In reaching its conclusions the Remuneration Committee recognised that the existing salaries were not sufficient to recruit and retain the quality of senior managers with appropriate experience to meet the challenges faced by the NDA. This was borne out by significant gaps in the existing remuneration package against peer group data which the Remuneration Committee believe could lead to recruitment and retention issues going forward. The conclusion was reinforced by the NDA's experience in seeking to recruit externally for senior management posts. The Remuneration Committee's recommendation, endorsed by the Board, was to increase the base salaries of the Executive Directors by between 18% and 25%. The potential annual bonus for payment of 'on-target' performance was reduced but the achievement of more stretching targets can secure the maximum payout.

#### **Long Term Incentive Plan (LTIP)**

The Executive Directors were enrolled in an interim long term incentive arrangement linked to Public Service Agreements (PSA) targets and approved by the Remuneration Committee. In preparation for the introduction of the new LTIP the arrangement was concluded as at the end of the year 2007/2008, the performance targets having been met. An amount of £45,000 was paid to Dr Ian Roxburgh, reflecting his participation in the scheme in his time as Chief Executive. The Directors remaining with the NDA were paid £75,000 reflecting their participation in the scheme and continuing employment. This was agreed by the Department.

A new LTIP has been introduced with effect from 1 April 2008 with the first payment vesting after 3 years.

The NDA LTIP allows participants to receive an award equal to 50% of any annual bonus earned in respect of the previous year. This shall be called the Basic Award and, providing the participant remains in employment, will vest after a period of three years. The LTIP will operate with rolling annual awards and therefore a new Basic Award will be calculated at the start of each vesting period.

At the end of the vesting period the Basic Award will be adjusted prior to payment. This adjustment is based on the level of the average annual bonus paid out across the LTIP participant group in respect of the three financial years in the relevant vesting period. Should the average annual bonus be paid at stretch level (full bonus achieved) then the Basic Award is doubled. Should the average annual bonus be paid at target level (50% of full bonus potential paid) then the Basic Award remains the same and should the average annual bonus be zero then the Basic Award reduces to nil. The adjustment is carried out on a straight-line basis for percentages between these points.

This information has been audited:

	<b>2005/2008 LTIP (vesting March 2008)</b>	<b>Payment date</b>	<b>Amount paid</b>	<b>2008/2011 LTIP Basic Award</b>	<b>Date Vesting</b>
Dr Ian Roxburgh*	£45,000	September 2008	£45,000	-	-
William Roberts	£75,000	September 2008	£75,000	£32,375	31 March 2011
Richard Waite	£75,000	September 2008	£75,000	£32,375	31 March 2011
James Morse	£75,000	September 2008	£75,000	£32,375	31 March 2011
John Clarke	-	-	-	£26,979	31 March 2011

\* Dr Ian Roxburgh's payment was reduced due to stepping down before the end of his term.

The basic award in 2008/2009 was £32,375 for Executive Directors in post for all of 2008/2009.

In the light of the current exceptional economic circumstances, it has been decided that the total emoluments paid to the Executive Directors in 2008/2009 will be capped at broadly the same level as 2007/2008. The Executive Directors in post for all of 2008/2009 earned annual bonus of £64,750 each in 2008/2009 but were paid £25,000 each.

The Remuneration Committee continues to endorse the approach to senior executive remuneration that includes annual bonus and a Long Term Incentive Plan as key elements of a structure that will attract and retain high quality individuals to lead the NDA team in the delivery of its challenging mission.

<b>2005/2008 bonus arrangement</b>		<b>New bonus arrangement</b>		
Director	Target (of salary)	Director	Target (of salary)	Stretch (of salary)
CEO	50%	CEO	25%	50%
All others	40%	All others	20%	40%

## Fees

The remuneration of the Chairman and Non Executive Directors is determined by DECC. Non Executive Directors are not involved in decisions relating to their own remuneration.

Non Executive Directors are entitled to fees that are determined by DECC. The Non Executive Directors and Chairman receive basic fees with the Chairman of the Audit Committee and Chairman of the Remuneration Committee receiving supplementary fees of £10,000 for the performance of those roles.

In recognition of the total emoluments being capped in 2008/2009 the Chairman has decided to forego two thirds of the fee due for additional time commitments following the resignation of the Chief Executive from the Board. Fee paid for additional time commitments amounted to £35,000.

Non Executive Directors and the Chairman do not receive performance related bonuses or pension entitlements but are reimbursed for reasonable expenses incurred in the performance of their duties as directors.

## Service contracts

### General

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

## Service details of Executive Directors

	Date employment commenced	Notice period
Dr Ian Roxburgh	10 September 2004	Contract ended 31.12.08
William Roberts	17 January 2005	6 months
Richard Waite	4 April 2005	6 months
James Morse	21 March 2005	6 months
John Clarke	1 June 2008	6 months

## Service details of Non Executive Directors

	Date employment commenced	Duration of term
Stephen Henwood	1 March 2008	5 March 2009 - 28 February 2011
Nick Baldwin	29 October 2004	1 January 2009 - 31 December 2011
Tony Cooper	29 October 2004	1 January 2009 - 31 December 2011
David Illingworth	29 October 2004	1 January 2009 - 31 December 2011
Janette Brown	5 March 2009	5 March 2009 - 4 March 2013
Patrick Dixon	5 March 2009	5 March 2009 - 4 March 2013
David Owens	5 March 2009	5 March 2009 - 4 March 2013
Alistair Wivell	5 March 2009	5 March 2009 - 4 March 2013

Unless otherwise stated above, the officials covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 65. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at [www.civilservicecommissioners.gov.uk](http://www.civilservicecommissioners.gov.uk)

## Directors' emoluments 2008/2009

This information has been audited:

	2008/ 2009	2008/ 2009 Car and other benefits	2008/ 2009 Bonus	2008/ 2009 Total emoluments	2007/ 2008 Salaries	2007/ 2008 Car and other benefits	2007/ 2008 Bonus	2007/ 2008 Total emoluments
	£	£	£	£	£	£	£	£
<b>Non Executive Directors</b>								
Sir Anthony Cleaver i)					40,000			40,000
Stephen Henwood ii)	235,000			235,000	16,667			16,667
David Illingworth	35,000			35,000	35,000			35,000
Primrose Stark iii)	22,917			22,917	25,000			25,000
Dr Lyndon Stanton iv)	18,750			18,750	25,000			25,000
Nick Baldwin	35,000			35,000	57,500			57,500
Tony Cooper v)	25,000			25,000	25,000			25,000
Professor Roger Scott iv)	18,750			18,750	25,000			25,000
Alistair Wivell vi)	1,815			1,815	-			-
David Owens vi)	1,815			1,815	-			-
Janette Brown vi)	1,815			1,815	-			-
Patrick Dixon vi)	1,815			1,815	-			-
<b>Executive Directors</b>								
Dr Ian Roxburgh vii)	462,461	13,132	20,000	495,593	213,459	13,629	85,384	312,472
William Roberts viii)	175,000	12,489	25,000	212,489	149,161	12,221	50,715	212,097
James Morse ix)	175,000	12,333	25,000	212,333	149,161	12,221	50,715	212,097
Richard Waite x)	202,501	12,333	25,000	239,834	149,161	12,221	50,715	212,097
Mark Leggett xi)	-	-	-	-	239,380	10,221	25,902	275,503
John Clarke xii)	145,833	10,278	25,000	181,111	-	-	-	-
i) retired 31/07/07 ii) includes £35,000 paid for additional time commitments following the resignation of the Chief Executive from the Board iii) contract ended 28/02/09 iv) contract ended 31/12/08 v) separately to his remuneration as a non executive director, Tony Cooper also receives a fee for his work as a trustee of the CNPP and GPS pension schemes. These fees total £23,000 in 2008/2009 (£15,417 in 2007/2008) vi) appointed 05/03/09 vii) contract ended 31/12/08 – salary includes contractual payments in lieu of notice amounts (including £59,970 relating to pension contributions) and bonus relates to £20,000 paid on the successful completion of the Sellafield competition viii) other benefits include £489 for health care ix) other benefits include £333 for health care x) salary includes £27,501 in relation to temporary role as Acting Chief Executive and other benefits include £333 for health care xi) contract ended 31/01/08 xii) appointed 01/06/08. Other benefits include £278 for health care								

### **Compensation payments**

During 2008/2009 (and 2007/2008), there were no compensation payments made to past Executive Directors.

### **Third party payments**

During 2008/2009 (and 2007/2008), there were no payments made to third parties for services of an Executive Director.

### **Civil service pensions**

Pension benefits are provided through the Civil Service Pension Arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (Classic, Premium or Classic Plus); or a 'whole career' scheme (Nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium, Classic Plus and Nuvos are increased annually in line with changes in the Retail Prices Index (RPI).

Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for Classic and 3.5% for Premium, Classic Plus and Nuvos.

Benefits in Classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement.

For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum.

Classic Plus is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in Premium.

In Nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age.

Pension age is 60 for members of Classic, Premium and Classic Plus and 65 for members of Nuvos.

Further details about the Civil Service Pension Arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

## Executive Directors' pensions

This information has been audited:

	Real increase in pension £000's	Real increase in lump sum £000's	Pension at end date £000's	CETV at start date £000's	CETV at end date £000's	Employees contributions and transfers in £000's	Real increase in CETV funded by employer £000's
Dr Ian Roxburgh	2.5 - 5	n/a	75 - 80	1,429	1,566	5 - 7.5	63
William Roberts	2.5 - 5	n/a	12.5 - 15	105 - 110	170 - 175	25 - 30	32
Richard Waite	5 - 7.5	n/a	15 - 17.5	145 - 150	230 - 235	15 - 20	55
James Morse	2.5 - 5	n/a	10 - 12.5	110 - 115	180 - 185	5 - 7.5	53
John Clarke	2.5 - 5	n/a	2.5 - 5	0 - 5	35 - 40	2.5 - 5	34
Notes Dr Ian Roxburgh had double accruals agreed from 15/10/2005 William Roberts is a supplementary member Richard Waite is a supplementary member James Morse is a supplementary member							

### Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service Pension Arrangements and for which the Civil Superannuation Vote (CS Vote) has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and

framework prescribed by the Institute and Faculty of Actuaries. There has been a change in the CETV during 2008/2009.

### Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.



Nick Baldwin  
Chairman of the Remuneration Committee  
8 July 2009



Richard Waite  
Accounting Officer and Acting Chief Executive  
8 July 2009

## Statement of the Directors' and Accounting Officer's Responsibilities

Under Section 26 of the Energy Act 2004, the Secretary of State (with the approval of HM Treasury) has directed the NDA to prepare a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the NDA and of its income and expenditure, recognised gains and losses and cash flows for the accounting period.

In preparing the accounts the NDA is required to:

- observe the Accounts Direction issued by the Secretary of State (with approval of HM Treasury), including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards have been followed, as set out in the Government Financial Reporting Manual, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis

The Chief Executive of the NDA has been designated as the Accounting Officer by the Accounting Officer for the Department for Business Enterprise and Regulatory Reform (BERR), and this has been subsequently reaffirmed by the Accounting Officer for the Department of Energy and Climate Change (DECC).

The responsibilities of an Accounting Officer including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the NDA's assets, are set out in the Accounting Officers' Memorandum published by HM Treasury.

The maintenance and integrity of the NDA's website is the responsibility of the Accounting Officer; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

## Statement on Internal Control

### Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Nuclear Decommissioning Authority's (NDA) policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities outlined in Managing Public Money.

A process of accountability was established with the Department for Business, Enterprise and Regulatory Reform (BERR). In October 2008 it was announced that department responsibility for the NDA would transfer from BERR to the Department of Energy and Climate Change (DECC). This change took full effect from April 2009. DECC has continued to utilise the skills and services of the Shareholder Executive to provide oversight and governance of the NDA. The Management Statement and Financial Memorandum stipulates:

- the accountability to Parliament of the Secretary of State and the Scottish Government for the activities and performance of the NDA
- the funding and allocation of grants to the NDA by the Secretary of State in accordance with the relevant sections of the Energy Act 2004
- establishment and agreement of corporate and business plans with appropriate objectives and performance targets along with the identification of risks that may prevent delivery of the plan including contingent liabilities
- regular review of the systems of internal control and risk management and monitoring their effectiveness at the Audit Committee

- regular progress reports and monitoring information on performance and finance, which are reviewed at monthly accountability meetings together with any other issues or significant problems, whether financial or otherwise
- providing the director of internal audit at DECC, with copies of all internal audit reports, the corporate risk register and risk action programmes

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives: It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the NDA's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically.

The system of internal control has been in place in the NDA for the period commencing 1 April 2008 for the year ending 31 March 2009 and up to the date of approval of the Annual Report and Accounts in accordance with Treasury guidance.

### Capacity to handle risk

The NDA's risk management policy has been determined and endorsed by myself, the Audit Committee and the Board, all of whom are actively involved in the risk management process and have been instrumental in the development and endorsement of both the risk policy and the internal audit policy and strategy.

The Board closely monitors the outputs from the operational deployment of these two policies.

This is achieved either directly through reports to the Board, or via its sub-committees.

The NDA's capacity to handle risk is influenced by its governance structure that supports decommissioning and commercial operations, along with NDA transactions, are undertaken under contract by site licensees. This is the fourth year of operation and the NDA maintains its focus on continual improvement and on process maturity.

Management by risk assessment is at the forefront of the management style engendered by myself and my management team.

The NDA's risk management philosophy is supported by the policy, process and procedure documents which are held on the NDA's electronic Quality Management System and which is accessible to all staff. In addition, the NDA continues to train and induct all new employees on risk management and provide ongoing training.

The NDA Risk Management Policy sets out the NDA's attitude to risk and defines roles and responsibilities throughout the organisation. Overall responsibility for risk management lies with myself as Accounting Officer and this responsibility is discharged by the management team and NDA staff taking 'ownership' of any risks that lie within their domain. The Head of Risk facilitates the effective management of risk and through the culture of continuous improvement, and with the support of all staff, continues to enhance the infrastructure to support, embed and report on risk management at every level of the business.

### **The risk and control framework**

Accepting that risk is an inherent part of doing business, our risk management control framework is designed to capture risk from across the business and to provide assurance that risk is fully understood and managed.

The key to effective risk management delivery is ensuring that our staff have the right training, tools, processes and support and that they understand the business objectives, strategy, policies, procedures, values and expected performance.

Our risk register is accessible by every member of staff and sets out clearly our risks, their causes and impacts, describes the rating of the impact and likelihood, and sets out the control activities in place and the actions required to mitigate the risks. The register also holds 'upside' risk information and detail around opportunities which have the potential to drive business benefit.

Keeping the content of the register up to date is an integral part of the day job for our staff at every level of the business. Regular reviews are carried out at project, department directorate and strategic level. They support an effective monthly reporting cycle through a structured framework consisting of the Forum for Opportunities and Risk Management, the Executive Opportunities and Risk Management Committee through to the Board. This framework is supported by a detailed risk review at the Audit Committee on a quarterly basis. A balanced approach allows both control and support at each of the various levels of the framework.

The NDA has focused on continual improvement of its risk framework over the year. Key areas have included:

- the continued focus on opportunity management within the business which has

developed and matured providing benefit and opportunity across the business

- the facilitation of internal risk workshops providing additional support across the business
- the continued engagement with our site licensees, upon whom we rely to manage effectively the risks relating to all of their operations, with a focus of ensuring consistency of approach, best practice standards and escalation of risks emerging from these key stakeholders
- evaluation of NDA subsidiary risk management arrangements
- improvements to the electronic risk management systems to ensure accessibility and ease of use

### Internal control framework

The NDA has continued to develop and enhance arrangements to provide assurance on the adequacy of the governance arrangements, encompassing the relationship with DECC with the primary interface via the Shareholder Executive, the Scottish Government, and our relationship with the site licensees, which form part of the control framework. Internal control developments include:

- significant progress in creating and adopting an NDA Business Operating Model that incorporates a comprehensive review and revision of the key business processes along with the underpinning arrangements for governance, management information, and people management to more effectively deliver the organisation's objectives. This review takes cognisance of both the altered arrangements for reporting to DECC and other key stakeholders, and the changes resulting from the restructuring of the NDA estate

- the working arrangements between NDA Internal Audit and the site licensees' Internal Audit functions have now been implemented and form part of the NDA to SLC contractual arrangements. These arrangements strengthen the visibility of the operation and effectiveness of the control environment employed by the SLCs across the estate

### Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control.

My review is informed by the work of the internal auditors and the executive managers within the NDA who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the results of my review by the Board, Risk Committee and the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The working arrangements of the Executive Opportunity and Risk Management Committee have been reviewed. I continue to chair this meeting which is also attended by the Executive Directors, the Head of Risk and the Head of Group Internal Audit. The committee meets bi-monthly and its primary task is to review reports from the Risk Management Forum before reporting upwards to the Audit Committee and this is considered to be an integral part of the NDA's risk management framework.

The following review and assurance mechanisms have been operational during the period:

- an Internal Audit unit, operating to the requirements defined in the Government Internal Audit Standards. The internal audit mandate is to look across management systems as a whole and the unit has developed and delivered a robust internal audit plan to assess the effectiveness of the internal controls both within the NDA and its contracted site licensees. In addition, Internal Audit has oversight of the assurance work carried out within other functions of the NDA and by external parties, and is able to monitor progress on key actions and report these to the Audit Committee. The audit programme is focused around key risks with additional input from functional management teams and the Business Management Board and is endorsed by the Audit Committee. Regular reports are submitted to the Audit Committee on the adequacy and effectiveness of internal control, together with recommendations for improvements. The Head of Group Internal Audit also provides an annual report, which contains an independent opinion on the adequacy and effectiveness of internal control across the NDA
- protocols are also in place to enable, where necessary, joint audit work and arrangements that have been utilised on a number of occasions. This has enabled our Internal Audit to provide an opinion in the Annual Audit Report on the internal audit arrangements within the site licensees. A number of issues have been identified within the SLCs and action plans are in place to address these. Whilst prime responsibility for implementation of these actions lies within the SLC, NDA Internal Audit monitors progress and close out of actions

- the continuous development and improvement of the Quality Management System to provide an effective framework for the recording and control of the business policies, processes and procedures. This system has been subjected to both internal and external audit throughout the 2008/2009 financial year, as a result of which the NDA maintained its ISO9001 (quality management) certification and obtained ISO14001 (environmental management) accreditation

Data governance arrangements have been strengthened by the appointment of the Senior Information Risk Officer (SIRO) and all identified data systems have a suitable senior data owner in place to ensure the security of data. These measures support the existing Office for Civil, Nuclear Security (OCNS) security requirements currently in place across the estate.

Based on the internal audit programme of work performed during the financial year, Internal Audit concluded that the system of control, subject to review, was generally satisfactory and that the NDA has a sound risk management framework in place to support effective corporate governance.

The areas where there were one or more weaknesses in control or significant departure from policies or procedures that, individually or taken together, seriously endangered the achievement of key business objectives, were in relation to the following:

- the Business Impact Assessment performed to assess critical business continuity issues and processes and the need to prepare a disaster recovery plan to respond to major disasters such as loss of premises

- the development of the NDA's nuclear liability estimate for 2009 and its understanding of the site data and extent of independent cost estimating, comprehensive risk identification and prioritisation of funding allocation
- rules and requirements of the public sector framework in which the NDA operates including more timely discussions and authorisation from Treasury/DECC

All audit recommendations have been accepted by senior management and action plans put in place to address the weaknesses identified. Systems are in place to follow up these action plans and report progress to the Audit Committee.

A handwritten signature in black ink, appearing to read 'R. Waite'.

**Richard Waite**  
**Acting Chief Executive and Accounting Officer**

8 July 2009

## The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Nuclear Decommissioning Authority for the year ended 31 March 2009 under the Energy Act 2004. These comprise the Consolidated Income and Expenditure Account, the Balance Sheet, the Consolidated Cash Flow Statement and the Consolidated Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### Respective responsibilities of the Nuclear Decommissioning Authority, Accounting Officer and Auditor

The Nuclear Decommissioning Authority and the Chief Executive as Accounting Officer are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Energy Act 2004 and the Secretary of State directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Directors' and Accounting Officer Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Energy Act 2004 and Secretary of State directions made thereunder. I report to you whether, in my opinion, the information, which comprises the Financial Review, Directors and Executives and the Directors' Report, included in the Annual Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Nuclear Decommissioning Authority has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Nuclear Decommissioning Authority's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Nuclear Decommissioning Authority's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Foreword, the Chairman's Statement, Chief Executive's Review, HSSE Report, Corporate Governance, Operating Unit Reports and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware

of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### **Basis of audit opinions**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Nuclear Decommissioning Authority and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Nuclear Decommissioning Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

### **Opinions**

In my opinion:

- the financial statements give a true and fair view, in accordance with the Energy Act 2004 and directions made thereunder by the Secretary of State, of the state of the Nuclear Decommissioning Authority's affairs as at 31 March 2009 and of its consolidated deficit, consolidated recognised gains and losses, and consolidated cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Energy Act 2004 and Secretary of State directions made thereunder; and
- information, which comprises the Financial Review, Directors and Executives and the Directors' Report, included within the Annual Report, is consistent with the financial statements.

### **Opinion on regularity**

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Emphasis of matter – uncertainties in the nuclear provisions balance**

In forming my opinion on the financial statements, which is not qualified, I have considered the adequacy of the disclosures made in note 25 of the financial statements concerning the uncertainties inherent in estimating the likely costs of the nuclear liabilities. As explained in note 25, the lengthy timescales, final disposition plans for waste and spent fuel, timing of final site clearance

and the confirmation of site end states mean that the ultimate liability will vary as a result of subsequent information and events, and may result in significant adjustment over time to the value of the provision, which currently stands at £44.5 billion.

**Report**

I have no observations to make on these financial statements.

Amyas CE Morse  
Comptroller and Auditor General  
National Audit Office  
151 Buckingham Palace Road  
Victoria  
London  
SW1W 9SS

July 2009

## Consolidated Income & Expenditure Account

for the year ended 31 March 2009

	Note	2009 £m	Restated 2008 £m
Income	3	1,980	1,463
Operating costs	4	(3,664)	(7,810)
<b>Deficit from ordinary activities before financing</b>		<b>(1,684)</b>	<b>(6,347)</b>
Net financing charges	6	(1,016)	(2,165)
<b>Deficit from ordinary activities before taxation</b>		<b>(2,700)</b>	<b>(8,512)</b>
Taxation	7	3	-
Notional cost of capital credit	8	1,547	1,401
<b>Deficit from ordinary activities after taxation and notional cost of capital</b>		<b>(1,150)</b>	<b>(7,111)</b>
Reversal of notional cost of capital credit	8	(1,547)	(1,401)
<b>Deficit for the year</b>	29	<b>(2,697)</b>	<b>(8,512)</b>

All amounts derive from continuing operations.

Certain numbers shown here do not correspond to the 2007/2008 financial statements and reflect adjustments made as detailed in note 2.

## Consolidated Statement of Recognised Gains and Losses

for the year ended 31 March 2009

	Note	2009 £m	2008 £m
Unrealised surplus on revaluation of tangible fixed assets	29	507	4
Actuarial loss on pension schemes	28	(1)	(2)
<b>Recognised gains and losses relating to the year</b>	29	<b>506</b>	<b>2</b>

The related notes numbered 1 to 38 form part of these accounts.

**Balance Sheet as at 31 March 2009**

	NDA Group		Authority		
	Note	2009 £m	Restated 2008 £m	2009 £m	Restated 2008 £m
<b>Fixed assets</b>					
Intangible assets	10	-	1	-	1
Tangible assets	11	1,834	3,515	1,602	3,320
Investments in subsidiaries	12	-	-	206	209
		<u>1,834</u>	<u>3,516</u>	<u>1,808</u>	<u>3,530</u>
<b>Current assets</b>					
Stock and work in progress	14	194	171	192	168
Recoverable contract costs relating to nuclear liabilities	15	1,692	1,494	1,692	1,494
Debtors: amounts falling due within one year	17	274	312	367	425
Debtors: amounts falling due after more than one year	17	18	79	18	79
Other investments	18	304	250	67	-
Cash at bank and in hand	19	186	477	146	453
		<u>2,668</u>	<u>2,783</u>	<u>2,482</u>	<u>2,619</u>
<b>Creditors: amounts falling due within one year</b>	20	<u>(1,108)</u>	<u>(1,049)</u>	<u>(1,052)</u>	<u>(1,013)</u>
<b>Net current assets</b>		<u>1,560</u>	<u>1,734</u>	<u>1,430</u>	<u>1,606</u>
<b>Total assets less current liabilities</b>		<u>3,394</u>	<u>5,250</u>	<u>3,238</u>	<u>5,136</u>
<b>Creditors: amounts falling due after more than one year</b>					
Creditors	21	(1,225)	(1,407)	(1,214)	(1,405)
Nuclear liabilities	25	(44,504)	(44,100)	(44,451)	(44,050)
Other provisions for liabilities and charges	26	(2,213)	(2,999)	(2,187)	(2,980)
<b>Total creditors due after more than one year</b>		<u>(47,942)</u>	<u>(48,506)</u>	<u>(47,852)</u>	<u>(48,435)</u>
<b>Net liabilities before pension liability</b>		<u>(44,548)</u>	<u>(43,256)</u>	<u>(44,614)</u>	<u>(43,299)</u>
Pension liability	28	(2)	(1)	(1)	-
<b>Net liabilities including pension liability</b>		<u>(44,550)</u>	<u>(43,257)</u>	<u>(44,615)</u>	<u>(43,299)</u>
<b>Reserves</b>					
Transfer reserve	29	(23,074)	(23,074)	(23,079)	(23,079)
Revaluation reserve	29	526	19	515	13
General reserve	29	(22,002)	(20,202)	(22,051)	(20,233)
<b>Total Government funds</b>		<u>(44,550)</u>	<u>(43,257)</u>	<u>(44,615)</u>	<u>(43,299)</u>

Certain numbers shown here do not correspond to the 2007/2008 financial statements and reflect adjustments made as detailed in note 2.



**Richard Waite**  
**Acting Chief Executive and Accounting  
Officer**



**William Roberts**  
**Chief Financial Officer**

8 July 2009

The related notes numbered 1 to 38 form part of these financial statements. Authority refers to the balances within the NDA itself, with NDA Group balances incorporating the Authority and its subsidiaries. Details of subsidiaries are given in note 12.

**Consolidated Cash Flow Statement**

for the year ended 31 March 2009

	Note	2009 £m	2008 £m
<b>Net cash outflow from operating activities</b>	30	(701)	(821)
<b>Net cash inflow from returns on investment and servicing of finance</b>			
Investment income		-	2
Interest received		15	18
<b>Taxation</b>		-	-
<b>Net cash flow from capital expenditure</b>			
Purchase of tangible fixed assets		(451)	(438)
Sale of tangible fixed assets		2	3
<b>Net cash outflow from management of liquid resources</b>			
Investment in short term deposits		(54)	(15)
<b>Financing</b>			
Grant-in-Aid received		898	1,646
<b>(Decrease) / increase in cash in the year</b>	31	(291)	395

The related notes numbered 1 to 38 form part of these financial statements.

## Notes to the Accounts

for the year ended 31 March 2009

### 1. Principal Accounting Policies

#### a) Basis of preparation

These financial statements have been prepared under the accounts direction issued by the Secretary of State for the Department of Energy and Climate Change (DECC) in accordance with section 26 of the Energy Act 2004. The sponsoring department changed to DECC from the Department for Business, Enterprise and Regulatory Reform as part of a machinery of Government transfer that took place in October 2008. The accounts direction requires compliance with the 2008/2009 Government Financial Reporting Manual (FReM), and any other guidance, issued by HM Treasury. The NDA has a specific direction in respect of the accounting for waste management assets on an historical cost basis. The accounting policies contained in the FReM follow UK generally accepted accounting practices for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the NDA for the purpose of giving a true and fair view has been selected. The principal accounting policies adopted by the NDA are described below. These policies have been applied consistently in dealing with items considered material in relation to the financial statements.

These financial statements have been prepared under the historical cost convention modified to account for the revaluation of intangible and tangible fixed assets, except waste management assets.

The consolidated balance sheet at 31 March 2009 shows net liabilities of £44,550 million. This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from the NDA's other sources of income, may only be met by future grants or Grant-in-Aid from the NDA's sponsoring department, DECC. Under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need. Grant-in-Aid for 2009/2010, taking into account the amounts required to meet the NDA's liabilities falling due in this year, has already been included in DECC's estimates, which have been approved by Parliament. There is no reason to believe that DECC's future sponsorship and future parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

#### b) Adoption of new Standards

In the current year, the NDA has adopted FRS 25 'Financial Instruments: Presentation', FRS 26 'Financial Instruments: Recognition and Measurement' and FRS 29 'Financial Instruments: Disclosures' as required under the FReM. Comparative figures for the year ended 31 March 2008 have therefore been restated. Full details are included in note 2 to these financial statements.

**c) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the NDA and of its subsidiary undertakings for the period ended 31 March 2009. All intra-group transactions, balances, income and expenses are eliminated on consolidation. All consolidated entities in the NDA Group follow UK GAAP applied in accordance with the FReM except where noted in the accounts direction.

**d) Intangible fixed assets**

Intangible fixed assets comprise software licences and patents and are valued at historical cost less any required impairment adjustment and are amortised over their useful economic life, unless material, in which case Modified Historical Cost Accounting principles are applied.

**e) Goodwill**

Goodwill arising on acquisitions represents the difference between the fair value of the consideration at acquisition and the fair value of the identifiable net assets acquired. Goodwill is capitalised as an intangible asset on the consolidated Balance Sheet and is amortised over 20 years.

**f) Tangible fixed assets**

Tangible fixed assets include assets purchased directly by the NDA and assets for which the legal title transferred to the NDA under Transfer Scheme arrangements pursuant to the Energy Act 2004.

In accordance with FReM, tangible fixed assets should be valued at the lower of replacement cost and recoverable amount, which is the higher of net realisable value or value in use. However, in accordance with the accounts direction issued by the Secretary of State for DECC, waste management assets are excluded from this requirement as there is no reliable and cost effective revaluation methodology. Waste management assets are therefore stated at historical cost, less accumulated depreciation and any impairment charges.

Assets used to support commercial activities are valued at their value in use to the relevant activity. Freehold land and buildings located outside nuclear licensed site boundaries are revalued annually by independent qualified valuers. Freehold land and buildings located inside nuclear licensed site boundaries are not revalued, in line with the treatment of waste management assets.

For economic facilities that have been commissioned, decommissioning provisions are recognised in full and the discounted costs are capitalised as part of the cost of the asset and depreciated over the life of the plant.

Depreciation is calculated so as to write off the cost or valuation of fixed assets, less their estimated residual values, on a straight-line basis over the expected useful lives of the assets as follows:

Land	Not depreciated
Buildings	10 to 60 years
Fixtures and fittings	3 to 10 years
IT equipment	3 years
Plant and equipment	10 to 20 years
Transport equipment	4 to 14 years

Commercial and waste management assets are depreciated over the programme life of each specific asset.

The carrying values of tangible fixed assets, including assets under construction, are reviewed for impairment if events or changes in circumstances indicate that a provision for impairment may be required. Residual values are calculated at the prices prevailing at the date of acquisition or revaluation.

**g) Investments in subsidiaries**

Investments in subsidiaries are stated at cost less provision for any impairment. The carrying values of investments are reviewed for impairment if events or changes in circumstances indicate that a provision for impairment may be required.

**h) Stock and work in progress**

Stocks are valued at the lower of cost and net realisable value. Net realisable value is the actual or estimated selling price (net of trade but before settlement discounts) less all further costs to completion and all costs to be incurred in marketing, selling and distributing. Work in progress is valued at cost, less the cost of work invoiced on incomplete contracts and less foreseeable losses. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Where necessary, provision is made for obsolete, slow moving and defective stocks. Reprocessed plutonium and uranium stocks are held at nil value. The destination of nuclear waste and materials cannot be confirmed, nor costs estimated, until the Government's reviews of long-term policy around waste disposal have been completed. Long-term options for the disposition of wastes, uraniums, plutonium and Advanced Gas-Cooled Reactor (AGR) spent fuel are being developed, along with their associated cost estimates.

**i) Pension costs**

The NDA Group participates in various pension schemes, both defined contribution and defined benefit schemes.

For defined contribution schemes the amount charged to the income and expenditure account is the contributions payable in the year. Contributions made to public sector schemes are dealt with as payments to defined contribution schemes where the NDA Group's obligations under the schemes are equivalent to those arising in a defined contribution scheme.

For defined benefit schemes, the liability recognised in the balance sheet is the present value of the defined benefit obligation at the balance sheet date less the fair value of scheme assets, together with any adjustments for unrecognised past service costs, and less any amounts recoverable from third parties. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in the statement of recognised gains and losses in the period in which they arise. Past service costs are recognised immediately in the income and expenditure account to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the benefits become vested. The interest cost and the expected return on assets are shown as a net amount of other financing charges.

Pension scheme assets are recognised to the extent that they are recoverable and pension scheme liabilities are recognised to the extent that they reflect a constructive or legal obligation.

#### **j) Income**

Income represents the total value, excluding VAT and intra-group sales, less electricity purchases relating to short-term balancing and hedging activities, of products delivered and services rendered to customers, rental income receivable and the value of long term contract work completed during the year. Income received in advance of work performed is held on the balance sheet (under creditors as payments received on account) and released to the income and expenditure account when the work is completed and the liability extinguished.

#### **k) Long-term contracts**

Income on long-term contracts is recognised according to the stage reached in the contract by reference to the value of work done. A prudent estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. Full provision is made for losses on contracts in the year in which they are first identified. Recoverable contract costs are stated at the net sales value of work done less amounts received as progress payments on account and any associated contract loss provisions. The amount by which payments on account exceed turnover is shown under creditors as payments received on account and is presented net of amounts recoverable on contracts and any associated contract loss provisions.

**l) Foreign currency**

All transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling on the date the transaction takes place or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date. All foreign exchange differences are taken to the income and expenditure account in the year in which they arise. Forward exchange contracts are used to reduce exposure to foreign exchange risk. The NDA does not hold forward exchange contracts for speculative purposes.

**m) Derivatives and other financial instruments**

Financial assets and financial liabilities are recognised in the balance sheet when the NDA Group becomes a party to the contractual provisions of the instrument.

**Financial assets**

Financial assets are classified as either financial assets 'at fair value through profit or loss' (FVTPL) or loans and receivables. Financial assets are initially recognised at fair value plus transaction costs, except for those assets classified as at fair value through profit or loss, which are initially recognised at fair value (transaction costs are expensed in the income and expenditure account).

**Financial assets at FVTPL**

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling in the near future or it is a derivative that is not designated and effective as a hedging instrument. A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise or it forms part of a contract containing one or more embedded derivatives, and FRS 26 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL. Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in income or expenditure. The net gain or loss recognised in income or expenditure incorporates any dividend or interest earned on the financial asset.

**Loans and receivables**

Trade and other debtors, and cash at bank and in hand, that have fixed or determinable payments that are not quoted in an active market, are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying value of the financial asset.

**Impairment of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade debtors, where the carrying amount is reduced through the use of an allowance account. When a trade debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in income or expenditure.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through income or expenditure to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

**Derecognition of financial assets**

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the NDA Group has transferred substantially all risks and rewards of ownership.

**Financial liabilities**

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' (FVTPL) or other financial liabilities.

### **Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if it is a derivative that is not designated and effective as a hedging instrument. A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if it forms part of a contract containing one or more embedded derivatives, and FRS 26 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in income or expenditure. The net gain or loss recognised in income or expenditure incorporates any interest paid on the financial liability.

### **Other financial liabilities**

Other financial liabilities, including trade and other creditors, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period, to the net carrying value of the financial liability.

### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the NDA Group's obligations are discharged, cancelled or they expire.

### **Derivative financial instruments**

The NDA enters into derivative financial instruments to manage its exposure to commodity price risk and foreign exchange rate risk, including commodity contracts and forward foreign exchange contracts.

Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in income or expenditure immediately.

A derivative is presented as an asset falling due after more than one year or a liability falling due after more than one year if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

### Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value, with changes in fair value recognised in income or expenditure.

#### n) Leases

Costs in respect of operating leases are charged on a straight-line basis over the life of the lease in accordance with Statement of Standard Accounting Practice 21 'Accounting for leases and hire purchase contracts'.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised as tangible fixed assets in the balance sheet and are depreciated over the shorter of the lease term and their useful lives. The capital element of future obligations under leases and hire purchase contracts are included as creditors in the balance sheet net of the interest charge allocated to future periods. The interest elements of the obligations are charged to the profit and loss account over the periods of the leases and the hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

#### o) Provisions

##### Non-nuclear provisions

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

##### Nuclear provisions

The financial statements include provisions for the NDA's obligations in respect of nuclear liabilities, being the costs associated with the nuclear decommissioning of designated sites. These provisions are based on the Lifetime Plan (LTP) for the designated sites, being the latest available technical assessments of the processes and methods likely to be used in the future, and represent best estimates of future required work. The NDA's obligations are reviewed on a continual basis and provisions are updated accordingly. Where some or all of the expenditure required to settle a provision is expected to be recovered from a third party, in accordance with FRS 12 'Provisions, Contingent Liabilities and Contingent Assets', the recoverable amount is treated as a fixed or current asset. In the income and expenditure account, the provisions charges are net of recoveries from customers. Full provision is made for the NDA's nuclear liabilities and changes are accounted for in the year in which they arise.

The provision and recoverable balances are expressed at current price levels and discounted at 2.2%, (2007/2008 2.2%) the rate specified by HM Treasury, to take account of the time value of money for the very long timescales over which work will be carried out, currently expected to be over 100 years. The financing charges in the income and expenditure account include the adjustments to amortise one year's discount and restate the liabilities to current price levels.

**p) Research and development expenditure**

Research and development expenditure on projects not specifically recoverable directly from customers is charged to the income and expenditure account in the year in which it is incurred.

**q) Taxation**

**Current tax**

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable surplus and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable surplus from which a future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**Value Added Tax (VAT)**

VAT is accounted for in that amounts are shown net of VAT except:

- i. Irrecoverable VAT is charged to the income and expenditure account, and included under the heading relevant to the type of expenditure.
- ii. Irrecoverable VAT on the purchase of an asset is included in the capitalised purchase cost of the asset.

The net amount due to, or from, HM Revenue & Customs in respect of VAT is included within creditors or debtors respectively within the Balance Sheet.

**r) Cost of capital**

Treasury guidance requires that Non Departmental Public Bodies (NDPB) disclose the full cost of their activities, and therefore the income and expenditure account includes any notional costs as well as those actually incurred. A notional charge or credit is made for the cost of capital, which is calculated at 3.5% (2007/2008 3.5%), the rate set by HM Treasury, of the average capital employed. For this / purpose, capital employed is defined as comprising capital loans (including the current portion of capital loans included in creditors: amounts falling due within one year), reserves and income and expenditure account. The notional cost of capital is abated by any actual interest incurred or received during the year.

Any cash balance held with the Office of Paymaster General is at nil rate.

**s) Grant-in-Aid**

In accordance with the Government's Financial Reporting Manual (FReM) the NDA prepares its financial statements showing Grant-in-Aid received from DECC as credited to the general reserve, and as financing in the consolidated cash flow statement.

## 2. Restatement of opening balance sheet

On 1 April 2008 a series of transfer schemes were enacted under the provisions of section 39 of the Energy Act 2004. These transfers included:

a) certain contracts from UKAEA to the NDA along with associated balances;

b) the lease of Southmoor House, Manchester from BNFL plc to BNFL Properties Limited, and subsequently the entire share capital of BNFL Properties Limited from BNFL plc to the NDA. BNFL Properties Limited was subsequently renamed NDA Properties Limited. In accordance with the requirements of FReM, the transfer of assets from one part of the public sector to another (commonly known as machinery of Government changes) are accounted for using merger accounting as described in FRS 6 'Acquisitions and Mergers'.

c) In the current year, the NDA has adopted FRS 25, 26 and 29 as required under FReM. Comparative figures for the year ended 31 March 2008 have therefore been restated. Accordingly the 2007/2008 deficit on the income and expenditure account has been restated to reflect a £41 million increase in unrealised net loss on derivative financial instruments during the year less a consequent £3 million release of provision. The unrealised net loss on derivative financial instruments at 31 March 2007 was £5 million and therefore the balance sheet at 31 March 2008 has been restated to reflect the cumulative £46 million unrealised net loss at that date and the consequent £3 million release of provision. This net loss relates to electricity trading, and represents the difference between the value at which sales had been contracted for delivery in the 2008/2009 financial year, measured at the date at which the contract was entered, and the value of the same trades measured at the prevailing market rate at 31 March 2008. The recognition of this net loss meant that a £3 million contract loss provision was no longer required and was therefore released. Further details are included in note 27.

d) In accordance with the NDA's accounting policy, amounts recoverable on long-term contracts should be stated at the net sales value of work done less amounts received as progress payments on account and any associated contract loss provisions. Last year recoverable contract cost balances were stated at the gross amount i.e. before deduction of amounts received as progress payments on account and any associated contract loss provisions. The opening balance sheet has been restated to show the balances on a net basis (see note 15).

Comparative figures have been restated to reflect the above as follows:

Impact on income and expenditure account for the year ending 31 March 2008	NDA Group £m	Authority £m
Deficit for the year as previously reported	(8,471)	(8,481)
Effect of the acquisition of NDA Properties Ltd:		
increase in income	5	5
increase in operating costs	(8)	(8)
Effect of the adoption of FRS25, 26 and 29		
increase in operating costs	(38)	(38)
Deficit for the year as restated	(8,512)	(8,522)

NDA Group - impact on balance sheet at 31 March 2008	2007-2008	Transfer from UKAEA	NDA Properties Limited	Adoption FRS 25, 26 and 29	Restated contract balances on net basis	Restated 2007-2008
	£m	£m	£m	£m	£m	£m
<b>Fixed assets</b>						
Intangible assets	1	-	-	-	-	1
Tangible assets	3,495	5	15	-	-	3,515
	<u>3,496</u>	<u>5</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>3,516</u>
<b>Current assets</b>	6,320	-	-	-	(3,537)	2,783
<b>Creditors: amounts falling due within one year</b>	<u>(1,003)</u>	<u>-</u>	<u>-</u>	<u>(46)</u>	<u>-</u>	<u>(1,049)</u>
<b>Net current assets</b>	<u>5,317</u>	<u>-</u>	<u>-</u>	<u>(46)</u>	<u>(3,537)</u>	<u>1,734</u>
<b>Total assets less current liabilities</b>	8,813	5	15	(46)	(3,537)	5,250
<b>Creditors: amounts falling due after more than one year</b>						
Creditors	(4,786)	(23)	-	-	3,402	(1,407)
Nuclear liabilities	(44,095)	(5)	-	-	-	(44,100)
Provisions for liabilities and charges	(3,134)	-	(3)	3	135	(2,999)
<b>Total creditors due after more than one year</b>	<u>(52,015)</u>	<u>(28)</u>	<u>(3)</u>	<u>3</u>	<u>3,537</u>	<u>(48,506)</u>
<b>Net liabilities before pension liability</b>	(43,202)	(23)	12	(43)	-	(43,256)
Pension asset/(liability)	(1)	-	-	-	-	(1)
<b>Net liabilities including pension asset</b>	<u>(43,203)</u>	<u>(23)</u>	<u>12</u>	<u>(43)</u>	<u>-</u>	<u>(43,257)</u>
<b>Reserves</b>						
Transfer reserve	(23,066)	(23)	15	-	-	(23,074)
Revaluation reserve	19	-	-	-	-	19
General reserve	(20,156)	-	(3)	(43)	-	(20,202)
<b>Total Government funds</b>	<u>(43,203)</u>	<u>(23)</u>	<u>12</u>	<u>(43)</u>	<u>-</u>	<u>(43,257)</u>

Authority - impact on balance sheet at 31 March 2008	2007- 2008 £m	Transfer from UKAEA £m	NDA Properties Limited £m	Adoption FRS 25, 26 and 29 £m	Restated contract balances on the net basis £m	Restated 2007- 2008 £m
<b>Fixed assets</b>						
Intangible assets	1	-	-	-	-	1
Tangible assets	3,315	5	-	-	-	3,320
Investments in subsidiaries	197	-	12	-	-	209
	<b>3,513</b>	<b>5</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>3,530</b>
<b>Current assets</b>	6,156	-	-	-	(3,537)	2,619
<b>Creditors: amounts falling due within one year</b>	(967)	-	-	(46)	-	(1,013)
<b>Net current assets</b>	<b>5,189</b>	<b>-</b>	<b>-</b>	<b>(46)</b>	<b>(3,537)</b>	<b>1,606</b>
<b>Total assets less current liabilities</b>	8,702	5	12	(46)	(3,537)	5,136
<b>Creditors: amounts falling due after more than one year</b>						
Creditors	(4,784)	(23)	-	-	3,402	(1,405)
Nuclear liabilities	(44,045)	(5)	-	-	-	(44,050)
Provisions for liabilities and charges	(3,118)	-	-	3	135	(2,980)
<b>Total creditors due after more than one year</b>	<b>(51,947)</b>	<b>(28)</b>	<b>-</b>	<b>3</b>	<b>3,537</b>	<b>(48,435)</b>
<b>Net liabilities</b>	<b>(43,245)</b>	<b>(23)</b>	<b>12</b>	<b>(43)</b>	<b>-</b>	<b>(43,299)</b>
<b>Reserves</b>						
Transfer reserve	(23,071)	(23)	15	-	-	(23,079)
Revaluation reserve	13	-	-	-	-	13
General reserve	(20,187)	-	(3)	(43)	-	(20,233)
<b>Total Government funds</b>	<b>(43,245)</b>	<b>(23)</b>	<b>12</b>	<b>(43)</b>	<b>-</b>	<b>(43,299)</b>

### 3. Income

	2009 £m	2008 £m
Reprocessing and waste management	1,066	876
Electricity generation	504	279
Fuel manufacture	247	184
Other income	158	117
Rental income	5	7
	<b>1,980</b>	<b>1,463</b>

The NDA has reviewed and shortened the time period over which income from reprocessing and waste management contracts is recognised and shortened. Turnover will now be recognised over the commercial operating life of the plant, excluding Post Operational Clean Out and decommissioning period.

### 4. Operating costs

	Note	2009 £m	Restated 2008 £m
Contractor costs		(2,243)	(2,181)
Trading costs		(168)	(177)
M&O contractor fees		(73)	(97)
Staff costs	5	(71)	(53)
Skills & socio-economic development programme		(27)	(15)
Administration costs		(31)	(38)
Rentals under operating leases		(1)	(1)
Insurance		(16)	(14)
Auditors' remuneration - audit fees (a)		(1)	(1)
Research and development costs		(11)	(18)
Other operating costs		(86)	(60)
		<b>(2,728)</b>	<b>(2,655)</b>
Less: contractor costs capitalised		404	433
		<b>(2,324)</b>	<b>(2,222)</b>
Amortisation of intangible fixed assets	10	(1)	-
Depreciation of tangible fixed assets	11	(435)	(329)
Impairment of tangible fixed assets (excluding capitalised decommissioning costs)	11	(55)	(356)
Loss on sale of tangible fixed assets		(2)	-
Trade debtors release	17	63	-
Unrealised net gains / (losses) on derivative financial instruments (b)	27	70	(38)

	Note	2009 £m	Restated 2008 £m
Release of recoverable contract costs relating to long-term contracts (c)	15	(1,147)	-
Nuclear liability charge	25	(701)	(4,512)
Non-nuclear provision credit / (charge) (d)	26	868	(353)
		<u>(3,664)</u>	<u>(7,810)</u>

(a) Audit fees payable to the National Audit Office (NAO) are as follows:

- in respect of the statutory audit of the Authority and the NDA Group £900,000 (2007/2008) - £880,000)
- in respect of the implementation of International Financial Reporting Standards £60,000 (2007/2008 - £nil)

(b) Unrealised net gains / (losses) on derivative financial instruments recognised following adoption of FRS 25, 26 and 29.

(c) Costs relating to Post Operational Clean Out and decommissioning of plant relating to long term reprocessing and waste management contracts, matching costs to a revised income recognition period.

(d) Includes the release of contract provisions relating to loss-making reprocessing and waste management contracts.

## 5. Staff costs

	NDA Group		Authority	
	2009 £m	2008 £m	2009 £m	2008 £m
Wages and salaries	(55)	(39)	(27)	(24)
Social security costs	(5)	(4)	(3)	(3)
Pension costs (see note 28)	(9)	(7)	(5)	(4)
Total permanent staff	<u>(69)</u>	<u>(50)</u>	<u>(35)</u>	<u>(31)</u>
Interim and contracted staff	(2)	(3)	(2)	(2)
<b>Total staff costs</b>	<u>(71)</u>	<u>(53)</u>	<u>(37)</u>	<u>(33)</u>

Pension costs includes only those items included within operating costs. Items reported elsewhere have been excluded.

Directors' emoluments are included in the above figures and can be seen in the Remuneration Report on page 49.

The average full-time equivalent NDA staff during the year was:

	NDA Group		Authority	
	2009 No.	2008 No.	2009 No.	2008 No.
Directors	5	5	5	5
Other staff	915	738	340	297
Total staff	<u>920</u>	<u>743</u>	<u>345</u>	<u>302</u>
Interim and contracted staff	29	42	22	38
	<u>949</u>	<u>785</u>	<u>367</u>	<u>340</u>

145 staff were transferred into International Nuclear Services Limited, a wholly owned subsidiary, from Sellafield Limited on 1 April 2008.

## 6. Net financing charges

	2009 £m	2008 £m
<b>Financing charges</b>		
<b>Revalorisation of nuclear liabilities: (see note 25)</b>		
- Changes in price levels	(134)	(1,190)
- Unwinding of one year's discount	(791)	(673)
	(925)	(1,863)
- Top up of advance payments	(36)	(161)
	(961)	(2,024)
<b>Revalorisation of other provisions: (see note 26)</b>		
- Changes in price levels	(5)	(106)
- Unwinding of one year's discount	(64)	(55)
	(1,030)	(2,185)
<b>Pensions finance charges (see note 28)</b>	(1)	-
<b>Interest receivable and other income</b>		
Investment income	1	2
Interest receivable and other income	14	18
	(1,016)	(2,165)

## 7. Taxation

The explanation for the tax credit in the year is set out below.

	2009 £m	Restated 2008 £m
Deficit on ordinary activities before tax	(2,700)	(8,512)
Deficit on ordinary activities before tax at the UK standard rate of corporation tax of 28% (2007/2008: 30%)	(756)	(2,554)
Effects of:		
Income which qualifies for statutory exemptions	668	2,411
Capital allowances for the year in excess of depreciation	(92)	(128)
Unutilised losses	180	271
Current tax charge for the year	-	-
Deferred tax release	3	-
	3	-

The NDA does not pay tax on any profits arising from its activities in relation to decommissioning, and similarly losses are not deductible in relation to decommissioning. A deferred tax asset has not been recognised in respect of any non-decommissioning losses incurred by the NDA as the NDA does not anticipate suitable taxable surplus arising in the foreseeable future.

A deferred tax liability of £2,568,000 was transferred to the NDA on 1 April 2008 with the transfer of BNFL Properties Limited to the NDA. This company was renamed NDA Properties Limited and brought in to the NDA tax group for Corporation Tax purposes. It is anticipated that any taxable profits in NDA Properties Limited in the foreseeable future will be offset using NDA group losses. As a result, the deferred tax liability of £2,568,000 that was transferred to the NDA has been released.

## 8. Notional cost of capital credit

	2009 £m	2008 £m
Notional cost of capital credit	1,547	1,401

Notional interest is calculated at 3.5% (2007/2008 3.5%) on the average capital employed during the year as required by HM Treasury.

## 9. Deficit attributable to the Authority

As a consolidated income and expenditure account is included in these financial statements, the Authority's individual income and expenditure account has not been included in accordance with Section 230 of the Companies Act. The result for the financial year of the Authority was a deficit of £2,715 million (2007/2008 (restated) £8,522 million).

## 10. Intangible fixed assets

NDA Group and Authority	£m
<b>Cost</b>	
At 31 March 2008	35
Additions	-
At 31 March 2009	35
<b>Amortisation</b>	
At 31 March 2008	(34)
Charge	(1)
At 31 March 2009	(35)
<b>Net book value</b>	
At 31 March 2009	-
At 31 March 2008	1

## 11. Tangible fixed assets

NDA Group	Land & Buildings – Freehold	Land & Buildings – Short Leasehold	IT Equipment	Fixtures & Fittings	Plant & Equipment	Transport Equipment	Assets Under Construction	Capitalised Decommissioning costs	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Cost or valuation</b>									
At 31 March 2008	3,565	59	10	115	4,852	39	2,178	4,383	15,201
Restatement – see note 2	23	-	15	-	-	-	-	-	38
Restated balance at 31 March 2008	3,588	59	25	115	4,852	39	2,178	4,383	15,239
Non cash provision elimination (f)	(166)	-	(5)	(2)	(550)	(1)	(1,519)	-	(2,243)
Reclassification from recoverable contract costs (e)	-	-	-	-	-	-	-	1,197	1,197
Change in cost estimate (c)	-	-	-	-	-	-	-	(129)	(129)
Additions	3	1	-	1	10	1	435	-	451
Reclassifications	35	-	-	1	190	3	(233)	(7)	(11)
Disposals	(3)	(1)	-	(1)	(33)	(1)	(30)	(248)	(317)
Revaluations	476	-	-	-	(5)	7	-	-	478
At 31 March 2009	3,933	59	20	114	4,464	48	831	5,196	14,665
<b>Depreciation and impairment</b>									
At 31 March 2008	(3,005)	(24)	(7)	(112)	(3,996)	(24)	(580)	(3,958)	(11,706)
Restatement – see note 2	(8)	-	(10)	-	-	-	-	-	(18)
Restated balance at 31 March 2008	(3,013)	(24)	(17)	(112)	(3,996)	(24)	(580)	(3,958)	(11,724)
Charge in year	(223)	(2)	(2)	(1)	(100)	(3)	(35)	(69)	(435)
Reclassification from recoverable contract costs	-	-	-	-	-	-	-	(985)	(985)
Transfer to recoverable contract costs	-	-	-	-	-	-	-	(86)	(86)
Change in cost estimate	-	-	-	-	-	-	-	(31)	(31)
Reclassification	(2)	-	-	-	(15)	-	21	7	11
Disposals	3	-	-	1	33	1	24	383	445
Impairments	(1)	-	-	-	(14)	-	(40)	-	(55)
Revaluations	29	-	-	-	-	-	-	-	29
At 31 March 2009	(3,207)	(26)	(19)	(112)	(4,092)	(26)	(610)	(4,739)	(12,831)
<b>Net book value</b>									
At 31 March 2009	726	33	1	2	372	22	221	457	1,834
At 31 March 2008 (restated)	575	35	8	3	856	15	1,598	425	3,515

Leased assets with a net book value of £1 million (2007/2008 £1 million) are included within transport equipment in the above table.

**Authority**

	Land & Buildings – Freehold £m	Land & Buildings – Short Leasehold £m	IT Equipment £m	Fixtures & Fittings £m	Plant & Equipment £m	Transport Equipment £m	Assets Under Construction £m	Decommissioning costs £m	Total £m
<b>Cost or valuation</b>									
At 31 March 2008	3,565	55	9	113	4,691	12	2,099	4,329	14,873
Restatement – see note 2	-	-	15	-	-	-	-	-	15
Restated balance at 31 March 2008	3,565	55	24	113	4,691	12	2,099	4,329	14,888
Non cash provision elimination (f)	(166)	-	(5)	(2)	(550)	(1)	(1,519)	-	(2,243)
Reclassification from recoverable contract costs (e)	-	-	-	-	-	-	-	1,197	1,197
Change in cost estimate (c)	-	-	-	-	-	-	-	(129)	(129)
Additions	2	1	-	-	10	1	396	-	410
Reclassifications	35	-	-	1	147	-	(189)	(4)	(10)
Disposals	(3)	(1)	-	-	(20)	-	(30)	(252)	(306)
Revaluations	482	-	-	-	-	-	-	-	482
At 31 March 2009	3,915	55	19	112	4,278	12	757	5,141	14,289
<b>Depreciation and impairment</b>									
At 31 March 2008	(3,005)	(23)	(6)	(110)	(3,865)	(11)	(583)	(3,955)	(11,558)
Restatement – see note 2	-	-	(10)	-	-	-	-	-	(10)
Restated balance at 31 March 2008	(3,005)	(23)	(16)	(110)	(3,865)	(11)	(583)	(3,955)	(11,568)
Charge in year	(221)	(2)	(2)	(1)	(92)	(1)	(35)	(69)	(423)
Reclassification from recoverable contract costs	-	-	-	-	-	-	-	(985)	(985)
Transfer to recoverable contract costs	-	-	-	-	-	-	-	(86)	(86)
Change in cost estimate	-	-	-	-	-	-	-	(31)	(31)
Reclassification	(2)	-	-	-	(15)	-	20	7	10
Disposals	3	-	-	-	20	-	26	382	431
Impairments	(1)	-	-	-	(14)	-	(40)	-	(55)
Revaluations	20	-	-	-	-	-	-	-	20
At 31 March 2009	(3,206)	(25)	(18)	(111)	(3,966)	(12)	(612)	(4,737)	(12,687)
<b>Net book value</b>									
At 31 March 2009	709	30	1	1	312	-	145	404	1,602
At 31 March 2008 (restated)	506	32	8	3	826	1	1,516	374	3,320

(a) Freehold land and buildings, excluding land and buildings located inside the nuclear licensed site boundaries, were revalued at 31 March 2009 on the basis of existing use value or market value, as appropriate, by independent qualified valuers. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors in the United Kingdom Valuation Standards by Dixon Webb Chartered Surveyors. The majority of the revaluation adjustment relates to land identified as having potential for alternative use.

(b) Freehold land and buildings with a net book value of £387 million are classified as assets held for resale, see note 38.

(c) The change in cost estimate of capitalised decommissioning costs of £129 million includes £30 million relating to increases in nuclear provisions and £2 million relating to financing charges offset by £161 million of reduced cost estimates (see note 25).

(d) Depreciation disposals of £445 million includes £132 million relating to the £161 million reduced cost estimate referred to in (c) above. Corresponding cumulative depreciation of £132 million previously charged to recoverable contract costs has been reversed (see note 15).

(e) Review of the treatment of Post Operational Capital Costs and future decommissioning capital expenditure has identified that £1,197 million had not previously been capitalised in accordance with FRS12, but had been included as part of the recoverable contract cost balance. This balance has now been transferred to fixed assets, offset by a corresponding depreciation charge of £985 million reflecting the accumulated depreciation balance on the associated FRS12 items.

(f) Capital expenditure incurred as part of decommissioning, and fully provided within nuclear provisions is included within the fixed asset balances. In order that the nuclear provision reflects only future cash costs, the fixed asset balances of £2,243 million relating to assets constructed during decommissioning have been eliminated against the nuclear provision (see note 25). This includes £329 million in respect of expenditure capitalised in the year.

## 12. Investments in subsidiaries

Authority	£m
<b>Cost</b>	
At 31 March 2008	197
Restatement - see note 2	12
Restated balance at 1 April 2008	<u>209</u>
Additions	-
At 31 March 2009	<u>209</u>
<b>Impairment</b>	
At 31 March 2008	-
Charge	(3)
At 31 March 2009	<u>(3)</u>
<b>Net book value</b>	

At 31 March 2009	<u>206</u>
At 1 April 2008	<u>209</u>

Details of the Authority's principal subsidiaries at 31 March 2009 are as follows:

Direct Rail Services Limited (DRS) is wholly owned by the NDA. Its purpose is to provide rail transport services within the UK and it is incorporated in the UK.

International Nuclear Services Limited (INSL) is a wholly owned subsidiary of the NDA, incorporated in the UK, and is involved with the management of the transportation of spent fuel, reprocessing products and waste. The company also has two wholly owned subsidiaries, INS Japan KK and INS France SA, registered in Japan and France respectively, and both are involved in fuel transportation. INSL also has a 62.5% shareholding in Pacific Nuclear Transport Limited (PNTL), a UK registered company involved in the transport of nuclear materials.

INS Rokkasho KK, incorporated in Japan, is 66% owned by the NDA, and provides technical support to the nuclear industry. As a result of the control exercisable by the NDA it has been classified as a subsidiary.

NDA Properties Limited, a UK registered company, is wholly owned by the NDA. The company, formerly known as BNFL Properties Limited, was acquired by transfer scheme on 1 April 2008. The principal activity of the company is the provision of office accommodation to the nuclear estate.

Rutherford Indemnity Limited, incorporated in Guernsey, is a wholly owned subsidiary of the NDA. The principal activity of this company is nuclear insurance.

A number of dormant subsidiaries, acquired as a result of the acquisition of UK Nirex Limited in 2006, were wound up in the year. UK Nirex Limited is also in the process of being wound up, and in the opinion of the Directors these subsidiaries did not materially affect the profit or assets of the group and accordingly no further details are provided.

### **13. Deferred taxation**

A deferred tax asset in respect of non-decommissioning activities has not been recognised in respect of any losses incurred by the NDA as the NDA does not anticipate suitable taxable surplus arising in the foreseeable future. The estimated value of the deferred asset not recognised, measured at the standard rate of 28% (2007/2008 28%), is £403 million (2007/2008 - £318 million).

## 14. Stock and work in progress

	NDA Group		Authority	
	2009 £m	2008 £m	2009 £m	2008 £m
Nuclear fuels	22	29	22	28
Finished goods	11	10	11	10
Raw materials and consumables	53	52	51	50
Work in progress	108	80	108	80
	<b>194</b>	<b>171</b>	<b>192</b>	<b>168</b>

## 15. Recoverable contract costs relating to nuclear liabilities

The NDA Group and the Authority have commercial agreements in place under which some or all of the expenditure required to settle nuclear liabilities will be recovered from third parties.

	NDA Group		Authority	
	2009 £m	2008 £m	2009 £m	2008 £m
Recoverable contract costs relating to nuclear liabilities:				
Gross recoverable contract costs	4,806	5,031	4,806	5,031
Less applicable payments received on account	(2,994)	(3,402)	(2,994)	(3,402)
Less associated contract loss provisions	(120)	(135)	(120)	(135)
	<b>1,692</b>	<b>1,494</b>	<b>1,692</b>	<b>1,494</b>

Movements in gross recoverable contract costs during the year are detailed in the table below. Revalorisation reflects the change in price levels in the year and the unwinding of one year's discounting.

	NDA Group £m	Authority £m
Gross recoverable contract costs at 31 March 2008	5,031	5,031
Revalorisation (see note 25)	84	84
Increase in year (see note 25)	1,096	1,096
Release in year (see note 4)	(1,147)	(1,147)
	<b>5,064</b>	<b>5,064</b>
Reclassification to tangible fixed assets (see note 11)	(212)	(212)
Transfer from tangible fixed assets (see note 11)	86	86
Transfer to tangible fixed assets (see note 11d)	(132)	(132)
Gross recoverable contract costs at 31 March 2009	<b>4,806</b>	<b>4,806</b>

## 16. Financial instruments by category

The accounting classification of each category of financial instruments, and their carrying values, are set out below:

	Note	NDA Group		Authority	
		2009 £m	2008 £m	2009 £m	2008 £m
<b>Financial assets</b>					
Fair value through profit or loss (FVTPL):					
Derivative financial instruments	27	38	-	38	-
Other investments	18	304	250	67	-
Loans and receivables:					
Debtors falling due within one year excluding prepayments and VAT and derivative financial instruments (a)	17	186	224	281	338
Debtors falling due after more than one year	17	18	79	18	79
Cash at bank and in hand	19	186	477	146	453
		<u>732</u>	<u>1,030</u>	<u>550</u>	<u>870</u>
<b>Financial liabilities</b>					
Fair value through profit or loss (FVTPL):					
Derivative financial instruments	27	(14)	(46)	(14)	(46)
Other financial liabilities:					
Creditors falling due within one year excluding payments on account, other taxes and social security, deferred income, and grants and derivative financial instruments (b)	20	(545)	(548)	(498)	(513)
Creditors falling due after more than one year excluding payments received on account, deferred income and grants (b)	21	(19)	(1)	(9)	-
		<u>(578)</u>	<u>(595)</u>	<u>(521)</u>	<u>(559)</u>

(a) Prepayments and VAT are excluded as this analysis is required only for financial instruments.

(b) Payments received on account, deferred income, grants and, where applicable, other taxes and social security are excluded as this analysis is only required for financial instruments.

Generally, financial assets and financial liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the NDA in undertaking its activities. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1.

The fair value of financial instruments represents the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. Where market values are not available, fair values are calculated by discounting cash flows at prevailing rates. The directors consider that the carrying amount of loans and receivables and other financial liabilities approximates their fair value.

## 17. Debtors

	NDA Group		Authority	
	2009 £m	2008 £m	2009 £m	2008 £m
<b>Amounts falling due within one year:</b>				
Trade debtors	117	146	219	138
Accrued income	55	69	49	190
Other debtors	14	9	13	10
	<b>186</b>	<b>224</b>	<b>281</b>	<b>338</b>
Prepayments	11	20	9	19
VAT	39	68	39	68
Derivative financial instruments (see note 27)	38	-	38	-
	<b>274</b>	<b>312</b>	<b>367</b>	<b>425</b>
<b>Debtors falling due after more than one year:</b>				
Trade debtors	-	61	-	61
Other debtors	18	18	18	18
Total falling due after more than one year	<b>18</b>	<b>79</b>	<b>18</b>	<b>79</b>

Details of related party and intra-government balances are included within notes 35 and 36.

### Credit risk

British Energy Trading Services Ltd (BETS) sells electricity, as an agent for the NDA, to a number of counterparties. The credit risk of each counterparty and the amount of permitted credit for each counterparty is reviewed monthly by the Electricity and Output Trading Committee (a NDA committee attended by representatives from BETS). Credit limits are set at a low level preventing any significant losses in the unlikely event of a default. BETS can only trade with counterparties and on exchanges approved by the Electricity and Output Trading Committee.

Included in the NDA Group's trade debtors balance are debtors with a carrying amount of £6 million which are past due at the reporting date for which the NDA Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

### Ageing of trade debtors

	NDA Group		Authority	
	2009 £m	2008 £m	2009 £m	2008 £m
Neither impaired nor past due	111	146	218	138
Impaired (net of allowance for doubtful debts)	-	-	-	-
Not impaired but past due in the following periods:				
within 30 days	3	-	1	-
31 to 60 days	2	-	-	-
61 to 90 days	-	-	-	-
91 to 120 days	1	-	-	-
over 120 days	-	-	-	-
<b>Total</b>	<b>117</b>	<b>146</b>	<b>219</b>	<b>138</b>

### Movement in the allowance for doubtful debts

	NDA Group		Authority	
	2009 £m	2008 £m	2009 £m	2008 £m
At 31 March 2008	(71)	(71)	(71)	(71)
Amounts recovered during the year	63	-	63	-
At 31 March 2009	<b>(8)</b>	<b>(71)</b>	<b>(8)</b>	<b>(71)</b>

In determining the recoverability of a trade debtor the NDA Group considers any change in the credit quality of the trade debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

## 18. Other investments

	NDA Group		Authority	
	2009 £m	2008 £m	2009 £m	2008 £m
Investments carried at fair value	304	250	67	-

These funds are held by the Authority, Rutherford Indemnity Limited, INS Limited and Pacific Nuclear Transport Limited (PNTL). Investments at 31 March 2009 were a combination of property investments and bank deposits.

**19. Cash at bank and in hand**

	NDA Group		Authority	
	2009 £m	2008 £m	2009 £m	2008 £m
Office of Paymaster General	135	447	135	447
Balances held in commercial banks	51	30	11	6
	<b>186</b>	<b>477</b>	<b>146</b>	<b>453</b>

**20. Creditors: amounts falling due within one year**

	NDA Group		Authority	
	2009 £m	Restated 2008 £m	2009 £m	Restated 2008 £m
Trade creditors	(377)	(395)	(373)	(386)
Accruals	(163)	(150)	(123)	(126)
Other creditors	(5)	(3)	(2)	(1)
	<b>(545)</b>	<b>(548)</b>	<b>(498)</b>	<b>(513)</b>
Payments received on account*	(537)	(447)	(529)	(447)
Other taxes and social security	(6)	(2)	(5)	(1)
Deferred income	(5)	(5)	(5)	(5)
Grants	(1)	(1)	(1)	(1)
Derivative financial instruments (see note 27)	(14)	(46)	(14)	(46)
	<b>(1,108)</b>	<b>(1,049)</b>	<b>(1,052)</b>	<b>(1,013)</b>

\* Payments received on account. This relates to amounts which customers have paid for the provision of services under long-term contracts. These will be released to the income and expenditure account and hence recognised as income as the services are provided. Balances are shown net after deduction from any applicable recoverable contract costs.

**21. Creditors: amounts falling due after more than one year**

	NDA Group		Authority	
	2009 £m	Restated 2008 £m	2009 £m	Restated 2008 £m
Obligations under finance leases	(1)	(1)	-	-
Other creditors	(18)	-	(9)	-
	<b>(19)</b>	<b>(1)</b>	<b>(9)</b>	<b>-</b>
Payments received on account*	(1,202)	(1,402)	(1,202)	(1,402)
Deferred income	(1)	-	-	-
Grants	(3)	(4)	(3)	(3)
	<b>(1,225)</b>	<b>(1,407)</b>	<b>(1,214)</b>	<b>(1,405)</b>

\* Payments received on account. This relates to amounts which customers have paid for the provision of services under long-term contracts. These will be released to the income and expenditure account and hence recognised as income as the services are provided. Balances are shown net after deduction from any applicable recoverable contract costs.

## 22. Capital commitments

At 31 March 2009 there were capital commitments to construct assets totalling £495 million (2007/2008 £264 million).

## 23. Commitments under leases

### Commitments under operating leases

At 31 March the NDA Group and Authority were committed to make the following payments under non-cancellable operating leases:

	Land & Buildings 2009 £m	Other 2009 £m	Land & Buildings 2008 £m	Other 2008 £m
Expiring within one year	(1)	(1)	(2)	(1)
Expiring between one and five years	(4)	(1)	(2)	(1)
Expiring after five years	(5)	-	(4)	-
	<u>(10)</u>	<u>(2)</u>	<u>(8)</u>	<u>(2)</u>

### Commitments under finance leases

At 31 March the NDA Group (but not the Authority) was committed to make the following payments under finance leases:

	2009 £m	2008 £m
Expiring within one year	-	-
Expiring between one and five years	(1)	-
Expiring after five years	-	(2)
	<u>(1)</u>	<u>(2)</u>
Less: finance element of future payments	-	1
	<u>(1)</u>	<u>(1)</u>

## 24. Other commitments

At 31 March the NDA also had the following commitments in respect of its socio-economic development programme:

	2009 £m	2008 £m
West Cumbrian Cottage Hospitals	-	7
Drigg Communities Trust Fund	-	5
Skills initiatives	-	3
	-	15

These commitments are due as follows:

	2009 £m	2008 £m
Due within one year	-	10
Due between one and five years	-	5
	-	15

## 25. Nuclear liabilities

	Discounted	
	NDA Group £m	Authority £m
At 31 March 2008	(44,095)	(44,045)
Restatement - see note 2	(5)	(5)
Restated balance at 31 March 2008	(44,100)	(44,050)
Financing charges	(a)	
Changes in price levels	(142)	(140)
Unwind of one year's discount	(869)	(869)
	(1,011)	(1,009)
Provision changes through Income and Expenditure	(b)	
Changes in future cost estimates	(2,129)	(2,128)
Provision discharged in the year	1,428	1,428
Nuclear provision charge (see note 4)	(701)	(700)
Provision changes impacting fixed assets	(c)	
Reclassification of provision in respect of previously capitalised assets (see note 11f)	2,243	2,243

Reduction in value of FRS12 assets from change in cost estimate (see note 11c)		161	161
		<u>2,404</u>	<u>2,404</u>
Provision changes offset by recoverable contract costs (see note 15)	(d)	(1,096)	(1,096)
At 31 March 2009		<u>(44,504)</u>	<u>(44,451)</u>

Of the NDA Group total £4,806 million (2007/2008: £5,031 million) is recoverable under commercial agreements (See note 15).

Reconciliation of financing charge	2008-2009	
	£m	£m
Financing charges		(1,011)
Less: revalorisation of customer recoverable (see note 15)	84	
Less: financing element of fixed asset additions (see note 11c)	<u>2</u>	
		<u>86</u>
Financing charge in note 6		<u>(925)</u>

(a) The discount implicit in recognising the nuclear liability is unwound over the life of the provision. The part of the unwinding of the discount attributable to the NDA is included in the income and expenditure account as a financing item and the parts recoverable from customers and representing FRS 12 fixed assets are included as additions to recoverable contract costs relating to Nuclear Liabilities and Fixed Assets respectively.

(b) Provision changes through the income and expenditure account. Changes in the estimated future cost of discharging the nuclear liability are taken to the income and expenditure account, except to the extent that they are offset by customer related contracts or are matched by changes in decommissioning (FRS 12) assets. The provision discharged in the year is the planned cost of work completed in the year, and is released through the income and expenditure account to offset actual contractor costs incurred in discharging that work.

(c) Provision changes impacting fixed assets. Changes in the estimated future cost of decommissioning, related to commercial plants, are offset by matching changes in the value of the FRS 12 asset. In the year, waste management and decommissioning assets constructed in prior years as part of the discharge of nuclear liability have been eliminated from fixed assets with a corresponding reduction in nuclear provision.

(d) Provision changes affecting cost recovery. A portion of the nuclear provision is recoverable under commercial agreements. Increases in the estimated future cost of discharging the nuclear liability are therefore matched by an increase in recoverable contract costs.

The NDA's nuclear provisions are based upon the Lifetime Plan (LTP) estimates prepared by each site, discounted at 2.2% per annum in line with HM Treasury guidance.

These plans are extremely detailed but are necessarily based on assumptions derived from detailed technical assessments of the processes and methods likely to be used to discharge the obligations. These assumptions reflect a combination of the latest technical knowledge available, the timescale involved and the requirements of the existing regulatory regime, Government policy and commercial agreements. At all sites other than Sellafield, the derivation and changes to the LTP are now by a controlled incremental change rather than a full annual review of the entire plan. This is possible as a result of the maturity of the established LTP.

The nuclear liabilities recorded are the best estimate from the information available. However, there remains a significant degree of inherent uncertainty in the future cost estimates, examples of which include:

- site end states, which define the physical condition of the site when the programme of work has been completed, are being reviewed in consultation with local stakeholders
- the timing of final site clearance is not yet finalised and amendments to this will impact on the provision
- there is a lack of detailed information held on the design of the legacy ponds and silos and the exact quantities and chemical composition of the historical wastes held in them. This means treatment is more difficult and uncertainty exists around the dismantling processes that will be required
- gaining an understanding of the extent of the contaminated land requires significant site investigation. This will enable sites to estimate the costs based on more accurate quantities. There remain some areas of uncertainty, which could affect the estimates (both up and down), notably the high hazards at Sellafield and the uncertain state of some of the infrastructure underpinning commercial operations, but across most of the NDA's estate the scope of the work is now clear
- the NDA's funding profile can also cause plans to vary
- a better understanding is required about the phasing of work and risks arising from programme inter-dependencies, whereby delays to one project can cause significant knock-on delays and cost increases
- the costs for Sellafield, where the new PBO has committed to a comprehensive review of the LTP for submission in 2010
- future Government policy positions and future regulatory change
- technological advances which may occur to facilitate the work undertaken to decommission and clean up the sites

The NDA continues work to improve the robustness of these estimates where possible, and therefore to reduce the uncertainty inherent in the provision.

## 26. Other provisions for liabilities and charges

NDA Group	Contract loss			Total £m
	Restructuring £m	provisions £m	Other £m	
At 31 March 2008	(156)	(2,825)	(153)	(3,134)
Restatement – see note 2	-	138	(3)	135
Restated balance at 31 March 2008	(156)	(2,687)	(156)	(2,999)
Financing charges	(3)	(64)	(2)	(69)
Reclassification	-	-	2	2
Increase in provisions	(1)	-	1	-
Released in year	29	805	34	868
	(131)	(1,946)	(121)	(2,198)
Reduction in amount deducted from recoverable contract costs (see note 15)	-	(15)	-	(15)
At 31 March 2009	(131)	(1,961)	(121)	(2,213)

Authority	Contract loss			Total £m
	Restructuring £m	provisions £m	Other £m	
At 31 March 2008	(156)	(2,825)	(137)	(3,118)
Restatement – see note 2	-	138	-	138
Restated balance at 31 March 2008	(156)	(2,687)	(137)	(2,980)
Financing charges	(3)	(64)	(2)	(69)
Increase in provisions	(1)	-	-	(1)
Released in year	29	805	44	878
	(131)	(1,946)	(95)	(2,172)
Reduction in amount deducted from recoverable contract costs (see note 15)	-	(15)	-	(15)
At 31 March 2009	(131)	(1,961)	(95)	(2,187)

(a) The restructuring provisions have been made to cover continuing annual payments to be made under early retirement arrangements to individuals working for SLCs who retired early, or had accepted early retirement, before 31 March 2009. These payments continue at least until the date at which the individual would have reached normal retirement age. Lump sums paid to individuals on retirement are held as debtors, since they are refundable to the NDA from the appropriate pension

scheme at or after the date on which the individual concerned would have reached normal retirement age.

(b) In accordance with the requirements of Statement of Standard Accounting Practice 9 'Stocks and long-term contracts', the NDA has made full provision for the anticipated shortfall between future income and future costs.

(c) Other provisions include provisions for insurance claims and early retirements not covered by the restructuring funding arrangements with DECC.

## 27. Derivative financial instruments

	NDA Group		Authority	
	2009 £m	2008 £m	2009 £m	2008 £m
<b>Derivative financial assets carried at fair value through profit or loss</b>				
Commodity supply contracts	36	-	36	-
Forward foreign currency contracts	2	-	2	-
	<b>38</b>	<b>-</b>	<b>38</b>	<b>-</b>
<b>Derivative financial liabilities carried at fair value through profit or loss</b>				
Commodity supply contracts	(14)	(46)	(14)	(46)
Forward foreign currency contracts	-	-	-	-
	<b>(14)</b>	<b>(46)</b>	<b>(14)</b>	<b>(46)</b>

The NDA aims to reduce commodity price risk by forward selling a proportion of forecast electricity production without exposing itself to the risk of failing to meet production targets. The fair value of these instruments at 31 March 2009 is £22 million net asset (2007/2008: £46 million net liability). The estimate is based on a comparison between the contracted price (specified at the date of the deal) and the price for a similar contract at the year end (based on available market data).

The NDA is exposed to foreign currency risk through its operations as certain transactions are denominated in foreign currencies, primarily Euros or US dollars. The NDA manages the exposure by implementing a policy of selling or purchasing forward foreign currency. Forward foreign exchange contracts are held in relation to sales of MOX fuel and purchases of various components.

## 28. Retirement benefit schemes

### Defined contribution schemes

NDA employees have pension benefits provided through the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is an unfunded multi-employer defined benefit scheme and the NDA is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007 and details can be found in the resource accounts of the Cabinet Office: Civil Superannuation at [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk). In accordance with guidance issued by HM Treasury, the PCSPS is accounted for as a defined contribution scheme in these financial statements.

Direct Rail Services Limited (DRSL) employees joining after 1 April 2008 participate in the DRSL section of the defined contribution structure of the GPS Pension Scheme.

International Nuclear Services Ltd (INSL) employees participate in the UKAEA Combined Pension Scheme, the GPS Pension Scheme and the Magnox Electric Group of the Electricity Supply Pension Scheme. Participation in these schemes is in sections with other employers and INSL is unable to identify its share of the underlying assets and liabilities. Consequently INSL's participation in these schemes is accounted for as if they were defined contribution schemes, as permitted under FRS 17.

Pacific Nuclear Transport Ltd (PNTL) employees participate in two industry wide defined contribution schemes: the Merchant Navy Officers' Pension Plan (MNOPP) and the Merchant Navy Ratings' Pension Plan (MNRPP).

The total cost charged to income of £8,459,695 (2007/2008 - £6,504,000) represents contributions payable to these schemes by the NDA Group at rates specified in the rules of the schemes. No contributions were outstanding at this or the previous year end.

### Defined benefit schemes

The NDA Group participates in various pension schemes which are accounted for as defined benefit schemes.

#### Direct Rail Services Limited section of the GPS Pension Scheme (DRS)

Direct Rail Services Limited (DRSL) participates in the GPS Pension Scheme (formerly called the BNFL Group Pension Scheme). The GPS Pension Scheme is a funded defined benefit scheme that was formally sectionalised with effect from 31 March 2007. The scheme was available to all DRS employees until 31 March 2008. The defined benefit structure of the scheme was closed to new entrants on 1 April 2008 and a defined contribution structure made available for all new employees from that date. The last triennial actuarial valuation of the GPS Pension Scheme was 31 March 2007. Direct Rail Services Limited contributes to the scheme, in respect of defined benefit members, at a rate of 24.1% of pensionable salaries, as recommended by the scheme's independent actuaries. On 1 April 2008 the NDA took over from British Nuclear Fuels plc as principal employer to the GPS Pension Scheme.

**Nirex Pension Scheme (Nirex)**

The NDA took over sponsorship of the Nirex Pension Scheme (formerly called the United Kingdom Nirex Limited Pension Scheme) from United Kingdom Nirex Limited (Nirex) on 1 April 2007. The Nirex Pension Scheme is a funded defined benefit scheme. The scheme was closed to new entrants on 1 April 2007 and in 2007 all but one of the active members transferred to the PCSPS for their future service. The last triennial actuarial valuation of the Nirex Pension Scheme was 31 March 2007. The NDA contributes to the scheme at a rate of 32% of pensionable salaries, as recommended by the scheme's independent actuaries. The NDA also pays the expenses of running the scheme.

**Merchant Navy Officers Pension Fund (MNOPF)**

Pacific Nuclear Transport Ltd (PNTL) participates in the Merchant Navy Officers Pension Fund (MNOPF). The MNOPF is an industry wide funded defined benefit scheme. The scheme was closed to new entrants on 1 November 1996. The last triennial actuarial valuation of the MNOPF was 31 March 2006. PNTL contributes to the scheme at a rate of 11.9% of pensionable salaries, as recommended by the scheme's independent actuaries. All costs relating to 'Pacific' vessels are recoverable under contract from customers and hence a recoverable amount is recognised to offset the related pension scheme deficit.

**Merchant Navy Ratings Pension Fund (MNRPF)**

Pacific Nuclear Transport Ltd (PNTL) participates in the Merchant Navy Ratings Pension Fund (MNRPF). The MNRPF is an industry wide funded defined benefit scheme. The scheme was closed on 31 May 2001. The liabilities of the scheme have been capped at the level of benefits accrued to employees at the closure date, subject to adjustment for future actuarial valuations. The last triennial actuarial valuation of the MNRPF was 31 March 2005. A full actuarial valuation was carried out at 31 March 2008, although the final results are not yet available. The provisional results of that valuation have been adjusted and updated approximately for FRS 17 purposes by an independent actuary. PNTL is currently making annual payments in connection with the deficiency under the scheme, as recommended by the scheme's independent actuaries. All costs relating to 'Pacific' vessels are recoverable under contract from customers and hence a recoverable amount is recognised to offset the related pension scheme deficit.

Actuarial valuations for the various defined benefit schemes referred to above have been updated at 31 March 2009 by independent actuaries using assumptions that are consistent with the requirements of FRS 17 and the results of those calculations have been incorporated in the figures below. Investments have been valued for this purpose at fair value.

The principal actuarial assumptions used at the relevant balance sheet date are as follows:

	Valuation at							
	2009				2008			
	DRS	Nirex	MNOPF	MNRPF	DRS	Nirex	MNOPF	MNRPF
Discount rate	6.70%	6.80%	6.70%	6.80%	6.00%	6.10%	6.10%	6.10%
Rate of salary increase	5.40%	4.80%	4.90%	4.80%	5.60%	5.10%	5.10%	5.10%
Rate of price inflation	3.40%	3.30%	3.40%	3.30%	3.60%	3.60%	3.60%	3.60%
Rate of increase of pensions in payment	3.40%	3.30%	3.40%	3.30%	3.60%	3.60%	3.60%	3.60%
Rate of increase of pensions in deferment	3.40%	3.30%	3.40%	3.30%	3.60%	3.60%	3.60%	3.60%
Life expectancy for a male pensioner aged 65 (in years)	22.0	23.5	22.5	22.5	22.0	23.4	22.0	22.0
Life expectancy for a male non pensioner currently aged 45 from age 65 (in years)	23.2	24.7	24.3	24.3	23.1	24.6	23.1	23.1

Amounts recognised in the financial statements in respect of the various defined benefit schemes are set out in the tables below. Amounts relating to the Nirex Pension Scheme are recognised in the financial statements of the Authority.

2009	DRS £'000	Nirex £'000	MNOPF £'000	MNRPF £'000	Total £'000
<b>Analysis of amounts charged to operating costs:</b>					
Current service cost	(2,261)	(25)	(318)	-	(2,604)
<b>Analysis of amounts charged to net financing charges:</b>					
Expected return on scheme assets	1,112	1,239	1,110	588	4,049
Interest on scheme liabilities	(1,073)	(1,326)	(1,566)	(960)	(4,925)
Net return / (cost)	39	(87)	(456)	(372)	(876)
<b>Analysis of amounts recognised in statement of recognised gains and losses (SRGL):</b>					
Actual return less expected return on scheme assets	(3,133)	(5,393)	(4,270)	(1,729)	(14,525)
Experience gains arising on the scheme liabilities	-	325	-	770	1,095
Changes in assumptions underlying the present value of the scheme liabilities	3,892	3,655	2,635	2,045	12,227
Actuarial gain / (loss) recognised in SRGL	759	(1,413)	(1,635)	1,086	(1,203)
<b>Amounts recognised in the balance sheet:</b>					
Present value of defined benefit obligations	(16,574)	(19,383)	(24,266)	(13,611)	(73,834)
Fair value of scheme assets	17,472	17,909	16,347	10,315	62,043
Surplus / (deficit) in scheme	898	(1,474)	(7,919)	(3,296)	(11,791)
Recoverable from third parties	-	-	7,061	2,940	10,001
Asset / (liability) recognised in the balance sheet	898	(1,474)	(858)	(356)	(1,790)

2009	DRS £'000	Nirex £'000	MNOPF £'000	MNRPF £'000	Total £'000
<b>Movements in the present value of defined benefit obligations:</b>					
At 1 April 2008	(16,425)	(22,484)	(25,995)	(16,023)	(80,927)
Current service cost	(2,261)	(25)	(318)	-	(2,604)
Interest cost	(1,073)	(1,326)	(1,566)	(960)	(4,925)
Employee contributions	(513)	(4)	(116)	-	(633)
Past service costs	-	-	-	-	-
Actuarial gains	3,892	3,980	2,635	2,815	13,322
Benefits (refunded) / paid	(194)	472	1,094	557	1,929
Other	-	4	-	-	4
At 31 March 2009	(16,574)	(19,383)	(24,266)	(13,611)	(73,834)
<b>Movements in the fair value of the scheme assets:</b>					
At 1 April 2008	16,396	22,511	19,670	11,766	70,343
Employer contributions	2,390	24	815	247	3,476
Employee contributions	513	4	116	-	633
Actuarial (losses)	(3,133)	(5,393)	(4,270)	(1,729)	(14,525)
Benefits refunded / (paid)	194	(472)	(1,094)	(557)	(1,929)
Expected return on plan assets	1,112	1,239	1,110	588	4,049
Other	-	(4)	-	-	(4)
At 31 March 2009	17,472	17,909	16,347	10,315	62,043

2008	DRS £'000	Nirex £'000	MNOPF £'000	MNRPF £'000	Total £'000
<b>Analysis of amounts charged to operating profit:</b>					
Current service cost	(2,231)	(144)	(315)	-	(2,690)
Loss on curtailment	-	(139)	-	-	(139)
Total	(2,231)	(283)	(315)	-	(2,829)
<b>Analysis of amounts charged to net financing charges:</b>					
Expected return on scheme assets	805	1,666	1,374	633	4,478
Interest on scheme liabilities	(800)	(1,426)	(1,484)	(788)	(4,498)
Net return / (cost)	5	240	(110)	(155)	(20)
<b>Analysis of amounts recognised in statement of recognised gains and losses (SRGL):</b>					
Actual return less expected return on scheme assets	(606)	(445)	(3,413)	(1,068)	(5,532)
Experience gains and (losses) arising on the scheme liabilities	(2)	(1,458)	3,683	-	2,223
Changes in assumptions underlying the present value of the scheme liabilities	1,207	1,172	(76)	(342)	1,961
Actuarial (loss) / gain recognised in SRGL	599	(731)	194	(1,410)	(1,348)
<b>Amounts recognised in the balance sheet:</b>					
Present value of defined benefit obligations	(16,425)	(22,484)	(25,995)	(16,023)	(80,927)
Fair value of scheme assets	16,396	22,511	19,670	11,766	70,343
(Deficit) / surplus in scheme	(29)	27	(6,325)	(4,257)	(10,584)
Recoverable from third parties	-	-	5,640	3,797	9,437
(Liability) / asset recognised in the balance sheet	(29)	27	(685)	(460)	(1,147)

2009	DRS £'000	Nirex £'000	MNOPF £'000	MNRPF £'000	Total £'000
<b>Movements in the present value of defined benefit obligations:</b>					
At 1 April 2007	(13,966)	(30,892)	(28,663)	(15,400)	(88,921)
Current service cost	(2,231)	(144)	(315)	-	(2,690)
Interest cost	(800)	(1,426)	(1,484)	(788)	(4,498)
Employee contributions	(463)	(57)	(118)	-	(638)
Past service costs	-	-	-	-	-
Actuarial gains / (losses)	1,205	(286)	3,607	(342)	4,184
Benefits (refunded) / paid	(170)	10,195	978	507	11,510
Curtailments / settlements	-	(139)	-	-	(139)
Other	-	265	-	-	265
At 31 March 2008	(16,425)	(22,484)	(25,995)	(16,023)	(80,927)
<b>Movements in the fair value of the scheme assets:</b>					
At 1 April 2007	12,551	28,603	21,704	12,461	75,319
Employer contributions	3,013	3,090	865	247	7,215
Employee contributions	463	57	118	-	638
Actuarial losses	(606)	(445)	(3,413)	(1,068)	(5,532)
Benefits refunded / (paid)	170	(10,195)	(978)	(507)	(11,510)
Expected return on plan assets	805	1,666	1,374	633	4,478
Curtailments / settlements	-	-	-	-	-
Other	-	(265)	-	-	(265)
At 31 March 2008	16,396	22,511	19,670	11,766	70,343

The analysis of the various defined benefit scheme assets and the expected rates of return at the balance sheet date are as follows:

	Expected return		Fair value of assets	
	2009	2008	2009 £'000	2008 £'000
<b>DRS scheme</b>				
Equities	7.40%	7.00%	7,966	7,760
Gilts	4.40%	4.60%	6,703	3,155
Other	6.70%	6.00%	2,803	5,481
			<b>17,472</b>	<b>16,396</b>
<b>Nirex scheme</b>				
Equities	7.40%	6.60%	8,313	11,632
Bonds	5.10%	4.70%	9,007	9,852
Cash	4.00%	4.25%	59	493
AVC			530	534
			<b>17,909</b>	<b>22,511</b>
<b>MNOPF scheme</b>				
Equities	8.00%	7.50%	8,082	10,733
Fixed interest gilts	4.00%	4.60%	5,538	5,360
Bonds	6.00%	6.10%	1,599	1,689
Property	7.00%	6.50%	1,112	1,534
Cash	0.50%	5.25%	16	354
			<b>16,347</b>	<b>19,670</b>
<b>MNRPF scheme</b>				
Equities	8.00%	7.50%	2,084	2,718
Fixed interest gilts	4.00%	4.60%	2,259	2,847
Bonds	6.00%	6.10%	5,188	5,001
Property	7.00%	6.50%	578	788
Cash	0.50%	5.25%	206	412
			<b>10,315</b>	<b>11,766</b>

The overall expected rate of return on asset assumptions have been derived by considering the expected long-term rate of return on each major asset category for each scheme as at 31 March 2009 and weighting these rates of return broadly in line with the underlying asset allocation.

The history of experience gains and losses for the various defined benefit schemes is as follows:

	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
<b>DRS scheme</b>					
Difference between expected and actual return on scheme assets:					
amount – (loss) (£'000)	(3,133)	(606)	No data available - scheme not sectionalised until March 2007		
percentage of scheme assets	18%	4%	No data available - scheme not sectionalised until March 2007		
Experience gains and losses arising on scheme liabilities:					
amount – (loss) (£'000)	-	(2)	No data available - scheme not sectionalised until March 2007		
percentage of scheme liabilities	0%	0%	No data available - scheme not sectionalised until March 2007		
Total actuarial gain:					
amount (£'000)	759	599	No data available - scheme not sectionalised until March 2007		
percentage of scheme liabilities	5%	4%	No data available - scheme not sectionalised until March 2007		
<b>Nirex scheme</b>					
Difference between expected and actual return on scheme assets:					
amount – (loss) / gain (£'000)	(5,393)	(445)	(821)	3,909	311
percentage of scheme assets	30%	2%	3%	15%	1%
Experience gains and losses arising on scheme liabilities:					
amount – (loss) / gain (£'000)	325	(1,458)	(689)	1	149
percentage of scheme liabilities	2%	6%	2%	0%	1%
Total actuarial (loss) / gain:					
amount (£'000)	(1,413)	731	2,664	(489)	1,599
percentage of scheme liabilities	7%	3%	9%	2%	7%
<b>MNOPF scheme</b>					
Difference between expected and actual return on scheme assets:					
amount – loss / (gain) (£'000)	(4,270)	(3,413)	3,853	2,354	475
percentage of scheme assets	26%	17%	18%	14%	3%

	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Experience gains and losses arising on scheme liabilities:					
amount – gain / (loss) (£'000)	-	3,683	(4,603)	-	-
percentage of scheme liabilities	0%	14%	16%	0%	0%
Total actuarial (loss) / gain:					
amount (£'000)	(1,635)	194	(1,763)	816	66
percentage of scheme liabilities	7%	1%	6%	4%	0%
<b>MNRPF scheme</b>					
Difference between expected and actual return on scheme assets:					
amount – (loss) / gain (£'000)	(1,729)	(1,068)	(357)	1,090	498
percentage of scheme assets	17%	9%	3%	9%	4%
Experience gains and losses arising on scheme liabilities:					
amount – (loss) (£'000)	(770)	-	-	-	-
percentage of scheme liabilities	6%	0%	0%	0%	0%
Total actuarial gain / (loss):					
amount (£'000)	1,086	(1,410)	(990)	44	211
percentage of scheme liabilities	8%	9%	6%	0%	2%

The history of experience gains and losses for the DRS scheme prior to the NDA taking over as principal employer on 1 April 2008 can be found in the group financial statements of British Nuclear Fuels Plc.

## 29. Reserves

NDA Group	Transfer £m	Revaluation £m	General £m	Total £m
At 31 March 2008	(23,066)	19	(20,156)	(43,203)
Restatement – see note 2	(8)	-	(46)	(54)
Restated balance at 1 April 2008	(23,074)	19	(20,202)	(43,257)
Surplus arising on revaluation of tangible fixed assets (see note 11)	-	507	-	507
Actuarial loss on pension schemes	-	-	(1)	(1)
Grant-in-Aid received	-	-	898	898
Deficit for the year	-	-	(2,697)	(2,697)
At 31 March 2009	(23,074)	526	(22,002)	(44,550)

Authority	Transfer £m	Revaluation £m	General £m	Total £m
At 31 March 2008	(23,071)	13	(20,187)	(43,245)
Restatement – see note 2	(8)		(46)	(54)
Restated balance at 1 April 2008	(23,079)	13	(20,233)	(43,299)
Surplus arising on revaluation of tangible fixed assets (see note 11)	-	502	-	502
Actuarial loss on pension schemes	-	-	(1)	(1)
Grant-in-Aid received	-	-	898	898
Deficit for the year	-	-	(2,715)	(2,715)
At 31 March 2009	(23,079)	515	(22,051)	(44,615)

The opening Transfer Reserve comprises the net liabilities transferred to the NDA at 31 March 2005 and any subsequent Machinery of Government transfers.

### 30. Reconciliation of operating surplus/(deficit) to net cash outflow from operating activities

NDA Group	2009 £m	2008 £m
Deficit from ordinary activities before financing	(1,684)	(6,347)
Depreciation of tangible fixed assets	435	329
Impairment of tangible fixed assets	55	356
Amortisation of intangible assets	1	-
Loss on sale of tangible fixed assets	2	-
Pension funding	-	(1)
(Increase) in stock and work in progress	(23)	(18)
Decrease in debtors	1,249	94
Increase in creditors due less than one year	56	103
Increase in nuclear provisions	701	4,512
(Decrease) in deferred income	(625)	(199)
(Decrease) / Increase in non-nuclear provisions	(868)	350
Net cash outflow from operating activities	(701)	(821)

## 31. Reconciliation of net cash flow to movement in net funds

	2009 £m	2008 £m
(Decrease) / increase in cash in the year	(291)	395
Cash outflow from management of liquid resources	54	15
(Decrease) / increase in net funds	(237)	410
Net funds at 1 April	727	317
Net funds at 31 March	490	727

Net funds comprise current asset investments and short-term deposits excluding deposits repayable on demand.

## 32. Analysis of net funds

NDA Group	Note	2009 £m	2008 £m
Current asset investment	18	304	250
Cash at bank and in hand	19	186	477
		490	727

## 33. Financial risk management

Due to the way in which it is financed by a combination of Government funding and commercial activities, the NDA is not exposed to the degree of financial risk faced by other business entities, although it does experience some degree of risk due to the variability of commercial income. Consequently, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body.

The NDA is funded through its commercial income, augmented by way of Grant-in-Aid. Grant-in-Aid is shown as financing in the cash flow statement. The NDA applies for top-up funding via Grant-in-Aid from the Spending Review in three year cycles, effectively fixing the grant for those three years. The nature of the NDA's activities exposes the NDA to substantial variability in commercial income and site expenditure and the NDA is required to manage these fluctuations in income and expenditure. This requires the use of extensive reporting and control mechanisms, and the SLCs have made significant investments in IT systems which have allowed the NDA to maintain a clear view of its financial position, and enabled the NDA to make funding decisions consistent with its prioritisation of work. The NDA has committed itself to creating the controls, systems, resources and contractual bases to raise standards of financial discipline and risk reporting and to reduce uncertainties over the decommissioning cost.

To assist in understanding the programme of works required and to provide a firm basis for the Grant-in-Aid requirements, the NDA has made progress in establishing the framework for the management of the nuclear legacy. Work is continuing to improve the processes for estimating costs over long periods and monitoring and managing the risks inherent in the programme. In order to better understand financial and operational risk, the NDA is also undertaking an extensive programme to embed risk management practices across all its functions and to provide contractual mechanisms to obtain assurance of good risk management practices from the SLCs.

The primary financial risks faced by the NDA are commodity price risk and foreign currency risk. Liquidity risk, interest rate risk and credit risk are not considered to be significant risks for the NDA.

### Commodity price risk

Commodity price risk is the risk or uncertainty arising from possible price movements and their impact on the commercial income and therefore ultimately on the funding requirements of the NDA. The primary risk is that electricity prices will move adversely affecting commercial income between the time that the NDA's funding requirements are set and the time when revenues are recognised.

### Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The directors do not consider the foreign currency risk exposure to be material.

The carrying amounts of the NDA Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2009 £m	2008 £m	2009 £m	2008 £m
Euro	-	-	2	-

### Liquidity risk

Liquidity risk (also referred to as funding risk) is the risk that an entity will encounter difficulty in realising assets or otherwise raising funds to meet commitments associated with financial instruments. The NDA is primarily financed through its commercial income, augmented by Government funding, and there is therefore no exposure to significant liquidity risks. Although the NDA is somewhat vulnerable to movements in commercial income, it always has the option to apply for increased funding from the Government.

### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk will occur due to mismatches of interest rates across financial

assets and financial liabilities. As all cash balances on deposit are held in highly rated short term fixed rate deposits and as the NDA has no debt instruments, the NDA considers the exposure to interest rate risk to be minimal and appropriately managed.

### Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the NDA. The NDA has two types of contract, commodity contracts and supply and reprocessing contracts.

British Energy Trading Services Ltd (BETS) sells electricity, as an agent for the NDA, to a number of counterparties. The credit risk of each counterparty and the amount of permitted credit for each counterparty is reviewed monthly by the Electricity and Output Trading Committee (a NDA committee attended by representatives from BETS). Credit limits are set at a low level preventing any significant losses in the unlikely event of a default.

The NDA manages contracts with British Energy for the supply and reprocessing of nuclear fuel. Due to the size of British Energy, the NDA's exposure to credit risk is low.

## 34. Contingent liabilities

Under the transfer scheme of 1 April 2005, the NDA has assumed responsibility for all occurrences relating to the designated sites that took place up to that date.

(a) Short term investments include £67 million (2007/2008: £67 million) of funds which are held by the NDA within charge over deposit accounts (CODAs). These represent funds provided by customers which are held in accounts controlled and owned by the NDA, over which the customer has a legal charge until the associated work has been completed. These funds will become payable to the NDA once the work is completed and the charge released. Interest on the accounts accrues to the benefit of the NDA. The balances transferred to the NDA as part of the INSL transfer.

(b) A contingent liability exists in relation to the costs of clean up of Sandside Beach in Caithness, the liability is subject to resolution.

(c) At 31 March 2009 the NDA held stocks of reprocessed plutonium and uranic material. These materials are currently held at nil value, due to uncertainty over their future use. Following recent consultation the Government is expected to clarify its policy regarding the future use of such materials which may necessitate recognition of these stocks either as an asset or as a liability.

(d) Whilst not the lead employer, the NDA is the lead organisation and has ultimate responsibility for certain nuclear industry pension schemes, including the Combined Nuclear Pension Plan, the Magnox section of the ESPS, and the GPS pension scheme. Provisions for known deficits are included within Other provisions (see note 26). However the significant turmoil in financial markets may have adversely impacted the actuarial valuations of the schemes, resulting in emerging deficits. No provisions have been made since the quantum of the deficit cannot be established with reasonable certainty.

**Contingent liabilities not required to be disclosed under FRS12 but included for parliamentary reporting and accountability purposes:**

The NDA has non-quantifiable contingent liabilities arising from indemnities given as part of the contracts for the management of the Low Level Waste Repository and Sellafield. These indemnities are in respect of the uninsurable residual risk that courts in a country which is not party to the Paris and Brussels Conventions on third party liability in the field of nuclear energy may accept jurisdiction to determine liability in the event of a nuclear incident. These are not treated as contingent liabilities within the meaning of FRS12 since the possibility of a transfer of economic benefit in settlement is considered too remote.

## **35. Related parties**

### **Government bodies**

The NDA is an Executive NDPB sponsored by DECC, which is regarded as a related party. During the year, the NDA has had various material transactions with DECC and with other entities for which DECC is regarded as the responsible department. The NDA receives Grant-in-Aid financing from DECC.

In the course of its normal business the NDA enters into transactions with Government owned banks. In addition, the NDA has a small number of material transactions with other Government Departments and other central Government bodies. Most of these transactions have been with the UK Atomic Energy Authority (UKAEA) and Ministry of Defence (MoD).

The NDA is the parent of its subsidiaries Rutherford Indemnity Limited, Direct Rail Services Limited (DRS), United Kingdom Nirex Limited, International Nuclear Services Limited (INS), INS Rokkasho KK and NDA Properties Limited.

During the year, no Board member, key manager or other related party has undertaken any material transaction with the NDA.

## 36. Intra-Government balances

Intra-Government balances NDA Group	Debtors: amounts falling due within one year £m	Debtors: amounts falling due after one year £m	Creditors: amounts falling due within one year £m	Creditors: amounts falling due after one year £m
Balances with other central Government bodies	39	-	(28)	-
Balances with local authorities	-	-	-	-
Balances with NHS trusts	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-
	<u>39</u>	<u>-</u>	<u>(28)</u>	<u>-</u>
Balances with bodies external to Government	235	18	(1,080)	(1,225)
At 31 March 2009	<u>274</u>	<u>18</u>	<u>(1,108)</u>	<u>(1,225)</u>
Balances with other central Government bodies	80	-	(52)	-
Balances with local authorities	-	-	-	-
Balances with NHS trusts	-	-	-	-
Balances with public corporations and trading funds	73	-	(205)	-
	<u>153</u>	<u>-</u>	<u>(257)</u>	<u>-</u>
Balances with bodies external to Government	159	79	(792)	(1,407)
At 31 March 2008	<u>312</u>	<u>79</u>	<u>(1,049)</u>	<u>(1,407)</u>

## 37. Losses and special payments

The disclosures in this note are in accordance with 'Managing Public Money', and the purpose of this note is to report on losses and special payments of particular interest to Parliament.

Total losses during the year 2008/2009 were £2,991,212 (2007/2008 £545,000).

	Total £	Number of cases
Stores losses	126,330	4
Losses of pay, allowances and superannuation benefits	134,459	1
Fruitless payments	406,020	12
Claims waived or abandoned	700	1
Book-keeping losses	395	1
Exchange rate fluctuation losses	2,323,308	3
<b>Total</b>	<u>2,991,212</u>	

Included within the exchange rate fluctuations losses is one case that individually exceeds £250,000: £2,273,020 relates to cumulative annual losses on sub-contract deals due to fluctuations on the Euro.

Total special payments during the year 2008/2009 were £340,496 (2007/2008 - £nil).

### **38. Post balance sheet events**

- a) On 1 April 2009 the leases on two properties were transferred from BNFL plc into NDA Properties Limited under a nuclear transfer scheme.
- b) On 29 April 2009, the NDA announced the disposal by auction of land at Bradwell, Wylfa and Oldbury sites, for £387m. The expected proceeds have been factored in to the tangible fixed asset revaluations.
- c) Land at Sellafield was nominated into the Strategic Site Assessment process for potential new build. This has enhanced the value of the land which the NDA has identified for potential disposal and this enhanced value is factored in to the tangible fixed asset revaluations.
- d) On 17 June 2009 the NDA announced the appointment of Tony Fountain as Accounting Officer and Chief Executive. Tony Fountain will join the NDA on 1 October 2009.

## Operating Unit Reports

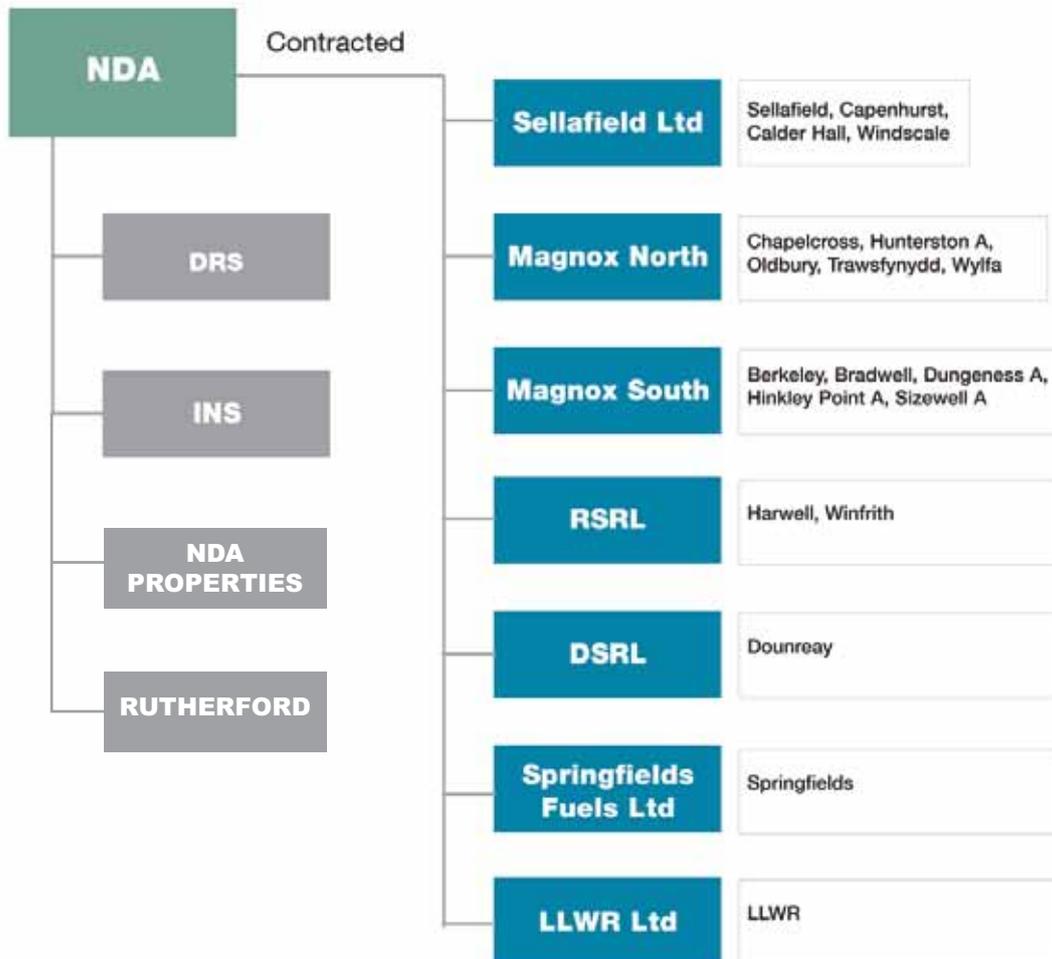
The following pages give a brief report on each of the NDA's operating units, which are grouped into Site Licence Companies and NDA owned operating subsidiaries.

The site summary reports cover progress towards delivering key milestones and activities outlined in our 2008/2011 three year Business Plan. Key earned value performance data and an overview of the safety and environmental performance of each site are also included.

Income and expenditure data is included within this Annual Report and Accounts. The subsidiary companies that are reported on are those that we consider to be our key operating units.

Due to the approval of plans to extend the Joint European Torus (JET) operations at Culham, the start of decommissioning work has been deferred from 2008 until the end of 2010. The NDA does not intend to report on activities at the Culham JET facilities in its Annual Report and Accounts until a decision is taken to designate the facilities to the NDA.

## How to Read This Section



**Below are some definitions of key concepts and terminology that are used throughout this section of the Annual Report and Accounts.**

#### **Earned value performance data**

'Earned value' refers to the work delivered by our contractors against the original budgeted cost and planned schedule of work. To help us measure earned value data, the following key concepts are used:

- **Original Budgeted Cost of Work Scheduled (BCWS)** BCWS is the budgeted cost of the work that our contractors set out to complete at the beginning of the year
- **Budgeted Cost of Work Performed (BCWP)** BCWP is the budgeted cost of work actually completed during the year
- **Actual Cost of Work Performed (ACWP)** ACWP is the actual cost of work completed in the year

To determine the earned value of our contractors' performance, the following formulae are used:

- Cost Variance  
(CV) = BCWP – ACWP
- Schedule Variance  
(SV) = BCWP – BCWS
- Cost Performance Index  
(CPI) = BCWP/ACWP
- Schedule Performance Index  
(SPI) = BCWP/BCWS

For example, when the BCWP is higher than the BCWS, this means that more work has been completed than planned. When the ACWP is lower than the BCWP, then the work has been completed at a lower cost than planned.

Key among the tools that the NDA employs to ensure that our contractors deliver work in line with our strategic priorities and for better value is portfolio management – that is, the reallocation of funds from one site or site licensee to another site or site licensee in order to bring forward work planned from future years. This sometimes results in an adjustment to the original BCWS to reflect the revised funding levels. Where appropriate, these revised BCWSs are used throughout this report in order to determine the earned value of our contractors' performance.

#### **Summary of health, safety, security & environmental performance**

The reports on the NDA's operating units provide an overview of the health, safety and environmental incidents reported at each NDA site in 2008/2009.

The following points define the different types of reportable incidents at a nuclear licensed site, as well as other health, safety and environmental information:

- **RIDDOR** stands for the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations, 1995. It applies to all work activities but not to all incidents that may occur
- **The International Nuclear Event Scale (INES)** is a scale for communicating the safety significance of events reported at nuclear installations. There are seven levels on the INES scale, ranging from an anomaly (Level 1), which indicates the least serious incident on the INES scale, to a major accident (Level 7), which represents the maximum credible accident on the INES scale. The data provided in this section indicates the frequency of incidents reported rather than the severity of the incidents
- **Environmental non-compliance** is a breach of a permit condition set by the

Environment Agency (EA) or the Scottish Environment Protection Agency (SEPA) that prevents or controls the risk of pollution to the environment

- **The Royal Society for the Prevention of Accidents (RoSPA)** is a UK charity that aims to promote safety in all fields by providing information, advice, resources and training. RoSPA holds an annual occupational health and safety awards ceremony, awarding medals to organisations that have demonstrated excellent health and safety performance
- **The Nuclear Installations Inspectorate (NII)**, is the safety regulator for the civil nuclear industry
- **The Office for Civil Nuclear Security (OCNS)**, is the independent security regulator for the civil nuclear industry
- **Total Recordable Incident Rate and Days away case rate** are standardised measures that are used for industrial health and safety performance from OSHA (OSHA is the US Department of Labor's Occupational Safety and Health Administration)

#### Key milestones and deliverables

Key milestones are agreed at the start of each financial year to enable the effective measurement of progress against objectives through agreed reporting procedures. The milestones and activities listed for each site are taken from the 2008/2011 three year Business Plan.

- **Completed** – the key milestone or activity has been completed during the financial year (2008/2009)
- **On Schedule** – the key milestone or activity was due for completion after 31 March 2009 and as at that date was on track to be completed to schedule
- **Behind Schedule** – the key milestone or activity was due for completion after 31 March

2009 and as at that date there had been a delay to the schedule

- **Deferred** – Activity deferred due to re-prioritisation and/or reallocation of funding

#### Other site information

- **Site Licensee or Site Licence Company (SLC)** This is the entity that holds the nuclear site licence and discharge authorisations in respect of a nuclear licensed site and which is directly responsible for day-to-day site management and operations
- **Parent Body Organisation (PBO)**  
In the NDA's contracting structure a Parent Company bids to own the shares of a Site Licence Company (SLC). The Parent Company may form a holding company to hold the shares in that SLC. This Parent Company then parachutes in a management team to run the SLC.

#### Status of Operations

The following categories are used to describe the stage in the lifecycle of each nuclear site:

- **Operational**  
This indicates that commercial operations, which include fuel manufacturing, electricity generation, spent fuel reprocessing and waste management services, are undertaken on the site
- **Defuelling**  
Defuelling indicates the removal of spent nuclear fuel from reactors at the Magnox stations, following the cessation of electricity generation in preparation for site care and maintenance
- **Decommissioning and Termination**  
Decommissioning and Termination is the final stage in the lifecycle of a nuclear site and refers to the clean up of radioactive and other material and progressive dismantling of the site

## Sellafield Limited

**Sellafield Limited is the Site Licence Company responsible for the operation of Sellafield (including Calder Hall), Capenhurst and, since 1 April 2008, Windscale. The current Parent Body Organisation of the company is Nuclear Management Partners Limited (NMP) following the successful transfer of shares on 24 November 2008.**

### Key developments in 2008/2009

- redundant diffusion plant structures have been demolished at Capenhurst completing all demolition projects on the site
- highly active liquor stocks (HAL) have been reduced to the lowest levels in over 20 years
- the first movement of sludge from the pile fuel storage pond to interim buffer storage has been achieved, starting the process of de-sludging one of the highest hazard facilities at Sellafield
- a team has examined the fire affected zone within Windscale Pile 1 for the first time since the fire 50 years ago thereby gaining an understanding of the condition of the core
- construction of the sludge packaging plant has commenced at Sellafield which will enable safer storage of legacy wastes



Bill Poulson  
Managing Director  
Sellafield Limited

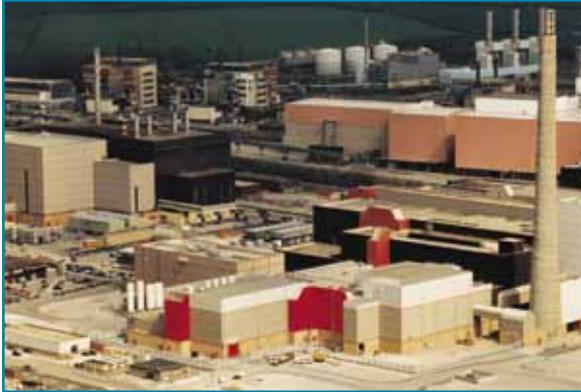
“The share transfer to Nuclear Management Partners as the new Parent Body Organisation for Sellafield in the last financial year signified a major transition for the sites and local communities.

We have brought a world class team to meet the challenges facing Sellafield Ltd with reach back capability extending across the globe.

Our increased focus on safety, disciplined professionalism and continuous improvement will underpin our drive for efficiently accelerating high hazard reduction, improving asset care and delivering value for money.

Our focus on People, Partnering and Performance will continue in the coming years as we drive towards the delivery of the NDA’s mission.”

## Sellafield including Calder Hall



Location: Cumbria

Type of Site: Nuclear Chemical Site

Status of Operation: Operations and Decommissioning

Site Licensee: Sellafield Limited

Sellafield is located in Cumbria and has an area of 262 hectares covered by the nuclear site licence. It is a large, complex nuclear chemical facility that has supported the nuclear power programme since the 1940s and has undertaken work for a number of organisations, including the United Kingdom Atomic Energy Authority (UKAEA), the Ministry of Defence (MoD), British Energy (BE) and overseas customers. Operations at Sellafield include reprocessing of fuels removed from nuclear power stations; Mixed Oxide (MOX) fuel fabrication; and storage of nuclear materials and radioactive wastes. The area around the site is environmentally sensitive. Calder Hall is located on the Sellafield site in Cumbria. It was the world's first commercial nuclear power station and started generating electricity in 1956. Generation ceased in 2003.

### Key Activities

2008/2009 Business Plan Activities	Status	Progress Report
Sanctioning projects to enable the eventual retrieval of Magnox Swarf and waste from the Legacy Ponds and Silos	On schedule	The retrieval of waste from legacy ponds and silos remains challenging. However, progress to resolve the technical risks associated with the Magnox swarf store is being made.
Isolating redundant pipework and plant systems to reduce hazard	Behind schedule	Progress has continued, although the work around the First Generation Magnox Storage Pond facility continues to prove difficult due to the age of the structure and the nature of the hazards.
Progressing projects to enable the demolition of redundant structures and facilities	Behind schedule	Demolition of redundant structures is less critical than hazard reduction and is therefore not receiving immediate attention.
Evaluating Best Practicable Environmental Options (BPEOs) for dealing with plutonium contaminated material	Complete	The BPEO evaluation has been completed and the supporting strategy for dealing with plutonium contaminated material has been approved.

### Regulatory Matters

Highly Active Liquor (HAL) stocks are below licence specification limits and at their lowest levels for 20 years.

There are a number of licence specifications on the Sellafield site to retrieve and store legacy wastes. Progress is being made on a Lifetime Plan which will provide realistic dates for the achievement of these activities.

### Key Performance Indicators

Continuing refurbishment of the Magnox storage pond skip handler, to be completed in June 2009	Work is behind schedule. 30% of crane rails have been refurbished.
Continuation of site investigation work in support of modelling of contaminated land and groundwater	Work is on schedule.
Enhancement of security arrangements to the Highly Active Liquor Evaporation and Storage (HALES) and legacy plant areas	Work on legacy island fencing and enhanced access controls is complete. HALES enhancement work is ongoing.
Reprocessing of spent fuel through THORP (subject to the availability of high active evaporator capacity)	116.5 tonnes were reprocessed against a target of 220 tonnes. The anticipated throughput was not achieved due to plant availability issues.
Preparing for the first return of vitrified waste to its country of origin	Work is behind schedule. First returns are currently planned for late 2009.
Production of 380 containers of vitrified high level waste	The equivalent of 262 containers were produced. Vit line 3 was out of service following a shield door failure in December 2008, therefore the target was not met.
Reprocessing of 525 tonnes of Magnox spent fuel	512 tonnes was processed. Work is behind schedule due to a slippage in the outage programme.
Production of 8 MOX Fuel assemblies	Work is behind schedule with 2 assemblies produced.

### Safety and Environmental Performance

Issue	Number
Total Recordable Incident Rate	0.60
Days away case rate	0.28
RIDDOR major injury	4
RIDDOR lost time accident	14
RIDDOR dangerous occurrence	1
INES incidents	8
Environmental non-compliance	0

### Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
1,364	1,326	1,242
<p>The initial Lifetime Plan submission indicated a £1,452 million BCWS for the year. During the first two months of the year the BCWS was reviewed and was reduced by £110 million to better reflect funding availability and delivery capability. The BCWS subsequently increased through the year to £1,364 million, reflecting scope changes and agreed acceleration.</p>		

## Windscale



Windscale is part of the Sellafield site in Cumbria. The site area is 14 hectares. It comprises three reactors, two of which were shut down in 1957. The third was closed in 1981. A fire damaged one of these reactors (Pile 1) in 1957, making its decommissioning a significant challenge. On 1 April 2008, the Windscale site was relicensed from UKAEA to Sellafield Limited and now forms an integral part of Sellafield Limited's responsibilities.

Location: Cumbria
Type of Site: Reactor Site
Status of Operation: Decommissioning and Termination
Site Licensee: Sellafield Limited

### Key Activities

2008/2009 Business Plan Activities	Status	Progress Report
Testing the recovery techniques for Pile 1 fuel and isotope retrieval	On schedule	Progress has continued with the design, development, manufacture and testing of prototype tools and equipment, namely the 1/5th scale Centre Plate Divider Shear and the Fuel Channel Retrieval Tool.
Continuing dismantling of the Windscale Advanced Gas-Cooled Reactor (WAGR) pressure vessel	On schedule	Only the Lower Hemisphere of the reactor pressure vessel remains, with the reactor barrel having been cut up during this year. In addition, the central catch pot has been successfully emptied of operational and decommissioning debris. The loop tubes currently await inspection and potential debris clearance.

### Regulatory Matters

The site has continued to work closely with key regulators, and each stage of decommissioning has been approved to progress the overall programme.

### Key Performance Indicators

Continuation of the safety improvement upgrades to the Post Irradiation Examination (PIE) caves	A number of cave posting interlock modifications have been completed to improve the operability of the plant and improve the safety of working practices. The Fuel Element Transfer corridor was returned to operational state.
Completion of the mock-up trials for Pile 1 fuel and isotope removal	The prototype trials completed this year have significantly contributed to successful completion of detail design stages 5 and 6, associated design reviews and safety case Hazops 1 & 2.

### Safety and Environmental Performance

Issue	Number
Total Recordable Incident Rate	0.85
Days away case rate	0.63
RIDDOR major injury	0
RIDDOR lost time accident	2
RIDDOR dangerous occurrence	0
INES incidents	0
Environmental non-compliance	0

### Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
48.1	47.5	41.6
The Original BCWS was £43.2 m but was increased to fund safety improvement upgrades to the PIE caves.		

## Capenhurst



Capenhurst is located near Ellesmere Port in Cheshire, adjacent to Urenco (the Uranium Enrichment Company), and has an area of 32 hectares covered by the nuclear site licence. It was home to a uranium enrichment plant and associated facilities that ceased operation in 1982.

Location: Cheshire
Type of Site: Uranium Facility
Status of Operation: Decommissioning and Termination
Site Licensee: Sellafield Limited

### Key Activities

2008/2009 Business Plan Activities	Status	Progress Report
Cleaning out non-operational facilities	On schedule	Over 3,000 m <sup>3</sup> of decommissioning waste with an activity of over 35 GBq has been successfully disposed of.
Demolishing redundant buildings	Complete	Demolition of the South Cable Bridge was accelerated into the year to complete demolition of redundant diffusion plant structures.

### Regulatory Matters

The site has continued to work closely with key regulators, and each stage of decommissioning has been approved to progress the overall programme.

### Key Performance Indicators

Completion of the demolition of redundant diffusion plant structure	Remaining structures, which do not provide a long term strategic purpose, have now been demolished.
Completion of incinerator operations	The incinerator has been maintained in a safe, mothballed state while future business opportunities are being investigated.
Commencement of Post Operational Clean Out (POCO) and demolition of the facility	The Hex Bottle processing plant has been recognised as an important input to the strategic development of revenue realisation from Uranic Materials. The facility will be retained to provide such support and hence POCO is now scheduled for 2014/2015.

### Safety and Environmental Performance

Issue	Number
Total Recordable Incident Rate	2.26
Days away case rate	1.69
RIDDOR major injury	0
RIDDOR lost time accident	1
RIDDOR dangerous occurrence	0
INES incidents	0
Environmental non-compliance	0

### Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
30.1	29.8	24.9
<p>The Original BCWS was £27.6 m. Due to general good performance and efficient working the site has been able to achieve more in the year than originally planned. This has meant that some activities planned for 2009/2010 commenced in 2008/2009.</p>		

## Low Level Waste Repository Limited

LLW Repository Limited is the Site Licence Company responsible for the operation of the Low Level Waste Repository (LLWR) near the village of Drigg in Cumbria. The Parent Body Organisation of the company is UK Nuclear Waste Management Limited following the award of the new PBO contract on 31 March 2008.

### Key developments in 2008/2009

- construction of Vault 9 has commenced
- clean out of facilities containing Plutonium Contaminated Material (PCM) continues
- the Copeland Community Fund was formally established
- schedule 9, requirement 2 of the Environmental Safety Case (ESC) was completed providing early sight of what the final ESC will comprise



**Richard Raaz**  
**Managing Director**

Low Level Waste Repository Limited

“LLWR had a successful year. We completed transition to the new contract, initiated construction of Vault 9, met all waste disposal demands from across the United Kingdom and have helped the NDA to prepare the first UK LLW Management Strategy. The strategy will address the long term, environmentally friendly, cost-effective management of LLW for the rest of this century. 2009 promises to be equally exciting as we are poised to offer comprehensive waste treatment services, open Vault 9 for use and push to complete analysis for the site’s Environmental Safety Case.”

## Low Level Waste Repository



The Low Level Waste Repository (LLWR) is located near Drigg in Cumbria and has an area of 98 hectares covered by the nuclear site licence. It has operated as a disposal facility since 1959. Wastes are compacted and placed in containers before being transferred to the facility. The area around the site is environmentally sensitive and is designated as a Special Area for Conservation (SAC) and Site of Special Scientific Interest (SSSI).

Location: Cumbria
Type of Site: Waste Repository
Status of Operation: Operational
Site Licensee: LLW Repository Limited

### Key Activities

2008/2009 Business Plan Activities	Status	Progress Report
Constructing new facilities for the receipt of Low Level Waste (LLW)	On schedule	In July 2008 a contract was awarded to Birse Nuclear for the construction of Vault 9 and in September 2008 ground works commenced. Significant construction work has been completed with the first area of the facility on schedule to be available for first receipts of waste during Summer 2009.
Commencing Post Operational Clean Out (POCO) of Plutonium Contaminated Material (PCM) facilities	On schedule	POCO commenced in 2008. Innovative clean up methods have been developed and as a result 148 cylinders were confirmed as LLW and placed in vault 8.

### Regulatory Matters

The construction of Vault 9 was approved.  
The Environment Agency give a positive response to Environmental Safety Case key submission.

**Key Performance Indicators**

Commencement of Vault 9 construction	Work was completed behind schedule.
Submission of Schedule 9 Requirement 2 for the Environmental Safety Case	This was completed on schedule with positive feedback received from Environment Agency.
Progress against Post Operational Clean Out (POCO) of Plutonium Contaminated Material (PCM) facilities	The project is progressing in line with the schedule with all key milestones achieved.
Delivery of key milestones for LLW National Strategy	All milestones achieved on schedule.

**Safety and Environmental Performance**

Issue	Number
Total Recordable Incident Rate	1.08
Days away case rate	1.08
RIDDOR major injury	0
RIDDOR lost time accident	1
RIDDOR dangerous occurrence	0
INES incidents	0
Environmental non-compliance	0

**Non Accounting Financial Measures (Earned Value)**

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
41.7	37.5	35.5
The Original BCWS was £37.6m		

## Magnox North Limited

**Magnox North Limited is, as of 1 October 2008, the Site Licence Company responsible for the operation of the Chapelcross, Hunterston A, Trawsfynydd, Wylfa and Oldbury sites. The current Parent Body Organisation of the company is Reactor Sites Management Company Limited, which is owned by Energy Solutions Inc.**

### Key developments in 2008/2009

- approval was secured for extended generation at Oldbury
- target generation output has been significantly exceeded
- defuelling commenced at Chapelcross
- 1,800 drums of Uranium Trioxide (UO<sub>3</sub>) shipped from Chapelcross
- hazardous asbestos was stripped from the first Heat Exchanger at Chapelcross
- all redundant fuel skip removed from the cooling ponds at Hunterston
- removal of all the remaining pond skips at Hunterston
- emptying of all the residual reactor waste from the vaults at Trawsfynydd



**Neil Baldwin**  
**Managing Director**  
Magnox North Ltd

“2008/2009 has been a great year of safe delivery in Magnox North and the teams at both our generating and decommissioning sites can take great pride in what has been achieved. Highlights for me have been:

- four of the five Magnox North sites achieving a full year without any lost time through injury
- the extension of Oldbury’s operating life
- the combined performance of Wylfa, Oldbury and Maentwrog which has yielded significant extra income for the NDA

As we look to the future, we have many exciting and new ideas about how we can deal with the remaining programme in a smarter and cheaper way. Working in partnership with the NDA and our supply chain will be vital in bringing these ideas to reality.”

**Magnox North Support Office (MNSO) provides management oversight to the operating sites at Wylfa, Maentwrog and Oldbury, the defuelling site at Chapelcross and the decommissioning sites at Hunterston A and Trawsfynydd. It ensures effective and efficient delivery of the lifecycle, safely and with care for the environment, to a care and maintenance state.**

### Key activities

Legal separation of Magnox Electric Limited in to two limited companies, Magnox North and Magnox South, was completed.

### Regulatory Matters

The executive team which form part of the support office continue to liaise with the regulators on an ongoing basis.

### Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
50.6	50.5	47.1
<p>The original BCWS was £26.9m. Additional work during the year included scope to use funds that were made available through the SLC portfolio management process. This was primarily additional scope for two instalments to affect repair to a deficit in the Magnox section of the Electricity Suppliers Pension Scheme (ESPS) (+£22.4m, including £3.2m on behalf of Magnox South).</p>		

## Chapelcross



Chapelcross power station is located near Dumfries in South West Scotland and has an area of 96 hectares covered by the nuclear site licence. It was the first nuclear power station in Scotland. Electricity generation started in 1959 and ceased in June 2004.

Location: Dumfries and Galloway
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Type of Site: Reactor Site
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Status of Operation: Defuelling
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Site Licensee: Magnox North Limited
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### Key Activities

2008/2009 Business Plan Activities	Status	Progress Report
Removing asbestos from Heat Exchangers to reduce hazard.	On schedule	The scope has been adjusted to reflect the increased complexity and progress is ahead of schedule despite delays due to bad weather.
Refurbishing fuel route equipment in preparation for defuelling	On schedule	Work is on schedule to achieve commissioning of the Reactor 4 fuel route.
Replacing aged electrical equipment	On schedule	A revised 'Fit for Purpose' scheme is being scoped and designed ready for commencing in 2009/2010.
Recovering, packaging and dispatching legacy waste to reduce hazard	On schedule	The site delivered the 2008/2009 scope ahead of schedule and is currently attending to highest hazard drums.

### Regulatory Matters

The site has received a Licence Instrument from NII to commence defuelling on Reactor 1. Defuelling has commenced, with first flask filled in February 2009.
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ILW disposal route to Miscellaneous Beta Gamma Waste Store (MBGWS) re-opened in September 2009, following approval of site disposal management arrangements by SEPA. Disposals of Intermediate Level Waste (ILW) to MBGWS have resumed and are on schedule.
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### Key Performance Indicators

Preparing for reactor defuelling in line with Magnox Operating Programme (MOP8) requirements	Work is progressing in line with MOP8 Rev 1 requirements. Commissioning has been completed and the first flask despatched to Sellafield.
Management of contaminated land	A detailed programme of work is progressing to schedule.
Progressing the decommissioning of the Chapelcross Production Plant (CXPP)	Post Operational Clean Out (POCO) is now coming to an end, allowing decommissioning work to progress.

### Safety and Environmental Performance

Issue	Number
Total Recordable Incident Rate	1.08
Days away case rate	0.72
RIDDOR major injury	0
RIDDOR lost time accident	2
RIDDOR dangerous occurrence	1
INES incidents	1
Environmental non-compliance	1

### Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
67.8	67.1	59.2
<p>The original BCWS increased from £59.7 million to £67.9 million. Additional work during the year used funds that were made available through the SLC portfolio management process. These included workforce transition to align with MOP8 (+£5.6m), increased complexity of asbestos weather containment scope (+£1.0m), asbestos removal emergent scope (+£0.5m) and optimisation of workforce to deliver additional scope in a number of areas (+£0.4m).</p>		

## Hunterston A



Hunterston A power station is located in Ayrshire, South West Scotland and has an area of 15 hectares covered by the nuclear site licence. It started electricity generation in 1964 and ceased production in 1989. The surrounding area of coastal mudflats is designated as a Site of Special Scientific Interest (SSSI).

Location: Ayrshire
Type of Site: Reactor Site
Status of Operation: Decommissioning and Termination
Site Licensee: Magnox North Limited

### Key Activities

2008/2009 Business Plan Activities	Status	Progress Report
Commencing projects to enable the retrieval and encapsulation of solid and wet Intermediate Level Waste (ILW)	Behind schedule	The solid ILW retrieval civil works has been delayed due to ground contamination. A strategic review is ongoing for solid ILW encapsulation and retrieval of liquid ILW is behind schedule owing to the re-categorisation of safety cases.
Conducting trials to support drainage and clean up of the Fuel Storage Pond	Behind schedule	Delays have been experienced with the design and installation of the retaining wall for isolating the Demo Bay - a segregated area within the ponds which will enable assessment of airborne contamination and wall treatment when the water level is low. The Demo Bay containment and ventilation commissioning is complete. The design, manufacture, installation and commissioning equipment for de-sludging the pond is ahead of schedule.
Continuing work to characterise contaminated land	On schedule	Optioneering of remediation solutions for various zones around site was completed by year end. Low Level Waste (LLW) soil volume reduction techniques are being reviewed.

### Regulatory Matters

The Solid Active Waste Retrieval project is scheduled to commence retrievals by mid 2011. All operational waste retrieval is scheduled for completion by 2015. This is beyond the NII improvement notice and discussions are ongoing with NII. Initial discussions have taken place with the NII regarding the site's intention to review the solid ILW encapsulation strategy to take cognisance of the evolving Scottish Government policy on waste disposal. Work is ongoing to prepare a formal submission of application for revised multimedia discharges.

**Key Performance Indicators**

Commencement of site installation works for the Solid ILW Retrieval Project	Some delays have been experienced to date due to identification of contamination during substructure excavations. Work to remove the soil is now complete.
Commencement of site installations work for Cartridge Cooling Pond (CCP) ILW sludges and resins	Planned scope for 2008/2009 will not be completed primarily due to a change in safety case categorisation.
Completion of work on the Temporary Weather Barrier Project	Reasonable progress has been made but there have been some delays due to inclement weather and design issues with platform supporting brackets. The issue with the brackets has now been resolved and work has re-commenced on both Reactors 1 and 2.

**Safety and Environmental Performance**

Issue	Number
Total Recordable Incident Rate	0.30
Days away case rate	0
RIDDOR major injury	0
RIDDOR lost time accident	0
RIDDOR dangerous occurrence	0
INES incidents	1
Environmental non-compliance	0

**Non Accounting Financial Measures (Earned Value)**

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
54.9	52.0	49.2
<p>The Original BCWS was increased from £54.2 million to £54.9 million. Additional work during the year included scope to use funds that were made available through the SLC portfolio management process. This included carryover scope (+ £1.5m), other minor emergent scope, including construction of security fencing around the contractors area and improvements to the modular active effluent treatment plant (+£1.0m) rescheduling of Cartridge Cooling Pond (CCP) clean and drain scope (+£1.4m), reprioritisation of scope associated with the design of compliant ILW containers, including the purchase of commissioning boxes (+£0.5m) and rescheduling of CCP skip disposal scope (+£0.1 million value). This was offset by deferral of scope in CCP sludge's recovery project (-£2.7m).</p>		

## Oldbury



Oldbury power station is located in South Gloucestershire and has an area of 51 hectares covered by the nuclear site licence. It started electricity generation in 1967. The area around the site is environmentally sensitive and has been designated as Special Protection Area (SPA) and a Site of Special Scientific Interest (SSSI).

Location: South Gloucestershire
Type of Site: Reactor Site
Status of Operation: Electricity Generation
Site Licensee: Magnox North Limited

### Key Activities

2008/2009 Business Plan Activities	Status	Progress Report
Electricity generation	On schedule	Generation of 1.5 TWh exceeded the target of 0.86 TWh for the year. Reactor 2 statutory outage was completed and Reactor 1 was returned to service in March 2009 following a shutdown of more than 900 days.
Preparing for workforce reorganisation to support defuelling operations	Deferred	The reorganisation has been deferred because the existing workforce requirements to support generation will be required for an additional 2 years.
Preparing for decommissioning and hazard reduction	On schedule	The Site Waste Management Plan has been developed and the project to empty Sludge Tank 2 has begun.

### Regulatory Matters

Approval for the continued operation was granted in December 2008.  
Approval of the Management of Change for the transition from generation to defuelling was deferred as a result of extended generation.  
Approval of the Environmental Impact Assessment for Decommissioning (EIAD) was achieved on 18 February 2009.

### Key Performance Indicators

Generation of 0.86 TWh of electricity	1.502 TWh of electricity was generated up until March 2009.
Preparing for reactor defuelling in line with MOP8 requirements	Preparations for defuelling have continued as planned and the site is on schedule to meet MOP8 Rev 1 requirements.

### Safety and Environmental Performance

Issue	Number
Total Recordable Incident Rate	0.49
Days away case rate	0
RIDDOR major injury	0
RIDDOR lost time accident	0
RIDDOR dangerous occurrence	0
INES incidents	0
Environmental non-compliance	3

### Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
79.0	78.8	70.0
<p>The Original BCWS was increased from £66.9 million to £79 million. Additional work during the year included scope to use funds that were made available through the SLC portfolio management process, for additional graphite work (+£1.0m) and support and implementation of the generation optimisation project, including an additional statutory outage on Reactor 2 (+£10.5m).</p>		

## Trawsfynydd



Trawsfynydd power station is located at Trawsfynydd in Gwynedd, North Wales and has an area of 15 hectares covered by the nuclear site licence. It started electricity generation in 1965 and ceased generating in 1991. The site is situated in the Snowdonia National Park near to a number of Sites of Special Scientific Interest (SSSIs), National Nature Reserves (NNRs) and Special Areas for Conservation (SACs).

Location: Gwynedd
Type of Site: Reactor Site
Status of Operation: Decommissioning and Termination
Site Licensee: Magnox North Limited

### Key Activities

2008/2009 Business Plan Activities	Status	Progress Report
Continuing hazard reduction through waste retrieval and decontamination	On schedule	The majority of waste retrievals are ahead of schedule with early completion of retrieval from Active Waste Vaults A1 and B1. Bulk retrievals of Reactor 2 Miscellaneous Active Component (MAC) (R2 MAC) ILW stream were completed. The South Fuel Element Debris (FED) Plant (SFP) project is on schedule.
Preparing for building height reduction including continuation of the Partial Relocation of Primary Circuit Components and commencement of roof capping	On schedule	Boiler deplanting and relocation within the safestore, the Partial Relocation of Primary Circuit Components has been completed. The Capping Roof project has carried out work on both Safestore buildings including steelwork and construction activities.

### Regulatory Matters

The License Instrument for restarting South FED operations retrieval was obtained in January 2009.

**Key Performance Indicators**

Completion of the design of the FED Vacuum system	Optioneering workshops have started ahead of schedule to find an improved solution to the current South FED retrieval operations.
Completion of the commissioning of the ILW store	The reachstacker and the straddle carrier modifications have been delivered to site this year. There have been complications with the cross site transportation safety case, and engineering solutions are being implemented to address the high humidity microclimate within the overpacks.
Commencement of Capping Roof	Activities are ahead of schedule with progress made on Reactor 2 charge face steelwork manufacture and floor preparation and bolt installation.

**Safety and Environmental Performance**

Issue	Number
Total Recordable Incident Rate	0.22
Days away case rate	0
RIDDOR major injury	0
RIDDOR lost time accident	0
RIDDOR dangerous occurrence	0
INES incidents	2
Environmental non-compliance	1

**Non Accounting Financial Measures (Earned Value)**

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
54.6	54.2	45.8
<p>The original BCWS increased from £52.3 million to £54.6 million. Additional work during the year used funds that were made available through the SLC portfolio management process. These included PRPCC (+£0.5m), Active Waste Vaults (+£1.0m), Ponds Scabbling (+£0.5m), Capping Roof construction (+£0.7m) and North FED construction (+£0.9m). The work has been scheduled to maintain cost effective use of resources. Project opportunities were realised during the year enabling cost savings.</p>		

## Wylfa



Wylfa power station is located on Anglesey in North Wales and has an area of 21 hectares covered by the nuclear site licence. Commencing electricity generation in 1971, it was the last and largest power station of its type to be built in the UK and consequently, radioactive doses during decommissioning are anticipated to be lower than at other sites. The area around the site includes several areas of environmental importance. The NDA also has designated powers to manage and operate the Maentwrog hydro-electric power station, which was opened in 1928 and is situated near the Trawsfynydd site.

Location: Anglesey
Type of Site: Reactor Site
Status of Operation: Operational
Site Licensee: Magnox North Limited

### Key Activities

2008/2009 Business Plan Activities	Status	Progress Report
Electricity generation at Wylfa power station and Maentwrog	On schedule	Target generation for Wylfa of 4.96 TWh was exceeded at 5.85 TWh. Target generation for Maentwrog of 50GWh was exceeded at 68 GWh.
Preparing for transition of the site from generation to defuelling	Deferred	Key milestones achieved for financial year. Approval for opportunity development for generation means this activity has been deferred.

### Regulatory Matters

Wylfa is working with regulators to continue generation initially to December 2010. Preparation of the Post Defuelling Safety Case (PDSC) is ongoing and will enable timely defuelling at the end of operating life.

### Key Performance Indicators

Generation of 4.96 TWh of electricity	Target exceeded with generation of 5.85 TWh of electricity up to March 2009.
Completion of Reactor 2 outage to programme	All scope delivered to enable return to service.

### Safety and Environmental Performance

Issue	Number
Total Recordable Incident Rate	0.226
Days away case rate	0
RIDDOR major injury	0
RIDDOR lost time accident	0
RIDDOR dangerous occurrence	2
INES incidents	1
Environmental non-compliance	0

### Non Accounting Financial Measures (Earned Value)

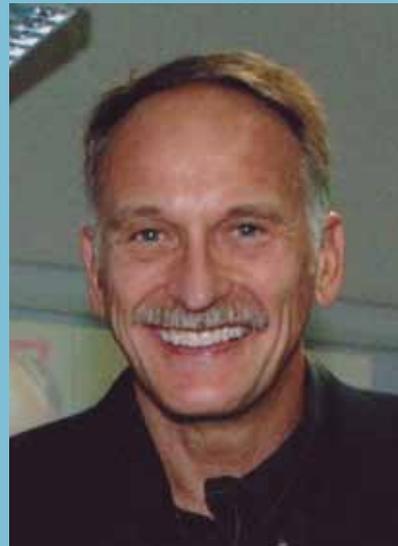
Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
103.9	102.6	93.8
<p>The Original BCWS was increased from £98.2 million to £103.9 million as a result of additional essential emergent work (including carryover (+£1.5m), sea water cooling modifications (+£2.5m), reactor wall repairs (+£0.5m) and generation optimisation business case development (+£0.5m)). This additional work which was formally change controlled during the year, utilised funds made available through the SLC portfolio management process.</p>		

## Magnox South Limited

**Magnox South Limited is, as of 1 October 2008, the Site Licence Company responsible for the management and operation of the Berkeley, Bradwell, Dungeness A, Hinkley Point A and Sizewell A sites which have all ceased generation. The current Parent Body Organisation of the company is Reactor Sites Management Company Limited, which is owned by Energy Solutions Inc.**

### Key developments in 2008/2009

- targets for disposal of contaminated waste oil from Sizewell A were exceeded
- the installation of facilities for the treatment of Low Level waste (LLW) at Bradwell was completed
- bulk defuelling of Reactor 1 at Dungeness A commenced
- redundant Fuel Element Skips from Hinkley Point A cooling ponds were removed ahead of schedule
- a major programme of removing asbestos material from Sizewell A site commenced



**Mark Lesinski**  
**Managing Director**  
Magnox South Ltd

“I am delighted with the performance in Magnox South during the past year when we have focused on reducing the hazard across all our sites and delivered £274.9million worth of work at an actual cost of £236.6million. Using our own skilled workforce we have carried out in excess of £8.5million worth of ‘self-perform’ work. Among many outstanding projects has been the completion of the programme to remove 1,175 metal skips from cooling ponds at Hinkley Point A decommissioning site, eight months ahead of schedule. This innovative project has enabled 125 tonnes of low level recyclable metal to be sent to America for reprocessing and use within the nuclear industry.”

### Magnox South Support Office (MSSO)

MSSO consists of a series of functional organisations that provide both leadership and strategic direction and act to ensure that the SLC demonstrates improved value for money to the NDA. Additionally, a number of projects are managed from MSSO, including Decommissioning Strategies, which is a UK pioneering project to develop innovative waste and technical solutions that will significantly reduce liabilities for the UK taxpayer. MSSO also manages the Magnox South Property Portfolio, including the Berkeley Centre.

### Key activities

Legal separation of Magnox Electric Limited into two limited companies, Magnox North and Magnox South, was completed.

Information Technology (IT) systems separation – Completed. Completed separation of legacy Magnox Electric IT systems to support the legal separation programme

2008/2009 has seen Magnox South developing the concept of using Ductile Cast Iron Containers (ILW Mini-Stores) as an alternative ILW storage strategy. Work to date has concentrated on extensive engagement with regulators, stakeholders and potential suppliers and will continue into 2009/2010.

### Regulatory Matters

The executive team which form part of the support office continue to liaise with the regulators on an ongoing basis.

### Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
50.1	49.8	43.4
The Original BCWS was £39.3m		

## Berkeley



Located in Gloucestershire, this was one of the UK's first nuclear power stations. The power station operated from 1962 until 1989 when it ceased electricity generation. Defuelling was completed in 1992. The area around the site is environmentally sensitive and is designated as a Special Protection Area (SPA), Special Area for Conservation (SAC), a wetland of international importance under the RAMSAR convention and Site of Special Scientific Interest (SSSI).

Location: Gloucestershire
Type of Site: Reactor Site
Status of Operation: Decommissioning and Termination
Site Licensee: Magnox South Limited

### Key Activities

2008/2009 Business Plan Activities	Status	Progress Report
Completing the Periodic Safety Review for Berkeley Power Station	Complete	Periodic Safety Review (PSR) for 2009 - 2019 covering the whole of Berkeley site was submitted to NII in August 2008.
Completing the project to separate Berkeley Nuclear Licensed Site from the Berkeley Centre	Behind schedule	Detailed scoping of separation works is completed and the business case for Berkeley Site and Berkeley Centre separation is being reviewed.

### Regulatory Matters

Nuclear Installations Inspectorate (NII) has requested to review site workforce reorganisation proposals under Management of Change arrangements.

### Key Performance Indicators

Nine topic reports issued to Independent Nuclear Safety Assessment (INSA)	Plant, operations and reference safety cases were reviewed to identify any potential issues that might challenge the safety case or safe operation of the site up to 2019 and beyond. The outcome was summarised in nine topic reports and issued to INSA.
PSR Head Document issued to INSA	This was submitted to INSA for review as part of the standard process prior to submission to the Nuclear Safety Committee.
Presentations to Nuclear Safety Committee (NSC) made on key PSR issues	A presentation was made to the NSC outlining some of the key issues and emerging conclusions from the PSR.
PSR summary report submitted to NSC	A report summarising some of the outcomes of the PSR was submitted to NSC.
PSR Head Document submitted to NII	A package of information including the Head Document was submitted to the NII.

### Safety and Environmental Performance

Issue	Number
Total Recordable Incident Rate	0.32
Days away case rate	0.35
RIDDOR major injury	0
RIDDOR lost time accident	1
RIDDOR dangerous occurrence	0
INES incidents	0
Environmental non-compliance	0

### Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
40.2	37.4	32.8
The Original BCWS was £38.8 m		

## Bradwell



Located at Bradwell in Essex and with an area of 28 hectares covered by the nuclear site licence, this power station operated from 1962 until 2002 when it ceased electricity generation.

Location: Essex
Type of Site: Reactor Site
Status of Operation: Decommissioning
Site Licensee: Magnox South Limited

### Key Activities

2008/2009 Business Plan Activities	Status	Progress Report
Removing redundant plant and decontaminating the fuel cooling pond	Behind schedule	The remaining skips are being cleaned in preparation for removal. Draining of the pond has commenced.
Preparing for the construction of facilities to enable the recovery and treatment of wet and solid Intermediate Level Waste (ILW) from site stores	On schedule	The opportunity for Fuel Element Debris (FED) dissolution design has been progressed to underpin the preliminary safety case and strategy change from encapsulation to dissolution as the BPEO. There has been engagement with stakeholders within the local community.
Removing asbestos from Boiler Houses and Circulator Halls	Complete	2,255 tonnes of asbestos waste were removed to landfill sites and a further 47 tonnes of asbestos waste were transported as Low Level Waste (LLW) to Winfrith for disposal to the LLW repository.
Enhancing electrical power supplies and accommodation to allow the safe decommissioning of existing structures	Complete	The enhancement to the site electrical power supplies has been completed.
Surveying the site to confirm levels of radiological and/or chemical soil contamination	Complete	The sampling and analysis of the land has been carried out successfully and the Land Quality Strategy Review has been issued.

### Regulatory Matters

A series of decommissioning milestones have been agreed with the NII and these have been added to the regulatory schedule. The removal of asbestos from boiler houses is a significant milestone as it is the first major deliverable against the Site Licence Condition 35 – Decommissioning.

### Key Performance Indicators

Completion of the safe removal, packaging and disposal of asbestos	PBI milestone achieved. Completion of the safe removal and final clear out of asbestos from the Bradwell Boiler Houses and Turbine Halls with a total of 2,302 m <sup>3</sup> having been removed.
Removal of pond furniture from the fuel cooling pond	PBI milestone achieved. Removal of all major pond furniture from the fuel cooling pond followed by the initial drain of 60m <sup>3</sup> water and taking five core samples to prove the principles to be used in the full pond decommissioning programme commencing in 2009/2010.
Completion of the installation of facilities for the treatment of Low Level Waste (LLW)	PBI milestone achieved. Completion of the installation of a new building for the treatment of Low Level Waste including completion of in active commissioning.
Contaminated Land Surveys	PBI milestone achieved. Completion of 20 borehole samples around the Bradwell site and completion of a land quality strategy report.
Opportunity for FED Dissolution progressed to allow ILW strategy change.	PBI milestone achieved. Opportunity for a new process for treatment of Intermediate Level Waste (ILW) Fuel Element Debris (FED Dissolution) consulted upon with stakeholders and regulators through a series of engagement sessions and studies.

### Safety and Environmental Performance

Issue	Number
Total Recordable Incident Rate	0.34
Days away case rate	0
RIDDOR major injury	1
RIDDOR lost time accident	0
RIDDOR dangerous occurrence	0
INES incidents	1
Environmental non-compliance	0

### Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
35.3	34.6	32.6
The Original BCWS was £32.4m		

## Dungeness A



Located in Kent and with an area of 20 hectares covered by the nuclear site licence, Dungeness A power station started generating electricity in 1965 and ceased in December 2006. The area around the site is environmentally sensitive, is designated as a Special Protection Area (SPA), a Special Area for Conservation (SAC) and a Site of Special Scientific Interest (SSSI), is proposed as a wetland of international importance under the RAMSAR convention and is home to the largest shingle peninsula in Europe.

Location: Kent
Type of Site: Reactor Site
Status of Operation: Decommissioning and Termination
Site Licensee: Magnox South Limited

### Key Activities

2008/2009 Business Plan Activities	Status	Progress Report
Commencing spent fuel removal from reactor cores and fuel cooling ponds, subject to capacity at Sellafield	Complete	51.65 tonnes of irradiated fuel has been shipped to Sellafield.
Continuing the dissolution of Fuel Element Debris (FED) through the Magnox Dissolution Plant (MXD)	On schedule	7.5 tonnes of Fuel Element Debris (FED) has been processed.
Installing facilities for the treatment of Low Level Waste (LLW)	Complete	Additional specialist bag monitors for the segregation of Very Low Level Waste have been purchased to further improve waste disposal processes on site.
Enhancing electrical power supplies and accommodation to allow the safe decommissioning of existing structures	On schedule	The installation of the Electrical Overlay System has been completed and to allow staff to be relocated to an alternative accommodation.

### Regulatory Matters

The NII is reviewing the Category II Safety Case for the ILW Mini Store project.  
The Environment Agency (EA) has authorised the disposal of silt from the cooling water system.  
Discharge agreement has been obtained from the Marine and Fisheries Agency.  
The NII has agreed milestones relating to Site Licence Condition 35.

### Key Performance Indicators

Reactor defuelling in line with Magnox Operating Plan (MOP 8)	PBI milestone was achieved and 54 tonnes of fuel removed off site to Sellafield.
Process 7.5 tonnes of Fuel Element Debris (FED)	PBI milestone was achieved and 7.5 tonnes of FED processed through the dissolution plant.
Completion of the electrical overlay system to support turbine hall decommissioning	All work was completed with a total of 5.5km of cable installed.

### Safety and Environmental Performance

Issue	Number
Total Recordable Incident Rate	0.42
Days away case rate	0.21
RIDDOR major injury	1
RIDDOR lost time accident	0
RIDDOR dangerous occurrence	0
INES incidents	0
Environmental non-compliance	0

### Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
50.8	50.3	41.7
The Original BCWS was £45.0m		

## Hinkley Point A



Hinkley Point A power station is located at Hinkley in Somerset and has an area of 19 hectares covered by the nuclear site licence. It started electricity generation in 1965 and ceased operations in 2000. Several Sites of Special Scientific Interest (SSSIs) and Special Protection Areas (SPAs) are situated around the site.

Location: Somerset
Type of Site: Reactor Site
Status of Operation: Decommissioning and Termination
Site Licensee: Magnox South Limited

### Key Activities

2008/2009 Business Plan Activities	Status	Progress Report
Removing, packaging and disposing of asbestos	On schedule	Activities delivered as per Asbestos Management Plan with environmental clean up of Administration Building first floor ceiling and second phase of Reactor 2 Pile-cap south stairs.
Installing facilities for the treatment of Low Level Waste (LLW)	Complete	New manual handling and size reduction equipment was installed
Removing redundant skips to allow decontamination of the fuel cooling pond	Complete	Removal of all spent fuel skips from the cooling ponds was completed 8 months ahead of schedule.
Enhancing electrical power supplies and accommodation to allow the safe decommissioning of existing structures	Complete	Site electrical supplies have been transferred to alternative distribution boards as planned.

### Regulatory Matters

Radioactive Substances Act - Schedule 8 - Environment Agency (EA) nominated improvement topic areas - work on programme and all EA expectations met on work completed to date. The plans for segregation from the British Energy owned Hinkley Point 'B' Site have been agreed by the Office of Civil Nuclear Security (OCNS).

### Key Performance Indicators

De-sludging of ponds	PBI milestone to deliver Fuel Free verification for Reactor 1 & 2 "Square" Cooling Ponds achieved.
Continuing disposal of pond skips	PBI milestone achieved.

### Safety and Environmental Performance

Issue	Number
Total Recordable Incident Rate	0.20
Days away case rate	0
RIDDOR major injury	0
RIDDOR lost time accident	0
RIDDOR dangerous occurrence	0
INES incidents	1
Environmental non-compliance	1

### Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
51.2	51.0	45.9
The Original BCWS was £46.2 m		

## Sizewell A



Located at Sizewell in Suffolk and with an area of 14 hectares covered by the nuclear site licence, Sizewell A power station started generating electricity in 1966 and ceased on 31 December 2006. The area around the site is environmentally sensitive and is designated a Special Protection Area (SPA), a Special Area of Conservation (SAC), a wetland of international importance under the RAMSAR convention, a Site of Special Scientific Interest (SSSI) and a National Nature Reserve (NNR).

Location: Suffolk
Type of Site: Reactor Site
Status of Operation: Defuelling
Site Licensee: Magnox South Limited

### Key Activities

2008/2009 Business Plan Activities	Status	Progress Report
Commencing removal of spent fuel from fuel cooling ponds subject to capacity at Sellafield	On schedule	All spent fuel from cooling pond was shipped to Sellafield for reprocessing. 4m <sup>3</sup> of plant and equipment was also removed from the cooling ponds.
Removing, packaging and disposing of asbestos	On schedule	75 m <sup>3</sup> of asbestos containing material from two pipe bridge structures was removed from site as part of a major programme of removal of asbestos material.
Enhancing of the electrical power supplies and accommodation to enable the safe decommissioning of redundant structures	On schedule	The scope of work scheduled for 2008/2009 was completed in line with plan.

### Regulatory Matters

A revised Emergency Arrangements Plan has been approved by the NII.  
The Environment Agency granted amended Water Resources Act discharge consent.

**Key Performance Indicators**

Removal and analysis of samples from the cooling pond.	The PBI was achieved and a total of 6 samples were removed and analysed. The results will inform further hazard reduction work.
Installation of two pipelines within an existing outfall tunnel.	The PBI was achieved. Work to install pipeline completed and safety screens adjacent to offshore outlet was reinstated.
Removal of all asbestos from the two pipe bridges.	The PBI was achieved. 75m <sup>3</sup> of asbestos was removed and safely disposed of.
Completion of the conceptual design for the electrical enhancements required.	The PBI was achieved with all work completed on time.
Disposal of 45m <sup>3</sup> of waste oil.	The PBI was achieved with 45m <sup>3</sup> waste oil was disposed of off site.

**Safety and Environmental Performance**

Issue	Number
Total Recordable Incident Rate	0.45
Days away case rate	0
RIDDOR major injury	1
RIDDOR lost time accident	0
RIDDOR dangerous occurrence	1
INES incidents	0
Environmental non-compliance	0

**Non Accounting Financial Measures (Earned Value)**

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
53.9	53.7	42.0
The Original BCWS was £48.9 m		

## Dounreay Site Restoration Limited

Dounreay Site Restoration Limited (DSRL) is the Site Licence Company responsible for the operation of the Dounreay site. The current Parent Body Organisation of the company is the United Kingdom Atomic Energy Authority Limited (UKAEA Limited).

### Key developments in 2008/2009

- the disposal of the bulk sodium coolant from the Prototype Fast Reactor (PFR) was completed
- isolation of the Dounreay Shaft was completed
- decommissioning and demolition of the former plutonium criticality facility (PUMA) was completed
- the Highland Council granted planning permission for the new low level waste disposal facility
- the reference design was completed for the Remote Handled Intermediate Level Waste (RHILW) encapsulation facility
- the Dounreay Materials Test Reactor (DMTR) pond was decommissioned
- emptying of the RHILW store commenced
- construction of the replacement ventilation system for the Fuel Cycle Area (FCA) started
- remote access to the old sea outfall chamber to investigate its physical condition and radiation levels was achieved
- retrieval of radioactive particles from the seabed has started

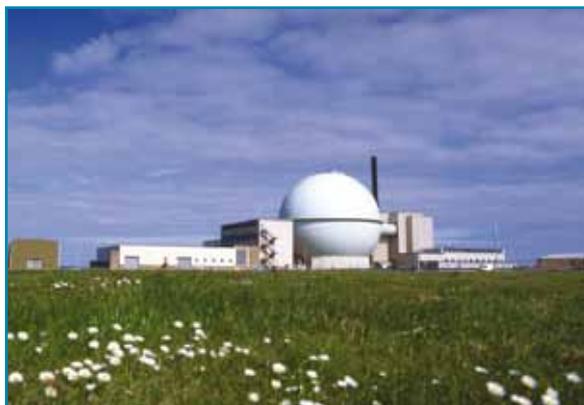


**Simon Middlemas**  
**Site Director**

Dounreay Site Restoration Limited

“It’s been a year of big achievements at Dounreay, but the demolition of the plutonium criticality laboratory stands out. Cleaning up and knocking down this once grossly contaminated building, while maintaining an excellent safety record, is an achievement the site should justly be proud of.”

## Dounreay



Dounreay is located in Caithness, Scotland, and has a total site area of 74 hectares. It was established in the mid-1950s as a research reactor site with fuel production and processing facilities. There were three reactors, the last of which ceased operation in 1994.

Location: Caithness
Type of Site: Former Research Reactor Site
Status of Operation: Decommissioning and Termination
Site Licensee: DSRL

### Key Activities

2008/2009 Business Plan Activities	Status	Progress Report
Completing the isolation of the Dounreay shaft	Complete	Isolation was successfully achieved with a 'grout' curtain which has prevented further water ingress.
Cleaning out facilities in preparation for decommissioning	On schedule	Work continued in a number of facilities, including the DMTR complex, Fast Reactor Fuel Reprocessing Plant, uranium Recovery Plant and Marshall Laboratory.
Continuing characterisation of contaminated land	Complete	An update report on the footprint for the Waste Treatment Plant (WTP) is now complete and available.
Resuming operation of the Dounreay Cementation Plant (DCP) to immobilise waste and reduce hazard	Complete	Operations resumed in March 2009.

### Regulatory Matters

Licences and authorisations were transferred from UKAEA to DSRL on 1 April 2008.
Highland Council granted planning permission for the new low level waste disposal facility. A disposal authorisation for the new facility has been submitted to SEPA.
Approval of the Dounreay shaft Post Closure Safety Case (PCSC) was prepared and submitted to SEPA.

### Key Performance Indicators

Completion of the Dounreay shaft isolation	Complete.
Completion of inactive landfill closure	This is no longer operational and sampling is underway. Capping to be designed, approved by regulators and installed.
Completion of the Post Operational Clean Out (POCO) of the Prototype Fast Reactor (PFR) Irradiated Fuel Caves	Bulk sodium removed. Further work is continuing on residual sodium, fuel and reactor components.
Operation of the DCP Import Export Facility	In operation.
Completion of scheme design for PFR Reactor Decommissioning Facility	Continues. Detailed design of reactor mock-up and dismantling machine complete. Trials will underpin scheme design strategy.

### Safety and Environmental Performance

Issue	Number
Total Recordable Incident Rate	0.36
Days away case rate	0.21
RIDDOR major injury	1
RIDDOR lost time accident	3
RIDDOR dangerous occurrence	2
INES incidents	0
Environmental non-compliance	0

### Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
160.8	149.0	143.0
The Original BCWS was £159.3 m		

## Research Sites Restoration Limited

In February 2009 Research Sites Restoration Limited (RSRL) became the Site Licence Company responsible for the operation of the Harwell and Winfrith sites. The current Parent Body Organisation of the company is the United Kingdom Atomic Energy Authority Limited (UKAEA Limited).

### Key developments in 2008/2009

- the decommissioning of the former Post Irradiation Examination (PIE) Building at Winfrith was completed
- cementation of the waste sludges from the Steam Generating Heavy Water Reactor (SGHWR) External Active Sludge Tanks at Winfrith has been substantially completed.
- at Harwell the Waste Encapsulation Plant is being commissioned
- at Harwell the second waste retrieval machine has begun the recovery of historic Intermediate Level Waste (ILW) cans
- sludge wastes at the Liquid Effluent Treatment Plant (LETP) at Harwell have continued to be encapsulated



**Alan Neal**  
**Managing Director**

Research Sites Restoration Limited

“2008/2009 has been a challenging but very successful year. Importantly we formed Research Sites Restoration Limited, as planned, in February 2009. We also further improved our safety performance and delivered some major decommissioning successes. The decommissioning of the Active Handling Facility at Winfrith was completed during the year. This facility, which handled irradiated fuels, is now - quite literally - a green field. Work at Harwell on the recovery and repackaging of radioactive waste has proceeded very well with the new recovery machine performing exceptionally well. Amongst this hard work, we also celebrated the 60th anniversary of Europe’s first large reactor, BEPO, at Harwell.

It has been particularly pleasing that all the work was completed at less cost than was planned, representing good value for the NDA and the UK taxpayer.”

**Research Sites Restoration Limited Support Office**  
provides management oversight for Harwell and Winfrith sites. It ensures effective and efficient delivery of the life cycle safely and with care for the environment to a care and maintenance state

**Non Accounting Financial Measures (Earned Value)**

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
22.8	22.8	20.8
The Original BCWS was £22.7m		

## Harwell



Harwell is located in Oxfordshire and was established in 1946 as the UK's first atomic energy research establishment. The campus, of which the designated site forms a part, is home to a wide range of research organisations and businesses. The NDA has responsibility for 110 hectares of land – approximately one third of the total area.

Location: Oxfordshire
Type of Site: Former Research Reactor Site
Status of Operation: Decommissioning and Termination
Site Licensee: RSRL

### Key Activities

2008/2009 Business Plan Activities	Status	Progress Report
Recovering, processing and packaging solid Intermediate Level Waste (ILW)	On schedule	This has been recovered and packaged in accordance with plan.
Care and maintenance of the redundant reactors and other facilities	Complete	All relevant activities were completed including those for the DIDO, PLUTO and BEPO reactors.
Releasing land for development of the science campus	On schedule	This work is now being undertaken by UKAEA as a self funded activity.

### Regulatory Matters

Safety cases have been approved as required for the second retrieval machine and for the Waste Encapsulation Plant (WEP)
RSRL was appointed the licensee as from the 2 February 2009

### Key Performance Indicators

Recovery of 132 cans of legacy waste recovered from the tube stores	377 cans of legacy ILW were recovered.
Immobilisation of 30 drums of sludge in the Liquid Effluent Treatment Plant (LETP)	30 drums of sludge have been immobilised.
Commencement of active commissioning of Recovery Machine 2 (RM2)	Active commissioning of RM2 is in progress and the machine is in use to recover ILW cans.

### Safety and Environmental Performance

Issue	Number
Total Recordable Incident Rate	0
Days away case rate	0.44 (RSRL total)
RIDDOR major injury	0
RIDDOR lost time accident	0
RIDDOR dangerous occurrence	0
INES incidents	0
Environmental non-compliance	0

### Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
30.0	28.4	28.0
The Original BCWS was £29.3m		

## Winfrith



Winfrith is located near Poole in Dorset and has a total site area of 88 hectares. It was established by UKAEA in 1958 as an experimental reactor research and development site. The coast south of Winfrith is a World Heritage Site and the surrounding heathland and chalk ridges are environmentally sensitive.

Location: Dorset
Type of Site: Former Research Reactor Site
Status of Operation: Decommissioning and Termination
Site Licensee: RSRL

### Key Activities

2008/2009 Business Plan Activities	Status	Progress Report
Recovering and immobilising Steam Generating Heavy Water Reactor (SGHWR) sludges	On schedule	Waste recovery and immobilisation of the 'bulk' sludges was carried out to programme with over 1000 drums of cemented sludge produced.
Ensuring care and maintenance of redundant reactors and other facilities	Complete	All relevant activities were completed including those for the SGHWR and DRAGON reactors.

### Regulatory Matters

RSRL was appointed the licensee as from the 2 February 2009
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### Key Performance Indicators

Complete immobilisation of SGHWR sludges in the Waste Encapsulation Treatment Plant (WETP)	Oversized materials recovered, however residual sludges are exhibiting unusual properties and cannot be pumped by the plant, causing some pipes to become blocked. Forecast to be complete during 2009/2010.
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### Safety and Environmental Performance

Issue	Number
Total Recordable Incident Rate	1.28
Days away case rate	0.44 (RSRL total)
RIDDOR major injury	0
RIDDOR lost time accident	1
RIDDOR dangerous occurrence	0
INES incidents	0
Environmental non-compliance	0

### Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
14.6	14.2	14.0
The Original BCWS was £10.1m		

## Springfields Fuels Limited

Springfields Fuels Limited is the Site Licence Company (SLC) responsible for the operation of the Springfields fuel manufacturing site. The Parent Body Organisation (PBO) of the company is Westinghouse Electric UK Limited, which is part of the Toshiba Group.

### Key developments in 2008/2009

- the manufacture of fuel for the 2 remaining UK Magnox power stations was completed
- British Energy orders for fuel manufacture have been fulfilled
- Springfields won a 4 year extension to the contract to supply Enusa with uranium dioxide (UO<sub>2</sub>)



**Neil Longfellow**  
**Managing Director**  
Springfields Fuels Limited

“Springfields Fuels Limited has had another successful year working with the NDA to achieve safe operational performance, meeting the key targets set for the year. The challenge for Springfields is to maintain safe, high quality operations and demonstrate that we are a centre of excellence for nuclear fuel manufacturing, to ensure we are the supplier of choice for existing and potential future customers. These are exciting times for Springfields Fuels Limited and I am looking forward to leading the business into the future.”

## Springfields



Springfields is located near Preston in Lancashire and has an area of 83 hectares covered by the nuclear site licence. It manufactures nuclear fuel and fuel products for the UK's nuclear power stations and for international customers. Several environmentally sensitive and protected areas are situated close to the site, including the Ribble Estuary.

Location: Lancashire
Type of Site: Nuclear Fuel Manufacturing Site
Status of Operation: Operational
Site Licensee: Springfields Fuels Limited

### Key Activities

2008/2009 Business Plan Activities	Status	Progress Report
Continuing the manufacture and delivery of oxide fuel, intermediate products and uranium hexafluoride for UK and overseas customers in line with contractual requirements	On schedule	Customer orders for British Energy and Magnox Ltd power stations were met in full. The manufacture of uranium dioxide powders and granules for UK and overseas customers were met in full. The planned production of 5,020 tonnes of uranium hexafluoride for Cameco was only 85% achieved, however throughput did reach the planned production level during the final quarter of the year.
Completing Magnox plant Post Operational Clean Out (POCO) and commencing decommissioning	On schedule	Decommissioning activity on the Springfields site is proceeding to plan.
Continuing to clear uranic residues and decommissioning redundant facilities	Behind schedule	The targets for recovery of uranium from legacy residues have been met, with the exception of Soft Wastes Processed. Decommissioning of redundant facilities is proceeding to plan.

### Regulatory Matters

Decommissioning work progressed to plan as agreed with the NII.
Reports that are required to fulfil the improvement conditions that form part of the Environment Agency (EA) discharge authorisations were submitted to the EA.

**Key Performance Indicators**

Manufacture of approximately 4,900 AGR fuel elements subject to demand from British Energy	Fuel element orders for British Energy power stations were met in full.
Production of 5,000 tonnes of uranium hexafluoride	The planned production of 5,000 tonnes of uranium hexafluoride was only 85% achieved. However, throughput did reach the planned production level during the final quarter of the year.
Processing of 113 tonnes of uranium residues	The target for recovery of uranium from legacy residues has been exceeded.
Production of 340 tonnes of UO <sub>2</sub> powder and granules	The manufacture of uranium dioxide powders and granules for UK and overseas customers were met in full.
Completion of POCO (Post Operational Clean Up) of the Magnox fuel fabrication plants.	The on-going decommissioning activity on the Springfields site is proceeding to plan. Work planned for the year was completed.

**Safety and Environmental Performance**

Issue	Number
Total Recordable Incident Rate (Combined OSHA TRIR)	0.21
Days away case rate (OSHA Days Away Case)	0.21
RIDDOR major injury	0
RIDDOR lost time accident	2
RIDDOR dangerous occurrence (RIDDOR Reportable Events)	0
INES incidents	0
Environmental non-compliance	2

**Non Accounting Financial Measures (Earned Value)**

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
137.6	135.0	136.0
The Original BCWS was £135.0 m		

## **NDA Owned Subsidiary Reports**

### **Direct Rail Services Limited**

**Direct Rail Services Limited (DRS) is a wholly owned subsidiary of the NDA. The company was established in 1995 to provide a strategic rail transport service to British Nuclear Fuels Limited (BNFL), its parent company at the time.**

During 2008/2009, the company has continued to develop its business into new areas in order to secure income for the NDA, while continuing to ensure the transportation of spent nuclear fuel from the UK's nuclear power stations to Sellafield for reprocessing.



**Neil McNicholas**  
**Managing Director**  
Direct Rail Services Limited

“DRS has continued to enhance its support of nuclear related transport throughout the UK, introducing innovative new rail solutions such as the transport of construction materials in support of the Vault 9 Project at the Low Level Waste Repository near Drigg.

Despite the difficult economic conditions DRS has remained positive in all its commercial undertakings by increasing its flexibility and responsiveness to customer needs.”

## Health, Safety, Security and the Environment

In July 2008 DRS achieved BS OHSAS 18001 registration for its safety management system. This award recognises the focus on safety throughout the company. During the year DRS has continued with its high levels of safety performance. Work is continuing to achieve the company target of being 50% better than the industry average where this is not yet being achieved.

### Key Performance Developments

Overall performance against the company's high level Key Performance Indicators (KPIs) was good. Service delivery to nuclear customers was around 100%, with on time delivery running at 94.9%.

The table below gives a more detailed breakdown of service delivery performance in 2008/2009.

	Company Objective	Target	Actual
Services requested v's delivered	Nuclear Non-Nuclear	98 – 99.5% 98 – 99%	100.0% 99.9%
% Arrivals on time	Nuclear Non-Nuclear	90 – 92.5% 90 – 91%	94.90% 93.2%
Flasks not delivered	Nuclear	<6	4

## Other key developments in 2008/2009 include:

- DRS has successfully commenced the Vault 9 Construction Programme moving aggregates by rail from the Port of Workington and Millom to the Low Level Waste Repository near Drigg. Utilising rail is replacing 9,800 road journeys with 60 rail services, saving 620 tonnes of CO<sub>2</sub> emissions. In addition to the reduced CO<sub>2</sub> emissions there is further environmental benefit from avoiding congestion, noise and accidents from road movements along the A595 and through the Drigg village.
- DRS expertise in the rail transportation, logistics and operation of highly sensitive cargoes has enabled the company to successfully bid for the role of 'intelligent customer' on behalf of the NDA owned Capenhurst site. DRS will be providing advice to the project team relating to the design, construction and operation of a new rail terminal within the site.
- DRS' new Scottish rail depot in Inverness welcomed the first intermodal service for the Stobart Group on behalf of Tesco PLC. The new depot will serve the Highlands of Scotland allowing for more freight to be moved by rail.
- DRS has expanded its maintenance capabilities to providing third party maintenance as well as providing a team of skilled engineers for mobile maintenance works.

The company plans to continue to seek new business opportunities and actively promote the movement of freight on rail.

## NDA Owned Subsidiary Reports

### International Nuclear Services Limited

**International Nuclear Services Limited (INS) is a wholly owned NDA subsidiary. It manages on behalf of the NDA a large portfolio of high value UK and international contracts for nuclear fuel recycling and transport services with a wide range of utility customers.**

On 1 April 2008, the NDA acquired the remaining 51% stake from Sellafield via a transfer scheme made by the Secretary of State for Business, Enterprise and Regulatory Reform (BERR).

INS operates its own subsidiary company, Pacific Nuclear Transport Limited (PNTL), which is the world's most experienced shipper of nuclear cargoes.

INS has facilities in the UK, Japan (International Nuclear Services Japan KK), France (International Nuclear Services France SA) and Germany (representative office). INS also acts for the NDA in its joint venture partnership with VT Nuclear Group for the provision of engineering services to the Rokkasho nuclear reprocessing plant in northern Japan.

During 2008/2009 INS continued to manage commitments, obligations and relationships with UK and overseas customers associated with operation of the Thermal Oxide Reprocessing Plant (THORP) and the Sellafield MOX Plant (SMP).

INS continued to manage contracts for services relating to reprocessing and mixed oxide fuel (MOX) with multiple Japanese and European customers.

We safely undertook a programme of nuclear shipments throughout 2008/2009, including the first commercial voyage of a new vessel to the PNTL fleet, the Pacific Heron.

A major focus for the year for INS was the preparation for the return of high level radioactive waste, from the UK to Japanese and European customers.

Two INS staff had reportable accidents sustained during routine business travel. A company wide travel safety initiative focusing on all aspects of reducing risk was delivered.



**Mark Jervis**  
**Managing Director**  
International Nuclear Services Ltd

"INS has had a very successful first year. We have an excellent team delivering value from recycling and generating a significant contribution in support of the NDA's mission."

## NDA Owned Subsidiary Reports

### NDA Properties Limited

**NDA Properties Limited is a wholly owned subsidiary of the NDA. The company, formerly known as BNFL Properties Limited, was transferred into NDA ownership under a transfer scheme on 1 April 2008. Its primary function is to act as the property management company on behalf of its parent for non-operational properties outside the nuclear licensed site boundaries, in accordance with the NDA's Land and Property Management Strategy.**

NDA Properties Limited has a diverse portfolio of properties in its ownership and management. It has a rental income at present of approx. £2.5 million per annum and an asset value of circa £15 million.

The principal properties in the company portfolio are:

- Hinton House, Warrington: Freehold office accommodation is mainly occupied by Sellafield SLC
- Southmoor House: Wythenshaw Leasehold, surplus office building
- DRS Rail Sidings: Carlisle Freehold interest of railhead and yards acquired in March 2009
- Lea Sports ground: Preston – Freehold sports field/pavillion, let to Preston North End Football Club

On 1 April 2009 this portfolio increased with the transfer from BNFL of:

- 1100 Daresbury Park, Warrington Leasehold office accommodation part occupied by Magnox North SLC.
- 65 Buckingham Gate, London Leasehold office space in central London to be used as the NDA London office.

A review of non-operational assets within the nuclear estate is to be carried out, as a result of which other properties may be transferred into NDA Properties Limited. This will achieve clarity in separating the costs of managing the NDA's non-nuclear estate and in delivering best value from the assets for the taxpayer. All nuclear related assets will remain separate freeholds with the NDA and leased to the SLCs.



**David Atkinson**  
**Managing Director**  
**NDA Properties Limited**

“During our first year we have developed our management systems, particularly with regard to health and safety, in order to establish a good base to grow and take our property portfolio forward.”

## NDA Owned Subsidiary Reports

### Rutherford Indemnity Limited

**Rutherford Indemnity Limited is a wholly owned subsidiary of the NDA. The company is based in Guernsey and is regulated by the Guernsey Financial Services Commission. The Company provides insurance cover for the NDA and its estate.**

During 2008/2009 the company continued to develop its business in the key areas of transacting insurance and investment management.

#### Transacting Insurance

Rutherford participates in the NDA's insurance programme with a share of the insurance policies which provide cover for property damage and business interruption, nuclear site and transit liabilities, general liability, motor (damage only), construction, marine cargo, life and sickness.

The Company retains a prudent proportion of risk for its own account and buys reinsurance in the commercial market from organisations with approved security ratings. This arrangement transfers volatility from NDA's budget and, by demonstrating a significant financial commitment to the insurance market, enables the NDA to secure appropriate financial protection on competitive terms.

#### Investment Management

Rutherford's investments have been subject to significant management action throughout the year with a focus on security of capital during the unprecedented period of volatility in the global financial markets through 2008/2009. The investment strategy has involved a significant change in investment instruments which enabled a reduction of risk and achieved an annualised return of 4.8% in the financial year.



**Granville de Cruz**  
**General Manager**  
**Rutherford Indemnity Limited**

“Rutherford continues to respond to the NDA's growing insurance needs, and looks forward to tackling the future challenges which the harsh global economic environment will continue to bring to the insurance industry.”

## Glossary

ACWP	Actual Cost of Work Performed
AGR	Advanced Gas Cooled Reactor
ALARP	As Low As Reasonably Practicable
ATO	Authority to Operate
AVC	Addition Voluntary Contribution
AWV	Active Waste Vaults
AWVR	Active Waste Vaults Recovery
BAA	British Airport Authority
BAES	British Aeronautical Engineering Systems
BCWP	Budgeted Cost of Work Performed
BCWS	Budgeted Cost of Work Scheduled
BERR	Department for Business, Enterprise and Regulatory Reform
BETS	British Energy Trading Services Ltd
BMB	Business Management Board
BNFL	British Nuclear Fuels Limited
BOM	Business Operating Model
BPEO	Best Practicable Environmental Option
C&AG	Comptroller and Auditor General
CASE	Caithness & Sutherland Enterprise
CCAB	Consultative Committee of Accounting Bodies
CCP	Cartridge Cooling Pond
CDM	Construction (Design and Management) Regulations, 1994
CEO	Chief Executive Officer
CETV	Cash Equivalent Transfer Value
CHP	Chemical Hazard Potential
CNPP	Combined Nuclear Pension Plan
CODA	Charge Over Deposit Accounts
COMAH	Control of Major Accident Hazards
CoRWM	Committee on Radioactive Waste Management
CPI	Cost Performance Index
CRP	Caesium Removal Plant
CSR	Comprehensive Spending Review
CV	Cost Variance
CXPP	Chapelcross Production Plant
D&D	Defuelling and Decommissioning
DACR	Days away case rate
DAP	Duly Authorised Person
DCMS	Department for Culture, Media and Sport

DCP	Dounreay Cementation Plant
DECC	Department of Energy and Climate Change
DEFRA	Department for Environment, Food and Rural Affairs
DMTR	Dounreay Materials Test Reactor
DFR	Dounreay Fast Reactor
DRS	Direct Rail Services Limited
DSC	Dry Store Cell
DSE	Display Screen Equipment
DSO	Departmental Strategic Objectives
DSRL	Dounreay Site Restoration Ltd
DTI	Department of Trade and Industry
EA	Environment Agency
EDRMS	Electronic Document Records Management System
EFQM	European Foundation of Quality Management
EHSQ	Environmental, Health, Safety and Quality
EIAD	Environmental Impact Assessment for Decommissioning
EMS	Environmental Management System
ESPS	Electricity Supply Pension Scheme
EURRP	Enriched Uranium Residues Reprocessing Plant
EYF	End Year Funding
FAZ	Fire Affected Zone
FCA	Fuel Cycle Area
FED	Fuel Element Debris
FIChemE	Fellow of the Institution of Chemical Engineers
FIEE	Fellow of the Institution of Electrical Engineers
FIMechE	Fellow of the Institution of Mechanical Engineers
FRC	Financial Reporting Council
FReM	Government Financial Reporting Manual
FRS	Financial Reporting Standard
FVTPL	Fair Value Through Profit or Loss
GBq	Giga Becquerel
GCSC	Graphite Core Safety Case
GDF	Geological Disposal Facility
GLEEP	Graphite Low Energy Experimental Pile
GPS	Group Pension Scheme
HA	Highly Active
HAL	Highly Active Liquor
HALES	Highly Active Liquid Evaporation & Storage
HANO	Highly Active North Outer
HAW	Higher Activity Waste

HIE	Highlands and Islands Enterprise
HLW	High-Level Waste
HQ	Head Quarters
HR	Human Resources
HSE	Health and Safety Executive
HSSE	Health, Safety, Security & Environmental
ICAEW	Institute of Chartered Accountants in England and Wales
iiP	Investors in People
ILW	Intermediate Level Waste
INES	International Nuclear Event Scale
INS	International Nuclear Services
INSA	Independent Nuclear Safety Assessment
IOSH	Institution of Occupational Safety and Health
ISO	International Standards Organisation
IT	Information Technology
ITSFT	Invitation to Submit Final Tenders
JET	Joint European Torus
KPI	Key Performance Indicators
LETP	Local Effluent Treatment Plant
LFE	Learning From Experience
LLW	Low Level Waste
LLWR	Low Level Waste Repository
LoC	Letter of Compliance
LRQA	Lloyds Register Quality Assurance
LTIP	Long Term Incentive Plan
LTP	Lifetime Plan
MA	Medium Active
MAC	Miscellaneous Activated Components
MASFE	Medium-Active Salt-Free Evaporator
MBGW	Miscellaneous Beta-Gamma Waste
MDU	Magnox Depleted Uranium
MEP	Magnox Encapsulation Plant
MHCA	Modified Historical Cost Accounting
MNOPF	Merchant Navy Officers Pension Fund
MNOPP	Merchant Navy Officers Pension Plan
MNRPF	Merchant Navy Ratings Pension Fund
MNRPP	Merchant Navy Ratings Pension Plan
MNSO	Magnox North Support Office
M&O	Management And Operation
MoD	Ministry of Defence

MOP	Magnox Operating Programme
MOX	Mixed Oxide
MPM	Managing Public Money
MRWS	Managing Radioactive Waste Safely
MSSO	Magnox South Support Office
MTR	Materials Test Reactor
MXD	Magnox Dissolution Plant
NAO	National Audit Office
NDA	Nuclear Decommissioning Authority
NDPB	Non Departmental Public Body
NEA	New Employee Agreement
NEBOSH	National Examination Board in Occupational Safety and Health
NIA	Nuclear Industry Association
NII	Nuclear Installations Inspectorate
NLFA	Nuclear Liabilities Funding Agreement
NMM	Nuclear Materials Management
NMP	Nuclear Management Partners Ltd
NNA	National Nuclear Archive
NNR	National Nature Reserves
NSAN	National Skills Academy for Nuclear
NSC	Nuclear Safety Committee
NSSSE	Nuclear Safety, Security, Safeguards, Environmental (and Health)
NSW	Non-standard Waste
NVQ	National Vocational Qualifications
NWM	Nuclear Waste Management
NWRF	Nuclear Waste Research Forum
OCNS	Office for Civil Nuclear Security
OEF	Operational Experience Feedback
OGC	Office of Government Commerce
OOP	Oxide Operating Programme
OSHA	US Department of Labour's Occupational Safety and Health Administration
OSPAR	The Oslo-Paris convention
PBI	Performance Based Incentive
PBO	Parent Body Organisation
PCM	Plutonium Contaminated Material
PCSC	Post Closure Safety Case
PCSPS	Principal Civil Service Pension Scheme
PCSR	Pre-Construction Safety Case Report
PDSC	Post Defuelling Safety Case

PFR	Prototype Fast Reactor
PGDSC	Post Generation Defuelling Safety Case
PIE	Post Irradiation Examination
PNTL	Pacific Nuclear Transport Limited
POCO	Post Operational Clean Out
PRPCC	Partial Relocation of Primary Circuit Components
PSA	Public Service Agreement
PSD	Pond Sludge Drums
PSR	Periodic Safety Review
PUMA	Plutonium Criticality Facility
PUWER	Provision and Use of Work Equipment
R&D	Research and Development
RAMSAR	A wetland of international importance under the RAMSAR convention
RHILW	Remote Handling Intermediate Level Waste
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations
RM	Retrieval Machine
RoSPA	Royal Society for the Prevention of Accidents
RPA	Radiological Protection Advisor
RPDSC	Re-baselined Post Defuelling Safety Case
RPI	Retail Prices Index
RPS	Radiological Protection Supervisor
RSRL	Research Sites Restoration Limited
RTA	Road Traffic Accident
RWMD	Radioactive Waste Management Directorate
SAC	Special Area for Conservation
SDDG	Strategy Delivery Deployment Group
SED	Safety and Environmental Detriment
SEEP	Site Environmental Enhancement Plan
SEPA	Scottish Environment Protection Agency
SFL	Springfield Fuels Limited
SGHWR	Steam Generating Heavy Water Reactor
SID	Sodium Inventory Disposal Plant
SILW	Solid Intermediate Level Waste
SIRO	Senior Information Risk Owner
SLC	Site Licence Company
SMP	Sellafield Mixed Oxide Plant
SOP	Sales and Operation Plan
SPA	Special Protection Area
SPI	Schedule Performance Index
SPP	Sludge Packaging Plant

SPRS	Sellafield Product and Residue Store
SQEP	Suitably Qualified and Experienced Person
SRF	Senior Regulatory Forum
SR	Spending Review
SRGL	Statement of Recognised Gains and Losses
SSA	Strategy Siting Assessment
SSG	Site Stakeholder Group
SSSI	Site of Special Scientific Interest
STEP	Society of Trust and Estate Practitioners
STP	Solvent Treatment Plant
SV	Schedule Variance
TbFD	Technical Baseline for Decommissioning
TDN	Thermal De-nitration
THORP	Thermal Oxide Reprocessing Plant
TRBS	Trinity Retirement Benefit Scheme
TRIR	Total Recordable Incident Rate
TRSDU	Transportable Radioactive Sludge Dewatering Unit
TWh	Tera Watt hours
UK GAAP	United Kingdom Generally Accepted Accounting Practices
UKAEA	United Kingdom Atomic Energy Authority
UKNWM	United Kingdom Nuclear Waste Management Limited
UO <sub>2</sub>	Uranium Dioxide
UO <sub>3</sub>	Uranium Trioxide
VAT	Value Added Tax
VLLW	Very Low Level Waste
VRR	Vitrified Residues Return
VTF	Vitrification Test Facility
VTR	Vitrification Test Rig
WAGR	Windscale Advanced Gas-Cooled Reactor
WANO	World Association of Nuclear Operators
WEP	Waste Encapsulation Plant
WETP	Waste Encapsulation Treatment Plant
WINS	World Institute for Security
WMSG	Waste Management Steering Group
WSA	Western Storage Area
WSI	Waste Substitution Income
WTP	Waste Treatment Plant
WVP	Waste Vitrification Plant

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