

Presented pursuant to Atomic Energy Authority Act 1954, 2 & 3 Eliz. 3, c.32, s.4(3)

Atomic Energy Authority Act 1954 Account 2004-2005

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 20 JULY 2005

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Foreword

These accounts comply with the provisions of Section 4(3) of the Atomic Energy Authority Act 1954 and Directions issued by HM Treasury. The Act requires the Comptroller and Auditor General (C&AG) to examine and certify the accounts and lay copies, together with his report, before each House of Parliament. A copy of the C&AG's certificate and report can be found on pages 14 to 15.

Statutory background

The Group comprises the United Kingdom Atomic Energy Authority (UKAEA) and its subsidiary AEA Insurance Ltd. UKAEA is an Executive Non-Departmental Public Body sponsored by the Department of Trade and Industry and was originally established as a public corporation by the Atomic Energy Authority Act 1954 to pioneer the development of nuclear energy in the UK.

Principal activities

UKAEA's primary task today is managing the decommissioning of nuclear reactors and other radioactive facilities used for the UK's civil nuclear research and development programme in a safe and environmentally responsible manner and restoring its sites for conventional use. UKAEA also manages the UK contribution to fusion research within the European and world programme.

UKAEA has five operational sites: Culham, Dounreay, Harwell, Windscale and Winfrith. With the exception of Culham, all are licensed under the Nuclear Installations Act 1965.

Culham, Oxfordshire, is the centre for the UK fusion programme. It was established in 1960 and occupies approximately 180 acres. In recent years the site has expanded and diversified and is the host to the Joint European Torus (JET), the principal project in the European fusion programme. The site also includes UKAEA fusion research facilities as well as a number of tenants.

Dounreay, Caithness, pioneered the development of fast reactor technology in the UK. The site was opened in 1955 and three reactors were built over the next 20 years - the Dounreay Fast Reactor (DFR), Prototype Fast Reactor (PFR) and the Dounreay Materials Test Reactor (DMTR). All are now closed and significant progress is being made to decommission the reactors and ancillary nuclear facilities and to restore the environment.

Harwell, Oxfordshire, is the headquarters of UKAEA and was formerly RAF Harwell. Following the closure of Harwell's three research reactors (GLEEP, DIDO and PLUTO) in 1990, significant progress has been made in removing the site's nuclear facilities. The site is now being progressively redeveloped as the Harwell International Business Centre. Environmental restoration work continues and applications are being prepared to delicense restored former nuclear areas so they can be released for unrestricted use.

Windscale, Cumbria is situated on the British Nuclear Fuels plc (BNFL) Sellafield site and has its own site licence. The site includes Windscale Piles I and II, and the Windscale Advanced Gas-Cooled Reactor (WAGR). The Windscale Piles were shut down in 1957 following the Windscale fire and Pile I is now being decommissioned. WAGR was shut down in 1981 and is now the UK's demonstration project for complete decommissioning of a power-generating advanced gas-cooled reactor.

Winfrith, Dorset, was chosen for development by UKAEA in the mid 1950s when it had become necessary to assess the wide variety of different reactor types being developed in the UK. Significant progress has been made in decommissioning the site to continue the development of a thriving science and technology park. The main facility at Winfrith was the Steam Generating Heavy Water Reactor (SGHWR) which was closed in 1990 and is now being decommissioned. Decommissioning is being accelerated and the eastern end of the site has been sold to English Partnerships.

Vision

UKAEA's vision is to be recognised as world leaders in managing decommissioning, environmental restoration and fusion research. To realise this vision, UKAEA has the following five strategic goals

- to be safe, secure and environmentally responsible;
- to deliver a cost-effective decommissioning programme;
- to maintain international recognition for fusion research;
- to improve efficiency, effectiveness and economy at UKAEA; and
- to win maximum support from stakeholders.

UKAEA is committed to improving performance against these goals year on year and it recognises its obligation to meet these standards at the lowest achievable cost.

Result for the year

The result for the year was a profit of £0.6m (2003-2004: loss of £3.9m) which has been transferred to the profit and loss reserve. Further details of the result for the year and a review of fixed assets are included in the Annual Report published separately.

Board of Directors

The Directors who served throughout the year unless otherwise stated are set out below.

Chairman

Barbara Thomas Judge

Executive Directors

Dipesh Shah, Chief Executive
Colin Bayliss
Stan Gordelier (appointment ended on 17 January 2005)
Norman Harrison
Paul White

Non-Executive Directors

Rosemary Day
John Kennedy (appointed to the Board on 1 June 2005)
John Macpherson
Mark Slaughter (appointed to the Board on 5 April 2005)
Denis Tunnicliffe (resigned as Chairman on 30 April 2004)
Ken Vowles
Alan Young

The responsibilities of the Directors are included on page 6.

Employees

Equal opportunity

UKAEA policy is that all employees and eligible job applicants should enjoy equal opportunity for employment and advancement on the basis of their ability, qualifications, experience and suitability for the work. UKAEA will not discriminate on the grounds of sex, race, ethnic origin, religion, religious belief or similar philosophical belief, sexual orientation, trade union membership or disability. Full details of the policy statements describing the equal opportunity framework are available for guidance to managers and employees. Monitoring of ethnicity, disability and gender is carried out in support of UKAEA's equal opportunity policy.

Employee communications

Employee communications are provided via the UKAEA Intranet, which is updated daily, and the UKAEA Today newspaper, which is published ten times per year. Matters of local and corporate interest are addressed in monthly team briefings. Various other matters are addressed during regular consultation and discussion with local and central employee representatives. In a time of significant change for UKAEA, we have ensured that staff have been kept fully informed on the introduction of the Nuclear Decommissioning Authority (NDA), the development of our forward strategy, and what it means for them. The Trade Unions have been consulted throughout our business transformation programme, and we have continued to discuss other matters of importance to staff with employee representatives.

Organisational Development and Training

UKAEA recognises that the full potential of its employees will only be realised by continually investing in their training and development. The UKAEA Training and Development Plan is directly linked to the achievement of corporate objectives. Special emphasis is given to project management, safety training, team development and people management. Where appropriate, training and development is linked to nationally recognised qualifications or the standards set by professional bodies. UKAEA is an accredited Investor in People and was successfully re-assessed against the standard in September 2004.

Improving health

UKAEA attaches great importance to the health of its staff and provides access to occupational health and welfare services at each site. Stress management, smoking, alcohol and drug misuse policies are implemented to safeguard the health, safety and welfare of its employees.

Employee numbers

The number of full-time equivalent employees at 31 March 2005 was 2,987 (2004: 2,930), including a total of 645 (2004: 616) employees in the UKAEA Constabulary. The employees in the UKAEA Constabulary were transferred to the Civil Nuclear Police Authority (CNPA) on 1 April 2005.

Charitable and political contributions

During the year the Group made charitable contributions of £96,175 (2003-2004: £74,138) to local charities in line with UKAEA's policy of supporting local stakeholders. No political contributions were made in the current or previous year.

Research and development

UKAEA carries out a wide range of research and development activities across all its programmes. The associated costs are charged to the profit and loss account as incurred.

External audit

The cost of the statutory audit undertaken by the Comptroller and Auditor General was £0.1m (2003-2004: £0.1m). There were no non-audit services.

Statement of payment policy and practice

UKAEA has led the development of a competitive decommissioning sector in Britain, encouraging the market to inject innovation and provide best value for the UK taxpayer. UKAEA continues to nourish a healthy supply chain by competing contracts wherever possible, with around 70% of expenditure placed externally. During 2004-2005, UKAEA redoubled its efforts to keep contractors and suppliers informed with the launch of an expanded Contractors' section of the UKAEA web site – featuring increased guidance on our procurement strategy and working requirements.

UKAEA follows the CBI Prompt Payment Code. UKAEA's policy is to settle the terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are aware of the terms of payment and to abide by the terms of payment.

At 31 March 2005 trade creditors were equivalent to 18 days (2004: 13 days) purchases during the year.

Post balance sheet events

- On 1 April 2005, the NDA assumed responsibility for the decommissioning and clean-up of the UK's public sector civil nuclear sites, including the UKAEA sites at Dounreay, Harwell, Windscale and Winfrith and the ultimate decommissioning of the JET fusion facility at Culham. A contract between UKAEA and the NDA covering all UKAEA designated sites was signed with the NDA on 31 March 2005 and UKAEA's relationship is that of a contractor for the management of the sites;
- on 1 April 2005, the CNPA assumed responsibility for the UKAEA Constabulary which is no longer part of UKAEA and has been renamed the Civil Nuclear Constabulary; and
- the rate required to be used by HM Treasury to discount long term public sector liabilities reduced to 2.2% with effect from 1 April 2005. If this rate has been implemented in 2004-2005, UKAEA's long term liabilities would have increased by £791m.

Further details of the post balance sheet events are set out in Note 28.

Going concern

The Directors believe that the new contractual arrangements with the NDA for the funding of UKAEA's decommissioning programme, the continuing commitment of both UK and Europe to fusion research, and the DTI's acceptance of responsibility for costs associated with specified UKAEA liabilities are sufficient to support continuing operations for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the accounts.

Dipesh Shah
Chief Executive and Accounting Officer

29 June 2005

Statement of Directors' and Accounting Officer's responsibilities

Section 4(3) of the Atomic Energy Authority Act 1954 and Directions issued by HM Treasury require the Directors, acting as the UKAEA Board, to prepare accounts for each financial year in the form and on the basis determined by HM Treasury. The accounts must show a true and fair view of the state of affairs of UKAEA and the Group as at the end of the financial year and of the Group profit or loss for that period.

In preparing the accounts, the Directors are required to

- observe all relevant accounting and disclosure requirements as set out in the Accounts Direction issued by HM Treasury; and, within that, select suitable accounting policies and apply them on a consistent basis;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the accounts; and
- prepare the accounts on the going concern basis, unless it is inappropriate to presume that UKAEA will continue in operation.

The Directors are also responsible for safeguarding the assets of UKAEA and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Chief Executive is the Accounting Officer for UKAEA. His responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable, and for the keeping of proper records, are set out in a letter of appointment from the DTI Permanent Secretary and the accompanying Accounting Officer Memorandum.

Corporate Governance

UKAEA has a policy of seeking to comply with established best practice in the field of corporate governance, insofar as it applies to UKAEA, and has adopted core values and standards which set out the behaviours expected of staff in their dealings with stakeholders, customers, colleagues and suppliers.

The Board

UKAEA is controlled through its Board of Directors who are appointed by the Department of Trade and Industry (DTI). The Board's main role is to establish UKAEA's vision, mission and values, set strategy and structure, and exercise accountability to UKAEA's stakeholders. The Board, which meets at least eight times a year, has a schedule of matters reserved for its approval.

The schedule of matters reserved to the Board include: establishing the overall strategic direction of UKAEA within the policy and resources framework agreed with the responsible Government Minister; reviewing UKAEA's corporate objectives and goals; approving the annual accounts, budget and corporate plan; ensuring that high standards of corporate governance are observed at all times; and reviewing the safety, environmental and security performance of UKAEA.

The Board delegates responsibility for day-to-day and business management control to the Chief Executive, who is assisted by the Executive Directors and other key senior managers, comprising the Executive Committee. The Executive Committee meets every two weeks. Specific responsibilities delegated to the Executive Committee include: development of UKAEA performance measures; implementation of the strategies and policies as determined by the Board; monitoring of the operating and financial results against plans and budgets; and developing and implementing risk management systems.

The roles of the Chairman and Chief Executive

The division of responsibilities between the Chairman of the Board, Barbara Thomas Judge, and the Chief Executive, Dipesh Shah, is clearly defined and has been approved by the Board.

The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives. The Chairman's objectives are set out in a letter from the DTI Shareholder Executive. The Chairman has no involvement in the day to day business of UKAEA.

The Chief Executive has direct charge of UKAEA on a day to day basis and is accountable to the Board for the financial and operational performance of the Group. The Chief Executive is also the UKAEA Accounting Officer and is responsible to Parliament through the Committee of Public Accounts for the stewardship of resources. His responsibilities are set out in a letter from the DTI Permanent Secretary and the accompanying Accounting Officer Memorandum. The Accounting Officer has a personal responsibility for the propriety and regularity of the public finances for which he is answerable; for the keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; and for the efficient and effective use of all available resources. He is also responsible for taking formal action if the UKAEA Board is contemplating a course that would infringe these requirements.

Directors and Directors' independence

The Board currently comprises the Chairman, six independent Non-Executive Directors and four Executive Directors. The Non-Executive Directors constructively challenge and help develop proposals on strategy, and bring strong, independent judgment, knowledge and experience to the Board's deliberations. The independent Directors are of sufficient calibre and number that their views carry significant weight in the Board's decision making.

The Board considers all its Non-Executive Directors to be independent in character and judgement. No Non-Executive Director

- has been an employee of the UKAEA within the last five years;
- has, or has had within the last three years, a material business relationship with the Group;
- receives remuneration other than a Director's fee;
- has close family ties with any of the UKAEA's advisers, Directors or senior employees;
- holds cross-directorships or has significant links with other Directors through involvement in other companies or bodies; or
- has served on the board for more than nine years.

Board Committees

The number of full Board meetings and committee meetings attended by each Director during the year was as follows

	Board	Remuneration Committee	Audit Committee
Barbara Thomas Judge	8 (8)	2 (2)	3 (3)
Dipesh Shah	8 (8)	0	0
Colin Bayliss	7 (8)	0	0
Stan Gordelier	5 (6)	0	0
Norman Harrison	7 (8)	0	0
Paul White	8 (8)	0	0
Rosemary Day	7 (8)	2 (2)	2 (3)
John Kennedy	0	0	0
John Macpherson	8 (8)	2 (2)	3 (3)
Mark Slaughter	0	0	0
Denis Tunnicliffe	1 (1)	0	0
Ken Vowles	8 (8)	2 (2)	3 (3)
Alan Young	6 (8)	1 (2)	3 (3)

Figure in brackets indicate maximum number of meetings in the period in which the individual was a board member.

Remuneration Committee

During the year the Remuneration Committee comprised Barbara Thomas Judge, Rosemary Day, John Macpherson, Ken Vowles and Alan Young. John Kennedy and Mark Slaughter joined the Committee after the year end. Rosemary Day acts as Chairman of the Committee. All members of the Committee are independent Non-Executive Directors. The Remuneration Committee met two times during the year. When necessary, non-committee members were invited to attend.

The Committee's principal responsibility is to make recommendations to the DTI on the level of Directors' remuneration. In addition the Committee regularly reviews the UKAEA's remuneration policy in relation to

- its competitors and industry norms;
- compensation commitment; and
- contract periods.

As the members of the UKAEA Board are appointed by the DTI, UKAEA does not maintain a nominations committee.

Audit Committee

During the year the Audit Committee comprised Barbara Thomas Judge, Rosemary Day, John Macpherson, Ken Vowles and Alan Young. John Kennedy and Mark Slaughter joined the Committee after the year end. As Chairman of UKAEA, Barbara Thomas Judge resigned from the Committee after the year end in accordance with best practice in corporate governance. She has been replaced as Chairman of the Committee by Mark Slaughter. All members of the Committee are independent Non-Executive Directors. The Audit Committee met three times during the year.

The Committee has at least one member possessing what the Smith Report describes as recent and relevant experience. The other members of the Committee bring to it a wide range of experience from positions at the highest level both in the UK and the USA.

Under its terms of reference, the Committee is responsible for: monitoring the effectiveness of the external audit process and approving the terms of engagement and remuneration of the external auditor; endorsing the UKAEA's policy on the provision of non-audit services by the external auditor; monitoring and reviewing the effectiveness of the internal audit programme; reviewing the actions and judgements of management in relation to annual and other financial statements before submission to the UKAEA Board; and reviewing annually the systems of internal control and the processes for monitoring and evaluating the risks facing UKAEA.

Internal Control

Scope of responsibility

The Accounting Officer is responsible for maintaining a sound system of internal control that supports the achievement of UKAEA's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in Government Accounting. He is assisted in this by the Director, Finance and Commercial.

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 UKAEA'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 UKAEA for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

Capacity to handle risk

The Board has delegated day-to-day responsibility for risk management to the Executive Committee and each member of the Committee is responsible for ensuring that a sound system of risk management is in place in the Divisions that they represent.

The risk and control framework

Each Division is responsible for the identification and evaluation of key risks applicable to their areas of business together with the design and operation of suitable internal controls. These risks are recorded in risk registers which identify the probability of those risks occurring, their impact if they do occur and the actions being taken to manage those risks to the desired level.

Business reports are prepared by each UKAEA division focusing on the following areas

- key risks to the achievement of business objectives;
- progress against key performance indicators;
- milestone summary; and
- progress of programme against budget.

These reports are submitted monthly to the Executive Committee by the main two operating divisions and quarterly by other divisions. A quarterly summary report is produced for the Board which includes the top ten risks to UKAEA.

Review of effectiveness

The Accounting Officer is responsible for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within UKAEA 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. He has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

UKAEA has an internal audit department which operates in accordance with Government Internal Audit Standards, and an Audit Charter approved by the Audit Committee. During the year, the DTI performed a review of the UKAEA's internal audit department and found the department was in compliance with Government internal audit standards in almost all areas and that the Audit Charter was a model of best practice. There are only minor changes that need to be implemented to ensure full compliance.

The work of the internal audit department is determined by analysis of the risks to which UKAEA is exposed. The annual internal audit programme is based on this analysis. The Head of Internal Audit provides the Accounting Officer with regular reports on internal audit activity in UKAEA. These reports include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of UKAEA's system of internal control.

There were no material internal control issues identified during the year.

Dipesh Shah
Chief Executive and Accounting Officer

29 June 2005

Remuneration report

UKAEA applies the Principles of Good Governance relating to Directors' remuneration to the extent that they are appropriate to UKAEA. The principal implementation arrangements are set out below.

Procedures for setting remuneration

Directors' remuneration is determined by the Secretary of State for Trade and Industry with the approval of HM Treasury in accordance with the Atomic Energy Authority Act 1954. A Remuneration Committee makes recommendations to the Department of Trade and Industry (DTI) on the overall remuneration package for Executive Directors. Non-Executive Directors are not involved in decisions relating to their own remuneration.

Statement of remuneration policy and details of remuneration

The individual components of, and arrangements for, the remuneration packages are

Basic salary and benefits

Executive Directors receive a basic salary which is reviewed annually. The figures in the table on page 12 include an increase in basic salaries of 2.75% with effect from 1 May 2004, the same as for all employees throughout UKAEA. In addition, Executive Directors are entitled to certain benefits which principally comprise a company car, private health care and, where appropriate, accommodation benefits.

Performance related bonuses

These are calculated in accordance with fixed formulae that are set each year by the DTI on the basis of recommendations from the Remuneration Committee. The total bonus is made up of two components: the performance of UKAEA against specific quantified targets, and the performance of the Divisions for which Directors have responsibility against specific Divisional targets. The performance related bonuses for 2004-2005 shown in the table on page 12 are an estimate of the amounts which may be payable. The final amounts payable will be subject to approval by the DTI.

Pensions

The Chief Executive has an unfunded pension arrangement providing a pension based on pensionable final earnings, and a death in service only benefit scheme providing a lump sum of four times basic salary. Other Executive Directors are members of the Combined Pension Scheme that pays an annual pension based on pensionable final earnings together with a lump sum of three times the pension at normal retirement age. Benefits are also payable in the event of death or ill health retirement. The Director, Dounreay, also has an unfunded pension arrangement to take account of pensionable pay above the earnings cap introduced by the Finance Act 1989, which is reflected in his pension entitlements in the table on page 12.

Fees

The Chairman and Non-Executive Directors are entitled to fees that are determined by the DTI. They do not receive performance related bonuses or pension entitlements but are reimbursed for reasonable expenses in line with the policy for UKAEA's employees.

Directors' emoluments

	Salary/Fees	Benefits	Bonus	2005 Total	2004 Total
	£	£	£	£	£
Chairman					
Barbara Thomas Judge	56,250	0	0	56,250	15,000
Executive Directors					
Dipesh Shah	169,160	44,553	51,251	264,964	90,169
Colin Bayliss	96,807	9,679	20,083	126,569	125,240
Stan Gordelier (appointment ended 17 January 2005)	82,378	6,698	13,640	102,716	130,313
Norman Harrison	116,874	48,136	21,904	186,914	72,888
John McKeown	0	0	0	0	180,163
Peter Welsh	0	0	0	0	106,551
Paul White	104,083	9,258	21,593	134,934	133,698
Non-Executive Directors					
Rosemary Day	15,000	0	0	15,000	15,000
John Macpherson	15,000	0	0	15,000	15,000
Denis Tunnicliffe (resigned 30 April 2004)	5,806	0	0	5,806	60,000
Ken Vowles	15,000	0	0	15,000	15,000
Alan Young	15,000	0	0	15,000	15,000
	<u>691,358</u>	<u>118,324</u>	<u>128,471</u>	<u>938,153</u>	<u>974,022</u>
Pensions paid to former Directors				<u>4,194</u>	<u>4,082</u>
				<u>942,347</u>	<u>978,104</u>

Directors' pension entitlements

The pension entitlements shown in the table below are those that would be paid annually on retirement based on service to 31 March 2005 and include the value of added years paid for by Directors.

	Accrued pension 2004 £	Lump sum 2004 £	Increase in accrued pension £	Increase in lump sum £	Accrued pension 2005 £	Lump sum 2005 £
Dipesh Shah	2,059	0	5,691	0	7,750	0
Colin Bayliss	21,531	64,592	2,406	7,220	23,937	71,812
Stan Gordelier (appointment ended 17 January 2005)	9,369	28,108	1,710	5,129	0	0
Norman Harrison ¹	41,606	124,818	2,507	7,522	44,113	132,340
Paul White	26,946	80,837	2,330	6,992	29,276	87,829
	<u>101,511</u>	<u>298,355</u>	<u>14,644</u>	<u>26,863</u>	<u>105,076</u>	<u>291,981</u>

1 The comparative numbers for Norman Harrison have been restated on a full pension basis instead of the capped pension basis reported in the previous year's accounts.

The following table sets out the transfer value of the Directors' accrued pension entitlements consistent with Actuarial Guidance Note GN11. The transfer values do not represent sums paid or payable to the Directors but represent a potential liability of the pension scheme.

	Transfer value 2004 £	Directors contributions £	Increase net of contributions £	Transfer value 2005 £
Dipesh Shah	46,886	0	129,328	176,214
Colin Bayliss	344,874	14,521	31,604	390,999
Stan Gordelier (appointment ended 17 January 2005)	169,293	12,154	21,525	0
Norman Harrison	687,871	5,100	59,042	752,013
Paul White	496,601	9,564	41,172	547,337
	<u>1,745,525</u>	<u>41,339</u>	<u>282,671</u>	<u>1,866,563</u>

Members of the pension scheme have the option to pay Additional Voluntary Contributions; neither the contributions nor the resulting benefits are included in the above tables.

Service contracts

Directors are appointed for a fixed term determined by the Secretary of State for Trade and Industry that may be renewed upon expiry. UKAEA's procedures differ from established best practice, as the service contracts are for a period in excess of one year, but are considered to be appropriate to the nature and requirements of UKAEA.

On behalf of the Board

Rosemary Day

29 June 2005

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

I certify that I have audited the financial statements under the Atomic Energy Authority Act 1954. These financial statements comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Balance Sheets, the Consolidated Cashflow Statement, the tables of Directors' Emoluments and Directors' Pension Entitlements, and the related notes numbered 1 to 28, and have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out in Note 1 to the financial statements.

Respective responsibilities of Directors, the Accounting Officer and Auditor

As described in the Statement of Directors' and Accounting Officer's Responsibilities, the Directors and the Accounting Officer are responsible for the preparation of the financial statements in accordance with the Atomic Energy Authority Act 1954 and HM Treasury Directions made thereunder and for ensuring the regularity of financial transactions. The Directors and Accounting Officer are also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Atomic Energy Authority Act 1954 and HM Treasury Directions made thereunder, and 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. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Authority has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on Corporate Governance reflects the Authority's compliance with HM Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by HM Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 are free from material misstatement, whether caused by error, or by fraud, or other irregularity 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 have also evaluated the overall adequacy of the presentation of information in the financial statements.

Fundamental uncertainty relating to nuclear liabilities

In forming my opinion I have taken note of the disclosures made in note 20 to the financial statements concerning the uncertainties relating to the provision of £4.42 billion for nuclear liabilities. These uncertainties also impact on the amount of the nuclear liability debtor (given that nuclear decommissioning costs are recoverable from the DTI) and as a result they do not impact on the net assets or net surplus reported in the financial statements. It is not possible to quantify the potential impact of these uncertainties on the provisions and nuclear liability debtor disclosed in the consolidated balance sheet or on the income or expenditure disclosed in the consolidated profit and loss account. My opinion is not qualified in this respect.

Opinion

In my opinion

- the financial statements give a true and fair view of the state of affairs of the United Kingdom Atomic Energy Authority and the Group at 31 March 2005 and of the profit, total recognised gains and losses and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Atomic Energy Authority Act 1954 and directions made thereunder by HM Treasury; and
- 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.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

15 July 2005

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

Consolidated profit and loss account for the year ended 31 March 2005

	Notes	2005 £m	2004 £m
Turnover	2		
Grants-in-aid		291.8	300.2
Other turnover		109.7	106.9
		401.5	407.1
Change in work in progress		(0.3)	0.6
Other operating income		8.1	8.0
		409.3	415.7
Raw materials and consumables		37.1	27.7
Other external charges		207.4	257.0
Staff costs	3	149.3	118.5
Depreciation, amortisation and impairment of fixed assets		9.0	6.0
Other operating charges		8.3	5.7
		411.1	414.9
Operating (loss)/profit	4	(1.8)	0.8
Loss on disposal of fixed assets		(0.2)	(6.3)
Loss on ordinary activities before financing		(2.0)	(5.5)
Income from investments		0.5	0.3
Interest receivable		2.1	1.3
Notional cost of capital		(2.6)	(2.7)
Other net financing charges	7	0	0
Loss on ordinary activities before taxation		(2.0)	(6.6)
Tax on loss on ordinary activities	8	0	0
Loss on ordinary activities after taxation		(2.0)	(6.6)
Reversal of notional cost of capital		2.6	2.7
Profit/(loss) for the year	22	0.6	(3.9)

All amounts derive from continuing operations.

The related notes numbered 1 to 28 form part of these accounts.

Consolidated Statement of total recognised gains and losses for the year ended 31 March 2005

	Note	2005 £m	2004 £m
Profit/(loss) for the year		0.6	(3.9)
Unrealised (deficit)/gain on revaluation of properties	11	(1.7)	1.1
Total recognised losses relating to the year		<u>(1.1)</u>	<u>(2.8)</u>

The related notes numbered 1 to 28 form part of these accounts.

Balance Sheets at 31 March 2005

	Notes	Group 2005 £m	Group 2004 £m	UKAEA 2005 £m	UKAEA 2004 £m
Assets employed					
Fixed assets					
Intangible assets	10	1.3	2.0	1.3	2.0
Tangible assets	11	147.7	132.0	147.7	132.0
Investments	12	0	0	3.0	3.0
		149.0	134.0	152.0	137.0
Current assets					
Stocks and work in progress	13	7.1	7.3	7.1	7.3
Debtors: amounts falling due within one year	14	66.0	80.4	66.0	80.1
Debtors: amounts falling due after more than one year	14	33.9	46.2	33.9	46.2
Nuclear liability debtor	14	4,398.0	5,047.2	4,398.0	5,047.2
Investments	15	10.8	10.2	0	0
Cash at bank and in hand		89.5	53.0	89.2	53.0
		4,605.3	5,244.3	4,594.2	5,233.8
<i>Less</i>					
Creditors: amounts falling due within one year	16	122.3	97.3	122.3	97.3
Net current assets		4,483.0	5,147.0	4,471.9	5,136.5
Total assets less current liabilities					
		4,632.0	5,281.0	4,623.9	5,273.5
<i>Less</i>					
Creditors: amounts falling due after more than one year	17	14.9	14.9	14.9	14.9
Deferred income	19	69.8	50.8	69.8	50.8
Nuclear liabilities	20	4,418.7	5,071.3	4,418.7	5,071.3
Other provisions for liabilities and charges	21	47.9	62.2	46.5	61.5
Total assets less liabilities					
		80.7	81.8	74.0	75.0
Reserves					
General reserve	22	98.1	98.1	98.1	98.1
Revaluation reserve	22	41.1	43.9	41.1	43.9
Profit and loss account	22	(58.5)	(60.2)	(65.2)	(67.0)
Total government funds					
		80.7	81.8	74.0	75.0

The accounts were signed on behalf of the Directors of UKAEA on 29 June 2005.

Dipesh Shah
Chief Executive and Accounting Officer

Paul White
Director, Finance and Commercial Division

The related notes numbered 1 to 28 form part of these accounts.

Consolidated Cash Flow Statement for the year ended 31 March 2005

	Notes	2005 £m	2005 £m	2004 £m	2004 £m
Net cash inflow from operating activities			33.8		14.1
Net cash inflow from returns on investments and servicing of finance					
Investment income		0.5		0.3	
Interest received		2.1	2.6	1.3	1.6
Net cash inflow from capital expenditure and financial investment					
Purchase of intangible fixed assets	10	(0.4)		(0.3)	
Purchase of tangible fixed assets	11	(27.5)		(19.1)	
Disposal of tangible fixed assets		2.0		(0.3)	
Capital grants received	19	26.6	0.7	20.2	0.5
Net cash outflow from management of liquid resources					
Investment in short term deposits			(0.6)		(0.1)
Increase in cash			36.5		16.1

The related notes numbered 1 to 28 form part of these accounts.

Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	Notes	2005 £m	2004 £m
Operating (loss)/profit		(1.8)	0.8
Amortisation of intangible fixed assets	10	1.3	1.4
Depreciation and impairment of tangible fixed assets	11	7.7	4.6
Capital grants released	19	(7.6)	(6.5)
Decrease/(increase) in stocks and work in progress		0.2	(0.7)
Decrease in debtors		9.8	7.3
Increase in creditors		25.0	11.5
Decrease in provisions		(0.8)	(4.3)
Net cash inflow from operating activities		33.8	14.1

Reconciliation of net cash flow to movement in net funds

	2005 £m	2004 £m
Increase in cash in the year	36.5	16.1
Cash outflow from management of liquid resources	0.6	0.1
Change in net funds	37.1	16.2
Net funds at 1 April 2004	63.2	47.0
Net funds at 31 March 2005	100.3	63.2

Analysis of net funds

	At 1 April 2004 £m	Cash flows £m	At 31 March 2005 £m
Current asset investments	10.2	0.6	10.8
Cash at bank and in hand	53.0	36.5	89.5
	63.2	37.1	100.3

The related notes numbered 1 to 28 form part of these accounts.

Notes to the Accounts

1 Principal accounting policies

The accounts comply with the provisions of the Atomic Energy Authority Act 1954 (Section 4(3) and the HM Treasury Accounts Direction. The latter requires the accounts to be prepared in accordance with

- i the Companies Act 1985;
- ii generally accepted accounting principles in the UK (UK GAAP);
- iii paragraph 43 of Chapter 12 of the Listing Rules issued by the Financial Services Authority; and
- iv the accounting and disclosure requirements of 'Government Accounting' and HM Treasury guidance 'Executive Non-Departmental Public Bodies: Annual Reports and Accounts Guidance'

insofar as these are appropriate to UKAEA. The Accounts Direction requires the following departures from the Companies Act and accounting standard requirements

- i the note on historical cost profit and losses required under FRS 3 'Reporting Financial Performance' has not been disclosed; and
- ii the historical cost information regarding assets included at valuation as required by paragraph 33(3) of Schedule 4 to the Companies Act 1985 has not been disclosed.

The disclosure exemptions permitted by the Companies Act do not apply to UKAEA unless specifically approved by HM Treasury.

a Basis of accounting

These accounts have been prepared on the going concern basis, as UKAEA will remain in being as an Executive Non-Departmental Public Body. Future funding arrangements are expected to be sufficient to support UKAEA's continuing operations for the foreseeable future.

The accounts have been prepared in accordance with the historical cost convention modified by the revaluation of certain tangible fixed assets.

b Basis of consolidation

The consolidated profit and loss account, consolidated statement of total recognised gains and losses, consolidated balance sheet and consolidated cash flow statement include the accounts of UKAEA and of its subsidiary undertaking for the year ended 31 March 2005. Intra-group transactions and profits are eliminated fully on consolidation.

c Intangible fixed assets

Intangible fixed assets comprise purchased software licences and are valued at cost, net of amortisation and impairment, or depreciated replacement cost where materially different.

The cost or valuation of intangible fixed assets, less their estimated residual values, is amortised on a straight-line basis over a period up to five years. Provision is made for any impairment.

d Tangible fixed assets

Specialised buildings, plant and equipment and assets under construction are valued at cost, net of depreciation and impairment, or depreciated replacement cost where materially different.

Non-specialised land and buildings and the land on which specialised buildings stand are valued at open market value for existing use. Independent, professionally qualified valuers make full valuations at least every five years and, in the intervening years, these valuations are updated by UKAEA with the assistance of independent professional advice as required.

Investment properties are revalued annually and no depreciation is provided. The requirement of the Companies Act 1985 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principles set out in SSAP 19 'Accounting for Investment Properties'. UKAEA considers that to depreciate such properties would not give a true and fair view, but that a true and fair view is given by following SSAP 19. Depreciation is only one of many factors reflected in the annual valuation and the amount that might otherwise have been included cannot be separately identified or quantified.

Surplus properties are revalued annually and no depreciation is provided. UKAEA does not consider it appropriate to depreciate surplus properties on a formal basis since they are not being used for operational purposes and any depreciation or impairment of the properties will be reflected in the annual revaluation.

Surpluses arising from the valuations of properties are taken direct to a revaluation reserve. Any deficit arising from the valuation of properties is taken direct to a revaluation reserve to the extent that such deficits are regarded as temporary. Where impairment in value of an individual property is identified, the deficit is eliminated against any revaluation reserve in respect of that property, with any excess being charged to the profit and loss account. Any subsequent surplus in valuation will be credited to the profit and loss account to the extent of the amount previously charged. Valuation surpluses realised on sale are transferred from the revaluation reserve to the profit and loss reserve.

Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected economic lives of the assets concerned. The principal annual rates used for this purpose are

Freehold land	not depreciated
Buildings	up to 40 years
Investment properties	not depreciated
Surplus properties	not depreciated
Plant and equipment	up to 10 years
Assets under construction	not depreciated

e Turnover

Turnover represents the total value, excluding VAT and intra-group sales, of grants-in-aid received from the DTI, invoices issued in respect of products delivered and services rendered to customers, royalties and contributions receivable in support of programmes, rental income receivable and the value of long term contract work completed during the year.

f Nuclear liabilities

Full provision is made for UKAEA's nuclear liabilities. Changes are accounted for in the year in which they arise. Provision is made on the basis of the current best estimate which is reviewed annually (see Note 20).

The provision is expressed at current price levels and discounted at 3.5%, a real rate of interest agreed with HM Treasury, to take account of the long timescale over which work will be carried out. The financing charges in the profit and loss account include the adjustments to amortise one year's discount and restate the liabilities to current price levels.

Recognising that the management of these liabilities is the principal activity of the Group, the costs and turnover associated with the current year work programme are reflected in the profit and loss account. The annual review of the estimated liabilities takes this programme into account.

A letter issued by the then Secretary of State for Energy in 1986 stated that the Government was prepared to continue to accept responsibility in principle for those costs which UKAEA incurs in treating and disposing of nuclear wastes and in decommissioning plant arising from

- i programmes carried out by UKAEA and its predecessors prior to 1 April 1986; and
- ii programme agreement work undertaken for the Department of Trade and Industry (DTI) and its predecessors after 1 April 1986.

These assurances were reconfirmed by the DTI in June 1996. On the basis of these assurances a debtor is included in the balance sheet. The provision and debtor are identified separately.

g Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

h Stocks and work in progress, excluding long-term contracts

Stocks are valued at the lower of cost and net realisable value. Work in progress is valued at cost, less the cost of work invoiced on incomplete contracts and less foreseeable losses. Cost means direct cost plus production overheads. Where necessary, provision is made for obsolete, slow moving and defective stocks.

i Long-term contracts

Turnover 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. The amount by which the turnover exceeds payments on account is shown under debtors as amounts recoverable on contracts. The cumulative costs on long-term contracts not yet taken to the profit and loss account, less related foreseeable losses and payments on account, are shown in stocks and work in progress as long-term contract balances.

j Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. 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 profits from which the 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 timing differences are expected to reverse on a non-discounted basis.

k Insurance

UKAEA insures most non-nuclear risks through its wholly owned subsidiary AEA Insurance Limited. This subsidiary also covers some nuclear risks but in the main these continue to be covered by the UK Government under the Nuclear Installations Act 1965.

l Pension costs

UKAEA operates two unfunded defined benefit schemes for the benefit of its employees, one of which is closed to new members. These schemes are multi-employer and are accounted for in these accounts as defined contribution schemes in accordance with guidance issued by HM Treasury as separate accounts are prepared for the schemes. The amount charged to the profit and loss account is the contributions payable for the year.

UKAEA also operates two defined contribution schemes that are fully insured. No employer contribution is made to one and for the other the cost, which is directly linked to salary, is charged to the profit and loss account at the same time as the salary.

In addition, there is an unfunded defined benefit scheme for certain senior directors for which provision is made in accordance with FRS 17 and included within Note 21.

m Foreign currencies

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. Balances denominated in foreign currencies are translated into sterling at the exchange rate ruling at the end of the year. All foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Forward exchange contracts are used to reduce exposure to foreign exchange risk. UKAEA does not hold forward exchange contracts for speculative purposes.

n Notional cost of capital

Notional cost of capital is calculated as 3.5% of the average capital employed by UKAEA during the year. 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), general reserve, revaluation reserve and profit and loss account. The notional cost of capital is abated by any actual interest incurred during the year.

o Restructuring

Full provision is made for the future costs of any reorganisation or restructuring having a material effect on the nature and focus of UKAEA's operations where the criteria of FRS 12 'Provisions, Contingent Liabilities and Contingent Assets' are met.

Restructuring provisions are expressed at current price levels and discounted at 3.5%, a real rate of interest agreed with HM Treasury, to take account of the long timescale over which payments are due to be made. The financing charges in the profit and loss account include the adjustments to amortise one year's discount and restate the liabilities to current price levels.

Assurances covering restructuring provisions made before 1 April 2004 have been received from the DTI and the associated liabilities have been declared to Parliament. A grant debtor for these liabilities is included on the balance sheet.

New restructuring provisions made since 1 April 2004 are charged directly to the profit and loss account and financed via income received. There are no corresponding debtors for these provisions.

p Government grants

Government grants are recognised either when invoiced or earlier, where Department of Trade and Industry letters of comfort or other assurances are held.

Government grants relating to the purchase of fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

q Research and development

Research and development costs are charged to the profit and loss account as incurred.

r Current asset investments

Current asset investments are stated at market value.

2 Turnover*a The analysis of turnover by geographical area is as follows*

	2005	2004
	£m	£m
United Kingdom	353.0	363.5
Rest of Europe	48.3	43.5
Rest of World	0.2	0.1
	401.5	407.1

b Turnover is analysed by activity as follows

	2005	2004
	£m	£m
Decommissioning and environmental restoration	287.0	326.1
Fusion research	64.2	55.4
UKAEA Constabulary	21.6	18.4
Property	9.9	0
Pensions	1.2	1.1
Other	17.6	6.1
	401.5	407.1

A segmental analysis of net assets has not been disclosed as most of the net assets do not relate to UKAEA's main business activities. The profit/(loss) for the year originated in the United Kingdom and does not relate to UKAEA's main business activities.

3 Staff costs

	2005	2004
	£m	£m
Salaries	105.5	92.6
Social security costs	9.3	8.2
Other pension costs	0.5	0.1
Staff costs capitalised	(3.5)	(0.5)
	111.8	100.4
Hired staff	37.5	18.1
	149.3	118.5

The average number of UKAEA staff during the year was

	2005	2004
Senior staff	37	34
Other staff	2,949	2,807
	2,986	2,841

These numbers include 633 (2003-2004: 601) staff of the UKAEA Constabulary who were transferred to the Civil Nuclear Policy Authority after year end (see Note 28).

- b The number of UKAEA staff including Directors at the end of the year whose emoluments (excluding the cost of any pension contributions) fall within rising bands of £10,000 starting at £40,000 were

£	2005	2004
40,000 - 50,000	590	501
50,001 - 60,000	189	120
60,001 - 70,000	53	31
70,001 - 80,000	9	9
80,001 - 90,000	6	16
90,001 - 100,000	13	5
100,001 - 110,000	3	4
110,001 - 120,000	3	4
120,001 - 130,000	5	1
130,001 - 140,000	1	2
140,001 - 150,000	1	0
180,001 - 190,000	1	0
260,001 - 270,000	1	0

4 Operating (loss)/profit

Operating (loss)/profit is stated after charging the following items

	2005 £m	2004 £m
Auditors' remuneration – audit fees	0.1	0.1
Hire of plant and equipment - operating leases	0.3	0.4
Exchange loss	0.0	0.1

5 Summary of Directors' emoluments

Directors' emoluments in the year were

	2005 £000	2004 £000
Fees	122	135
Salaries	569	549
Benefits	118	91
Performance related bonuses	129	128
Compensation for loss of office	0	71
	938	974
Pensions paid to former Directors	4	4
	942	978

The estimated liability to UKAEA of meeting Directors' unfunded pension liabilities is shown below

	2005	2004
	£000	£000
At 1 April 2004	63	18
Increase during year	420	45
At 31 March 2005	483	63

The increase during the year is included in staff costs in the profit and loss account (see Note 3) and the closing liability is included in other provisions for liabilities and charges in the balance sheet (see Note 21).

Further details of Directors' emoluments are included in the Remuneration Report on pages 11 to 13.

6 Pension costs

- a UKAEA has two defined benefit schemes: the Combined Pension Scheme (CPS), which is open to new members, and the Protected Persons Superannuation Scheme (PPSS), which is a closed scheme. These schemes have members from other employers as well as UKAEA. No information in these accounts relates to other employers participating in the CPS or PPSS, although UKAEA has overall responsibility for the schemes. No contingent liability is expected to arise from this responsibility.

All contributions are paid to and benefits are paid by HM Government via the Consolidated Fund. The surpluses of contributions over benefits are deemed to have been invested in portfolios of notional securities reflecting the investments of a sample of UK funded pension schemes. The most recent actuarial valuations show notional surpluses in the UKAEA sub-funds and UKAEA has followed the Government Actuary's recommendation that no employer contributions need to be paid for the period covered by these accounts (2003-2004: nil).

In accordance with guidance issued by HM Treasury, these schemes are accounted for as defined contribution schemes in these accounts. Separate audited accounts are prepared for these schemes.

- b UKAEA has two defined contribution schemes (the Additional Voluntary Contribution (AVC) scheme and the Shift Pay Pension Savings Plan (SPPP) scheme) which are fully insured schemes administered by Prudential Assurance Company Limited to whom contributions are paid. The AVC scheme covers those employees of UKAEA, and of other employers, who are members of CPS or PPSS and who have opted to pay additional voluntary contributions. No employer contributions are made to this scheme. The SPPP scheme covers most of those shift working employees of the employers participating in the AVC scheme who are members of CPS or PPSS. The costs of the SPPP scheme, which are directly linked to shift pay earnings, are charged to the profit and loss account at the time the shift pay is paid. The total contributions paid by UKAEA during the year were £44,063 (2003-2004: £41,148). No contributions were outstanding at this or the previous year end.

7 Other net financing charges

	2005	2005	2004	2004
	£m	£m	£m	£m
Revalorisation of nuclear liabilities				
Change in discount rate	0		1,262.8	
Changes in price levels	134.4		128.6	
Amortisation of one year's discount	182.2		184.5	
Escalation of nuclear liability debtor	(316.6)	0	(1,575.9)	0
Revalorisation of other provisions				
Change in discount rate	0		7.0	
Changes in price levels	1.9		1.8	
Amortisation of one year's discount	2.0		2.2	
Escalation of DTI grant debtor	(3.9)	0	(11.0)	0
		0		0

8 Taxation

a Analysis of tax charge in the year

	2005 £m	2004 £m
Current tax		
UK corporation tax for current year at 30%	<u>0</u>	<u>0</u>
Deferred tax		
Origination and reversal of timing differences	0	0
Tax on loss on ordinary activities	<u>0</u>	<u>0</u>

b Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below

	2005 £m	2004 £m
Loss on ordinary activities before tax	(2.0)	(6.6)
Loss on ordinary activities before tax at the UK standard rate of corporation tax of 30%	(0.6)	(2.0)
Effects of		
Income which qualifies for statutory exemptions	(1.3)	(2.7)
Capital allowances for the year in excess of depreciation	(0.3)	(0.7)
Expenses not deductible for tax purposes	0.8	2.7
Losses carried forward	<u>1.4</u>	<u>2.7</u>
Current tax charge for the year	<u>0</u>	<u>0</u>

Prior to 2000-2001, UKAEA applied for an annual exemption from corporation tax as a scientific research association under Section 508 of the Income and Corporation Taxes Act 1988. The introduction of new criteria for defining scientific research associations meant that this exemption is no longer available to UKAEA. The basis on which UKAEA will be subject to tax from 2000-2001 to 2004-2005 has been agreed with HM Revenue & Customs and is unlikely to result in UKAEA incurring any tax liabilities for the years up to the balance sheet date.

Although UKAEA is chargeable to corporation tax on trading profits, it has benefited for the years up to 31 March 2005 from a statutory exemption from tax in respect of rental income, yearly interest and chargeable gains.

c Factors that may affect the future tax charge

With effect from 1 April 2005, the statutory exemptions referred to above will be removed. In addition, the wider changes to the nuclear industry which came into effect on 1 April 2005 will require the tax position of UKAEA in future years to be re-addressed with HM Revenue & Customs.

Taxable losses which are available for offset against future taxable profits of the same trade have been incurred by UKAEA in the five years ended 31 March 2005. A deferred tax asset has not been recognised in respect of these losses as UKAEA does not foresee suitable taxable profits arising within the immediate future with sufficient certainty.

The estimated value of the deferred tax asset not recognised, measured at a standard rate of 30%, is £6.0m (2004: £8.4m).

9 Profit for the financial year

As a consolidated profit and loss account is included in these accounts, UKAEA's individual profit and loss account has not been included. The result for the financial year of UKAEA was a profit of £0.7m (2003-2004: loss of £4.4m).

10 Intangible fixed assets

Group and UKAEA	Software licences £m
Cost	
At 1 April 2004	5.5
Additions	0.4
Disposals	(0.3)
Transfer from tangible fixed assets	0.2
At 31 March 2005	<u>5.8</u>
Amortisation	
At 1 April 2004	3.5
Charge for year	1.3
Disposals	(0.3)
At 31 March 2005	<u>4.5</u>
Net book value	
At 31 March 2005	<u>1.3</u>
At 31 March 2004	<u>2.0</u>

11 Tangible fixed assets

Group and UKAEA	Land and buildings £m	Investment properties £m	Surplus properties £m	Plant and equipment £m	Assets under construction £m	Total £m
Cost or valuation						
At 1 April 2004	78.8	49.5	3.2	46.3	17.8	195.6
Additions	0	0	0	9.2	18.3	27.5
Disposals	(0.4)	(1.3)	(0.6)	(1.0)	0	(3.3)
Transfers between categories	7.6	(1.7)	0	12.8	(12.8)	5.9
Transfer to intangible assets	0	0	0	0	(0.2)	(0.2)
Revaluation	(1.0)	(1.9)	1.2	0	0	(1.7)
At 31 March 2005	85.0	44.6	3.8	67.3	23.1	223.8
Depreciation and impairment						
At 1 April 2004	36.6	0	0	27.0	0	63.6
Charge for year	1.7	0	0	6.0	0	7.7
Disposals	(0.1)	0	0	(1.0)	0	(1.1)
Transfers between categories	5.9	0	0	0	0	5.9
At 31 March 2005	44.1	0	0	32.0	0	76.1
Net book value						
At 31 March 2005	40.9	44.6	3.8	35.3	23.1	147.7
At 31 March 2004	42.2	49.5	3.2	19.3	17.8	132.0
Net book value at 31 March 2005 is represented by						
Valuation	30.1	44.6	3.8	0	0	78.5
Cost	10.8	0	0	35.3	23.1	69.2
	40.9	44.6	3.8	35.3	23.1	147.7

- a Non-specialised land and buildings and the land on which specialised buildings stand were valued at open market value for existing use at 28 February 2004 by the Valuation Office, an agency of HM Revenue & Customs.

Investment properties and surplus properties were valued at open market value at 28 February 2005 by the Valuation Office. UKAEA has adopted this valuation at 31 March 2005 on the grounds that there were no material changes. Investment properties are held for their investment potential. Rental income from tenants outside the Group is negotiated at arm's length. Surplus properties are not being used in the Group's operating activities and are included within fixed assets as it is unlikely that they will all be disposed of within a year of the balance sheet date.

- b All land and buildings are freehold. Land is stated at its revalued amount of £20.8m (2004: £20.8m).
- c Capital commitments at 31 March 2005 amounted to £26.5m (2004: £3.5m).
- d Transfers between categories include an adjustment to correct a past misclassification of a valuation increase on land that was previously split between cost/valuation and depreciation/impairment.

12 Fixed asset investments

UKAEA	Subsidiary undertakings £m	Other investments £m	Total £m
Cost and net book value			
At 1 April 2004 and 31 March 2005	3.0	0	3.0

Subsidiary undertakings

AEA Insurance Ltd, which is incorporated in the Isle of Man, is a wholly owned subsidiary of UKAEA. The company's principal activity is insurance.

Other investments

UKAEA's 49% interest in the ordinary share capital of Fast Reactor Technology Limited is included as an investment at a book value of £49 and not treated as an associate, since the Secretary of State for Trade and Industry has ruled that dividends shall be paid to the Department of Trade and Industry. The company has been dormant for the current and previous year and has net assets at 31 March 2005 of £0.1m (2004: £0.1m).

13 Stocks and work in progress

	Group and UKAEA	
	2005	2004
	£m	£m
Raw materials and general stores	1.1	0.9
Short-term work in progress	6.0	6.4
	7.1	7.3

The replacement cost of raw materials and general stores is not materially different from the balance sheet value.

14 Debtors

	Group 2005 £m	Group 2004 £m	UKAEA 2005 £m	UKAEA 2004 £m
Amounts falling due within one year				
Trade debtors	12.7	15.2	12.7	15.2
Restructuring debtors	6.4	6.6	6.4	6.6
Environmental remediation debtors	0	4.5	0	4.5
Prepayments and accrued income	3.5	4.0	3.5	3.8
VAT	8.0	7.6	8.0	7.6
DTI current account	34.7	34.7	34.7	34.7
Other debtors	0.7	7.8	0.7	7.7
	66.0	80.4	66.0	80.1
Amounts falling due after more than one year				
Restructuring debtors	33.3	36.8	33.3	36.8
Environmental remediation debtors	0	8.7	0	8.7
Other debtors	0.6	0.7	0.6	0.7
	33.9	46.2	33.9	46.2
Nuclear liability debtor (see Note 20)	4,398.0	5,047.2	4,398.0	5,047.2
Debtors include intra-government balances as follows				
Balances with the Department of Trade and Industry	4,472.4	5,138.4	4,472.4	5,138.4
Balances with other central government bodies	0.9	0.4	0.9	0.4
Balances with public corporations	3.7	4.3	3.7	4.3
	4,477.0	5,143.1	4,477.0	5,143.1

15 Current asset investments

	Group 2005 £m	Group 2004 £m
Fixed term deposits with commercial banks	10.7	10.0
Other investments	0.1	0.2
	10.8	10.2

The fixed term deposits all mature within one year and are treated as liquid resources in the cash flow statement.

The average interest rate on the investments is 4.84% (2003-2004: 4.01%).

16 Creditors: amounts falling due within one year

	Group and UKAEA	
	2005	2004
	£m	£m
Payments received on account	25.8	27.0
Trade creditors	15.4	13.3
Taxation and social security	2.8	2.7
Accruals	71.8	50.3
Other creditors	6.5	4.0
	122.3	97.3

Creditors include intra-government balances as follows

Balances with the Department of Trade and Industry	0.1	0
Balances with public corporations	29.6	16.6
	29.7	16.6

17 Creditors: amounts falling due after more than one year

	Group and UKAEA	
	2005	2004
	£m	£m
Payments received on account	14.6	14.6
Other creditors	0.3	0.3
	14.9	14.9
Repayable as follows		
Between one and two years	0.4	0.6
Between two to five years	14.0	13.9
After five years	0.5	0.4
	14.9	14.9

18 Commitments under operating leases

	Plant and equipment	
	2005	2004
	£m	£m
Annual commitments under non-cancellable operating leases were as follows		
Expiring within one year	0.4	0.3
Expiring between one and two years	0.3	0.1
Expiring between two and five years	0.2	0.1
	0.9	0.5

19 Deferred income

	Group and UKAEA	
	2005	2004
	£m	£m
At 1 April	50.8	37.2
Capital grants received	26.6	20.2
Disposals	0	(0.1)
Released to profit and loss account	(7.6)	(6.5)
At 31 March	69.8	50.8

20 Nuclear liabilities

	Group and UKAEA	
	2005	2004
	£m	£m
At 1 April	5,071.3	3,880.2
Financing charges		
Change in discount rate	0	1,262.8
Changes in price levels	134.4	128.6
Amortisation of one year's discount	182.2	184.5
Recategorisation ¹	14.3	0
Decrease in liabilities	(686.3)	(69.7)
Expenditure during year	(297.2)	(315.1)
At 31 March	4,418.7	5,071.3

- 1 The environmental remediation provision for the removal of chemical contamination at the Harwell site has been recategorised from other provisions for liabilities and charges (see Note 21) and is now included in the nuclear liabilities estimate.

UKAEA's nuclear liabilities comprise the estimated costs of decommissioning a diverse range of radioactive plant and facilities created as a consequence of past nuclear research and development activities; of storing, processing and eventually disposing of radioactive wastes; and of reprocessing, or in other ways managing, nuclear fuels and nuclear materials. UKAEA also has financial responsibility for some liabilities on BNFL sites.

Calculation of the liabilities is based on the technical assessments of the processes and methods likely to be used in the future to carry out the work. Estimates are derived from the latest technical knowledge and commercial information available, taking into account current legislation, regulations and Government policy. Summary figures are built up by aggregating detailed estimates for individual liabilities. Allowance is also made for infrastructure costs, which are an appropriate share of site running costs and other overhead costs attributable to plant and buildings. The calculation is reassessed annually.

The best estimate of £4.42bn at 31 March 2005 is discounted at 3.5% to the balance sheet date and expressed in 2004-2005 money values. The timescale over which it is estimated the costs will need to be incurred is as follows

	2005	2004
	£bn	£bn
Up to 3 years	0.84	0.96
From 4 to 10 years	1.70	1.76
Beyond 10 years	1.88	2.35
	4.42	5.07

The latest estimate of the undiscounted cost of dealing with the liabilities is £7.67bn (2004: £9.39bn).

Of the total discounted costs of £4.42bn, £4.40bn is recoverable from the Department of Trade and Industry under a Letter of Understanding issued by the then Secretary of State for Energy in May 1986 and confirmed in June 1996. A debtor is included on the balance sheet for contributions receivable from the DTI. The balance is financed from up front payments received by UKAEA.

After allowing for financing charges and expenditure during the year, the undiscounted estimate has decreased by £1.67bn and the discounted estimate has decreased by £0.69bn due to the following factors

	Undiscounted £bn	Discounted £bn
Decreases at UKAEA sites	1.33	0.52
Decrease in UKAEA liabilities on BNFL sites	0.31	0.14
Other changes	0.03	0.03
	<u>1.67</u>	<u>0.69</u>

The decreases at UKAEA sites are mainly due to

- a substantial reduction has been made in the length of the planned site restoration programmes, as described in the Lifecycle Baselines submitted to the NDA in September 2004, with the major reduction due to bringing forward the interim end date for the Dounreay site from 2063 to 2036. This has the joint effect of reducing the care and maintenance periods and the overall support costs. The overall effect is a decrease in liabilities of £1bn undiscounted and £0.4bn discounted; and
- a number of changes have been made in the waste management strategies on the sites. In addition, the amount of new capital expenditure required has been reduced by integrating plants and using existing facilities instead of building new ones. The overall effect is a decrease in liabilities of £0.3bn undiscounted and £0.1bn discounted.

The decrease in the UKAEA liabilities on BNFL sites follows a detailed review of these costs by BNFL.

Since much of the work required to deal with the liabilities will not be done until well into the future, there is a fundamental uncertainty as to the amount of the provision for nuclear liabilities and the associated debtor due from the DTI. This fundamental uncertainty does not impact on either net assets or the net surplus reported in the financial statements.

21 Other provisions for liabilities and charges

Group	Environmental remediation £m	Restructuring £m	Other £m	Total £m
At 1 April 2004	13.2	43.4	5.6	62.2
<i>Financing charges</i>				
Changes in price levels	0.6	1.3	0	1.9
Amortisation of one year's discount	0.5	1.5	0	2.0
Recategorisation	(14.3)	0	0	(14.3)
Increase in provisions	0	4.6	1.3	5.9
Expenditure during year	0	(7.2)	(2.6)	(9.8)
At 31 March 2005	<u>0</u>	<u>43.6</u>	<u>4.3</u>	<u>47.9</u>

UKAEA	Environmental remediation £m	Restructuring £m	Other £m	Total £m
At 1 April 2004	13.2	43.4	4.9	61.5
<i>Financing charges</i>				
Changes in price levels	0.6	1.3	0	1.9
Amortisation of one year's discount	0.5	1.5	0	2.0
Recategorisation	(14.3)	0	0	(14.3)
Increase in provisions	0	4.6	0.5	5.1
Expenditure during year	0	(7.2)	(2.5)	(9.7)
At 31 March 2005	0	43.6	2.9	46.5

- a The environmental remediation provision has been recategorised during the year and is now included in the nuclear liabilities estimate (see Note 20).
- b The restructuring provisions have been made to cover continuing annual payments to be made under UKAEA's early retirement arrangements to individuals who had retired early, or had accepted early retirement, before 31 March 2005. 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 UKAEA from the appropriate pension scheme at or after the date on which the individual concerned would have reached normal retirement age. Provisions for other areas are now minimal and are based on UKAEA's best judgement of the level and cost of the restructuring which will be needed. The undiscounted costs are £52.2m (2004: £52.2m) and are estimated to be incurred over a period up to 29 years.
- c Other provisions include provisions for insurance claims and early retirements not covered by the restructuring funding arrangements with the DTI. These provisions are not discounted as the impact of discounting would not be material.

22 Reserves

Group	General £m	Revaluation £m	Profit and loss £m
At 1 April 2004	98.1	43.9	(60.2)
Deficit arising on revaluation of tangible fixed assets	0	(1.7)	0
Depreciation on revalued tangible fixed assets	0	(0.1)	0.1
Disposal of revalued tangible fixed assets	0	(1.0)	1.0
Profit for the year	0	0	0.6
At 31 March 2005	98.1	41.1	(58.5)

UKAEA	General £m	Revaluation £m	Profit and loss £m
At 1 April 2004	98.1	43.9	(67.0)
Deficit arising on revaluation of tangible fixed assets	0	(1.7)	0
Depreciation on revalued tangible fixed assets	0	(0.1)	0.1
Disposal of revalued tangible fixed assets	0	(1.0)	1.0
Profit for the year	0	0	0.7
At 31 March 2005	98.1	41.1	(65.2)

The revaluation reserve includes £26.9m (2004: £30.8m) in respect of investment properties.

23 Reconciliation of movements in government funds

	Group 2005 £m	Group 2004 £m	UKAEA 2005 £m	UKAEA 2004 £m
Total recognised losses relating to the year	(1.1)	(2.8)	(1.0)	(3.3)
Opening government funds	81.8	84.6	75.0	78.3
Closing government funds	80.7	81.8	74.0	75.0

Government funds comprise general reserve, revaluation reserve and profit and loss account.

24 Financial instruments

FRS 13 'Derivatives and Other Financial Instruments' requires disclosure of the role that financial instruments have had during the year in creating or changing the risks an entity faces in undertaking its activities.

Due to the largely non-trading nature of its activities and the way in which it is financed, UKAEA is not exposed to the degree of financial risk faced by other business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. Generally, financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing UKAEA in undertaking its activities.

UKAEA has taken advantage of the exemption in FRS 13 not to give disclosures in respect of short term debtors and creditors.

While UKAEA has significant financial liabilities attaching to nuclear liabilities and other provisions, the risks attaching to these financial liabilities do not rest with UKAEA as they are broadly matched by debtor balances due from the DTI who underwrite the liabilities. UKAEA had no other long term financial liabilities at any time during the current or prior financial years.

Besides the long term debtor balances referred to above, UKAEA's financial assets comprised current asset investments held by the wholly owned subsidiary AEA Insurance Limited and cash at bank and in hand. Details of the average maturity of investments and the average interest rates relating to the current asset investments are included in Note 15.

Liquidity, Interest Rate and Foreign Currency risk

UKAEA is mainly financed by income from other public sector bodies and there is therefore no exposure to significant liquidity risks.

All current asset investments and cash balances on deposit were held in highly rated short term fixed rate deposits and UKAEA therefore had no significant interest rate risk.

UKAEA is exposed to foreign currency risk through its operations as it receives a proportion of its income in euros. At 31 March 2005, euro net assets were £9.4m (2004: £14.4m). In order to hedge its exposure to foreign currency risk on future euro income, UKAEA has taken out forward exchange contracts. At 31 March 2005, the fair value of the asset under the forward exchange contracts was estimated at £0.7m (2004: £1.9m), reflecting the appreciation of sterling against the euro since the contracts were entered into. This asset will crystallise during the year ended 31 March 2006. Unrealised gains of £1.9m arising in the previous year were realised during the year.

25 Statement relating to statutory borrowing limit

During 2004-2005, the statutory borrowing limit set by Section 3 of the Atomic Energy Authority Act 1986 as amended by the UK Atomic Energy Authority (Limit of Borrowing) Order 1991 remained at £200m. There were no borrowings during the current or previous year.

26 Contingent liabilities

There are contingent liabilities in respect of guarantees and claims arising in the normal course of business; claims relating to asbestos contamination; and indemnities issued with the consent of the Secretary of State for Trade and Industry and HM Treasury in respect of claims for nuclear damage arising from nuclear matter in the course of carriage. It is not expected that these will have a material impact on the financial position of UKAEA.

27 Related parties

Government Bodies

UKAEA is an Executive Non-Departmental Public Body sponsored by the DTI, which is regarded as a related party. During the year, UKAEA has had various material transactions with the DTI and with other entities for which the DTI is regarded as the responsible department, mainly BNFL. Details of UKAEA's transactions with the DTI are included in the Operating and Financial Review and the balances at the year end are included at Notes 14 and 16.

In addition, UKAEA has a small number of material transactions with other Government Departments and other central Government bodies. Most of these transactions have been with the Ministry of Defence.

Agency Transactions

Contracts administered by UKAEA on behalf of the DTI, but not directly related to the Group's activities, have been excluded from the profit and loss account. The value of these contracts in 2004-2005 amounted to £1.6m (2003-2004: £8.0m). Costs incurred and charges to customers made for the administration of these contracts are included in the profit and loss account.

28 Post balance sheet events

a Nuclear Decommissioning Authority

The Nuclear Decommissioning Authority was established by the Energy Act 2004 to have strategic responsibility for the decommissioning and clean-up of the UK public sector civil nuclear sites. These include the UKAEA sites at Dounreay, Harwell, Windscale and Winfrith, and the ultimate decommissioning post-closure of JET fusion facility at Culham. UKAEA retains ownership of its sites, but the decommissioning programme will, from 2005-2006, be funded by the NDA rather than the DTI.

A contract between UKAEA and the NDA, covering all UKAEA designated sites and JET decommissioning studies, was signed with the NDA on 31 March 2005. UKAEA's relationship with the NDA is that of a contractor for the management of those sites. The contract covers the period up to 31 March 2007 with the option of a further year's extension. Thereafter, contracts for the management of UKAEA's sites are expected to be subject to competition, on a basis to be decided by the NDA.

b Transfer to Civil Nuclear Police Authority

On 1 April 2005, responsibility for the UKAEA Constabulary was transferred from UKAEA to a new independent policy authority, the Civil Nuclear Police Authority, established by the Energy Act 2004. The UKAEA Constabulary is no longer part of UKAEA and has been renamed the Civil Nuclear Constabulary.

The assets, liabilities and employees transferred were

	£m
Assets and liabilities	
Fixed assets	1.9
Debtors	0.6
Creditors	(0.6)
Deferred income	(1.9)
Provisions	(0.2)
	<u>(0.2)</u>
Number of employees	645

In accordance with NDPB accounting guidance, the transfer of function has been accounted for using merger accounting as described in FRS 6 'Acquisitions and Mergers' and is not shown as a discontinued activity in the profit and loss account.

c Change in discount rate

With effect from 1 April 2005, the rate that UKAEA is required to use by HM Treasury to discount its long-term liabilities and calculate the notional cost of capital has been reduced to 2.2%.

If the new rate had been implemented in 2004-2005, the discounted estimate of UKAEA's long term liabilities would have been

	£m
Nuclear liabilities	5,211.6
Restucturing	<u>46.4</u>

Summary Group Financial Information

	2005 £m	2004 £m	2003 £m	2002 £m	2001 £m
Profit and loss account					
Turnover	401.5	407.1	364.4	373.3	285.7
Operating (loss)/profit	(1.8)	0.8	0.5	(2.6)	(2.1)
Loss on disposal of fixed assets	(0.2)	(6.3)	(0.1)	(0.2)	0
Net finance income	2.6	1.6	1.8	1.6	1.7
Profit/(loss) for the year	0.6	(3.9)	2.2	(1.2)	(0.4)
Balance sheet					
Fixed assets	149.0	134.0	133.1	134.7	117.3
Net current assets	4,483.0	5,147.0	3,942.2	3,699.0	3,339.0
	4,632.0	5,281.0	4,075.3	3,833.7	3,456.3
Non-current liabilities	(84.7)	(65.7)	(52.5)	(41.2)	(30.7)
Provisions	(4,466.6)	(5,133.5)	(3,938.2)	(3,703.7)	(3,345.1)
	80.7	81.8	84.6	88.8	80.5
Reserves	80.7	81.8	84.6	88.8	80.5

Glossary

BNFL

British Nuclear Fuels plc

CNC

Civil Nuclear Constabulary – formerly the UKAEA Constabulary

CNPA

Civil Nuclear Police Authority – police authority established by the Energy Act 2004 to be responsible for the Civil Nuclear Constabulary

DFR

Dounreay Fast Reactor – electricity generating fast breeder reactor commissioned in 1959 and closed in 1977

DIDO

Materials testing reactor commissioned in 1956 and closed in 1990

DTI

Department of Trade and Industry

EFDA

European Fusion Development Agreement

EURATOM

European Atomic Energy Community

GLEEP

Graphite Low Energy Experimental Pile – the first reactor in Europe built in 1946 and closed in 1990

ITER

Next generation international experimental fusion reactor based on the tokamak concept

JET

Joint European Torus – principal project in the European fusion programme based at Culham

LCBL

Lifecycle Baseline – the scope, schedule and costs to be undertaken on NDA nuclear sites to bring them to their defined end state

MAST

Mega-Ampere Spherical Tokamak – flagship device in the UK fusion programme

mSv

Millisievert – measure of radiation doses

NDA

Nuclear Decommissioning Authority – established by the Energy Act 2004 to oversee and manage the clean-up of the UK's civil nuclear legacy

NDPB

Non-Departmental Public Body – public body which operates at arm's length from Government but for which Ministers have responsibility

NTWP

Near Term Work Plan – a subset of the LCBL presenting more detailed scope, schedule and costs information for the first three years.

PFR

Prototype Fast Reactor – electricity generating fast breeder reactor commissioned in 1974 and closed in 1994

PLUTO

Materials testing reactor commissioned in 1957 and closed in 1990

RIDDOR

Reporting of Injuries, Diseases & Dangerous Occurrences Regulations

Tokamak

Toroidal chamber used in fusion research for the magnetic confinement of plasma

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DG Ref: A44015 5718WC

Printed in the UK for The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office
12/05

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