



Nuclear Decommissioning Authority Annual Report & Accounts 2009/2010

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Foreword



Charles Hendry
Minister of State, Department for Energy
and Climate Change

As Energy Minister, tackling the nuclear legacy is at the top of my agenda. Having seen at first hand the challenges at Sellafield, it is clear to me that there is a vital and significant amount of work that must be done there and across the NDA estate to reduce risks and clean up the legacy. We need to tackle it urgently and vigorously. Tackling the nuclear legacy is an expensive business, made more so by a failure to act in the past. Pressure to reduce public sector expenditure is also great and it is essential that the NDA provides value for money. The NDA should be congratulated for seeking ways to improve the affordability of its programme whilst maintaining a focus on safety and tackling the highest hazards. It is also showing strong leadership by reducing its own costs, and in doing so setting a good example to its sites. Tough decisions lie ahead but the Government is totally committed to the NDA's mission.

A handwritten signature in dark ink that reads "Charles Hendry". The signature is written in a cursive style and is followed by a long horizontal line that extends to the right.

Chairman's Statement



Stephen Henwood Chairman

It is five years since the formation of the NDA and, whilst this report focuses on the activities and progress made in the last financial year, it is also appropriate for us to reflect on progress in our mission since 2005.

The NDA was established in order to deal with the nuclear legacy created by the early nuclear research programme and subsequent first generation of nuclear power stations, dating back more than half a century. Our role is to be a strategic authority that sets direction for the sites under our control and to form a coherent and co-ordinated strategy to tackle the many complex challenges we face. Our first strategy was approved in 2006 and we are now in consultation on our five yearly update.

In line with the approved strategy, we develop the priorities and major objectives for our sites to enable them to develop detailed plans for which they are then held to account to deliver. In order to enhance performance, introduce innovation and deliver greater value for money, private sector expertise has been brought in, through competition, to manage delivery at our sites. We have run two competitions; for our largest and most complex site, Sellafield, and for the Low Level Waste Repository (LLWR). The third competition, for Dounreay, is underway and the fourth will follow.

In terms of our decommissioning and clean-up activities our primary focus is on retrieving and

packaging hazardous radioactive material; putting in place management arrangements for low, intermediate and high level radioactive waste; safe storage of nuclear materials; demolishing redundant facilities and environmental restoration of land. Good progress has been made in all these areas and performance is reported in detail in the following pages.

One of the paradoxes we face is that, in many cases, before we can decommission and demolish some facilities we must first invest in major capital projects such as constructing waste treatment and interim waste storage facilities, which are pivotal to reducing risk and hazard. With a programme of £1.4 billion on major construction projects over the next three years we are one of the largest construction customers in the UK.

Although decommissioning is our long term focus we are also responsible for the continued operation of critical parts of national nuclear infrastructure such as the reprocessing plants at Sellafield that are essential for dealing with spent fuel from the first and second generation of nuclear stations, which are between them producing nearly 20% of the UK's electricity.

In 2005 we inherited various commercial assets and contracts. We aim to both deliver appropriate value from them in order to offset the call on the public purse for our programme and to provide an optimum service to our customers, both in the UK and overseas. We have generated over £7 billion of income in our five years of operation comprising revenue from electricity generation from the remaining Magnox stations, spent fuel reprocessing and the disposal of assets such as land sales to new nuclear operators.

Other significant duties we continue to fulfil include the creation of pension arrangements for the 18,000 strong workforce across our 19 sites, investment in nuclear-related skills so that we have the ability to complete our mission in the decades to come, and also working with communities around our sites to plan for and mitigate as far as possible the socio-economic impacts of decommissioning.

One fundamental difference to the context in which the NDA operates today from that which existed back in 2005 is the nuclear renaissance. The 'new build' agenda has

placed our work into a greater spotlight and raised public perception of its importance. It has already created new opportunities, such as the sale of land to potential new build operators, and we believe there are other synergies to be explored especially with regard to skills and in the nuclear supply chain.

We are clear in our responsibility to deliver our programme efficiently and we remain committed to reducing the pressure on the public purse particularly during a period of extreme global economic challenge. In this regard, one of our objectives is to improve the affordability of our programme, and we are seeking to do this in the following ways.

In each of our first five years we have incentivised our site licence companies to deliver more work than planned, and for less cost. Cumulatively, this has delivered over £800 million of savings since 2005.

Maximising income from our commercial assets helps to reduce the need for Government funding but as our assets are disposed of or come to the end of their lives, the ability to generate income declines. We have been working closely with HM Treasury, DECC and the Shareholder Executive to consider our future plans in readiness for the next spending review. This process has provided us with the opportunity to consider various options for each of our sites and to consider areas of work that can be deferred whilst we concentrate on making progress on priority projects.

The fact remains however that the longer the buildings and facilities on our sites exist, the costlier it is to maintain them and we are working hard to drive efficiency across the estate to free up resources that can be used to drive greater value for money from our programme.

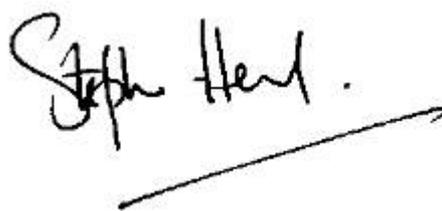
As an organisation with a turnover approaching £3 billion it is essential that we recruit and attract the highest calibre individuals with the experience and track record of delivery. It is only by securing and maintaining the very best team that we can ensure we provide the best value to Government and to taxpayers. This year has seen the benefits of changes made to the Board in March 2009, and the new non-executive directors have brought enhanced challenge and rigour to the governance

process as well as improving their understanding of the estate through Board visits to Sellafield, Harwell, Chapelcross, Sizewell and Bradwell in the year.

At the executive level, the arrival of Tony Fountain as CEO has brought a real focus on delivery and performance. Tony took over from Richard Waite who was acting CEO until October 2009. Richard left the NDA at the end of August 2010 to take up a new role within the private sector, and I would like to thank him for his outstanding contribution not only as acting CEO but his various other roles since the start of the NDA's journey. Earlier in the year William Roberts and James Morse left the NDA having both made significant contributions to the development of the organisation in its first five years.

It is a great credit to the executive team and our delivery partners that, once again, we have managed to control expenditure and generate income such that we have stayed within our allocated budget despite the complexity of the estate for which we are responsible and the ageing infrastructure we rely upon.

This has been a significant year for the NDA as it has made the transition from its start-up phase to an organisation with a real focus on performance. The coming year will continue to pose great challenges as we see change implemented at our sites and within the NDA. Whilst change can at times be uncomfortable we will work hard to ensure that our stakeholders understand its importance in making the progress that is needed not only in the nuclear clean-up mission, but for building confidence more broadly in the nuclear industry.



Stephen Hunt

Chief Executive's Review



Tony Fountain
Chief Executive Officer

Having joined the NDA mid-way through its fifth full year of operation, I was immediately struck by how much the organisation has achieved in such a short time. I am committed to building on this progress whilst developing a culture of consistent and highly visible performance delivery. Furthermore, I clearly understand the paramount importance of safety and I can confirm my commitment to ensuring this always remains central to everything we do.

Clearly, I have also arrived at a time of enormous economic and political upheaval which adds to the challenges presented by nuclear clean-up and waste management. I therefore feel highly motivated as well as a real sense of responsibility to be taking the helm at such a time.

During my first three months I carried out my own appraisal of the NDA and the wider estate and this has helped to shape my priorities whilst also improving my understanding of our mission. I have been very impressed by the high degree of capability across the estate. However, I do not underestimate the scale and complexity of the tasks ahead of us. For example, the scale of the hazards present on some of our sites are hugely challenging, especially those within the legacy ponds and silos at Sellafield where the risk is exacerbated by ageing infrastructure.

Commercially, we have the challenge of managing an increased demand for resources when we are facing a planned decline of

income and the tightest fiscal environment we have seen for decades. As we also have to manage the risks of unplanned outages and plant failure attributed to ageing facilities, I firmly believe that we need to find increasingly efficient ways of working in order to make this equation work.

We now have the key industry architecture in place with the best set of nuclear operators in the world engaged across the estate. The emphasis is therefore now on improving operational performance and project delivery so we really can get more done for less.

The core competency for the NDA is managing others so it is incumbent on us to provide clear strategic direction and appropriate incentivisation to our contractors. Striking the right balance of oversight and intervention will be crucial in these relationships and so I want to bring greater clarity to the roles and inter-relationships between us, the Parent Body Organisations (PBOs) and the Site Licence Companies (SLCs).

I also want to make accountabilities within the NDA crystal clear. As the NDA has developed so quickly from start-up in the last five years, it seemed an appropriate time to undertake a review of our structure, processes and behaviours.

Outcomes from the review are not expected to be implemented until the autumn, however, early indications have suggested a need to simplify some of our processes so as to avoid becoming overly bureaucratic. In response to this, I have taken steps to refine our approach to business planning and strengthen the organisation's planning and commercial capabilities. These changes have helped us capture an extremely comprehensive set of estate-wide milestones and metrics against which we can measure performance.

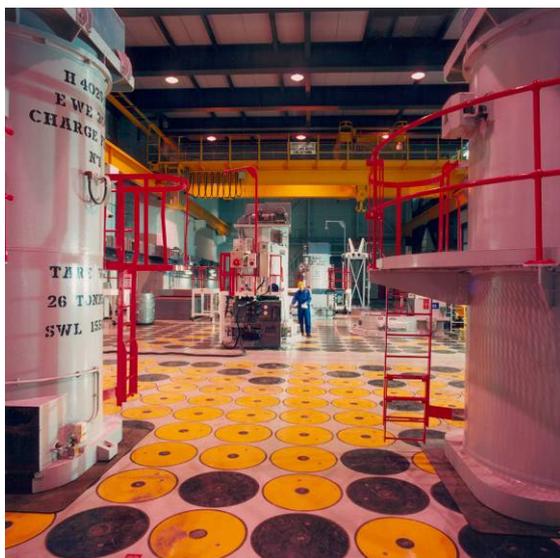
I made some changes to the senior management team with James Morse and William Roberts leaving at the end of the year. I would like to thank them both for their significant contribution in helping to establish the NDA and delivering some of its early successes.

In terms of reporting progress across the estate, we have presented some case studies in the following section to illustrate some of the year's highlights.

I would, however, like to draw attention to some of the achievements across the estate which have particularly struck a chord with me.

Starting with Sellafield, I am pleased to acknowledge the difference that Nuclear Management Partners Limited (NMP) is making and, as a result, we are now seeing real progress on a number of projects including the vital project to improve highly active liquor evaporative capacity and the opening of the Sellafield Product and Residue Store (SPRS). At the same time, there remains a need to bring real focus to the development of plans to deal with some of the critical hazards contained at Sellafield. Both the NDA and the Sellafield PBO/ SLC partnership are fully committed to progressing these programmes within the shortest timescales whilst ensuring no deterioration in the safety aspects of this task.

Hazard reduction achievements include the clean-up of approximately 95% of radioactive sludge arising from the site's flocculation plant that was being stored in ageing concrete tanks. This sludge has now been transferred to a modern high integrity tank in preparation for final treatment and encapsulation thereby reducing one of the primary environmental hazards associated with Sellafield and demonstrating the site's commitment to reducing its high hazard legacy.



Inside Sellafield Vitrification Plant

Operationally, the Sellafield Vitrification Plant has performed well with final year-end turn out of containers exceeding the target. This supported the reduction of Highly Active Liquor

(HAL) stocks to the lowest level for over 20 years. We have seen the first of a schedule of planned returns of Highly Active Waste (HAW) to overseas customers.

THORP reprocessing targets were exceeded during 2009/2010 with a full-year shearing of 217 tonnes of oxide fuel achieved against a target of 200 tonnes. And the Sellafield MOX plant completed 9 fuel assemblies against a target of 8.

At Dounreay, work to remove the contaminated Sodium Potassium (NaK) coolant is well underway with the target for NaK destruction exceeded during the year. In addition, the removal of 1,500 tonnes of alkali metal from the Prototype Fast Reactor (PFR) and the completion of a seven year project to clean up a hugely contaminated area of Dounreay's uranium conversion plant (on time and to budget) demonstrate significant progress in hazard reduction across the site.

A significant success story for Magnox North during the year has been the excellent electricity generation at Oldbury and Wylfa with over 8 TWh of production. This was despite major outages for maintenance on three out of four of the reactors.

At Trawsfynydd the capping roofs are now complete, reinforcing protection of the reactor cores against the environment, and the Intermediate Level Waste (ILW) store is now open and receiving waste packages.

This year, not all elements of the plan were delivered, however, as the performance across the Magnox Operating Programme (MOP) during 2009 fell short of our expectations. In particular, whilst defuelling has continued at Chapelcross, Dungeness and Sizewell during the year, a lack of available flasks has impacted the rate of fuel transfers to Sellafield. We have therefore taken steps to improve the way we manage the MOP interfaces across our estate and have reviewed incentive mechanisms so as to encourage more collaborative working between our SLCs.

Across the Magnox South sites there has been good progress and the integration of specialist teams to accelerate learning has contributed to decommissioning successes. At Dungeness innovative new practices have led to improved efficiency and ensured delivery of the site's annual target to dissolve 7.5 tonnes of Fuel

Element Debris (FED) ahead of schedule.



Also at Dungeness, we have seen encouraging results from a trial of new self-shielding 'ministores' (pictured above) suggesting that these could be used more widely to bring significant reductions to the cost of decommissioning.

At Bradwell, pond drainage work has led to the transfer of 3,000 m³ of contaminated liquor so that less than 10% now remains. At Hinkley Point more than 1,700 skips have been decontaminated eight months ahead of schedule leading to a saving of £2 million. These are all good examples of how innovative solutions can help us tackle hazards more quickly and efficiently.



At the Low Level Waste Repository (LLWR) the construction of Vault 9 is now complete (pictured above). A partial handover took place in order to maintain a UK disposal route after Vault 8 reached capacity in August 2009.

I am very pleased that we have managed to finalise new commercial arrangements for the Springfields site. The deal sees the transfer of Springfield Fuels Limited, including its employees, to Westinghouse Electric Company. This is a win-win outcome for both the NDA and Westinghouse Electric Company

whilst also demonstrating good value for the UK taxpayer. I appreciate how much work has gone on behind the scenes to make this happen and I would like to thank everyone who has been involved.

Looking ahead to the coming year, I want to establish a clearer understanding of the tasks ahead of us. Maintaining a strong, fit for purpose system of internal control is fundamental to the environment in which we operate. I am therefore keen to quickly implement and embed changes coming out of the organisational review.

I am also determined to demonstrate that we are making solid progress and delivering value for money to the taxpayer. Within this context, our areas of focus during the year will be improving operational performance across the MOP, delivering efficiencies within the context of the affordability of our programme and ensuring we have an underpinned stretching yet deliverable plan against which we can measure performance at Sellafield. In addition, we intend to deliver our revised Strategy document by the end of the year.

Finally, I would like to wish Richard Waite well in his new position in the private sector. Richard has made an outstanding contribution to the NDA since its formation. He was extraordinarily helpful in supporting me getting up to speed during my first six months for which I am very grateful.

Tony Fountain
Chief Executive and Accounting Officer
2 November 2010

Case Studies

Below is a selection of case studies illustrating some of the year's highlights.

Site Restoration

Our primary aim is to progress decommissioning and our interim focus is on reducing the risks presented by the hazards on our sites. Within this context we also need to ensure the infrastructure and capability across our sites is maintained in order to support the operations of key plants and services.

Case Study – Calder Hall (pictured below) achieves asbestos stripping milestone



In March 2010, work to strip asbestos cladding from the heat exchangers, turbine halls and associated plant at Calder Hall was completed. The project, which has taken over five years, has seen the removal of 2,300 tonnes of asbestos cladding under extremely difficult working conditions and is considered to be the largest of its kind in Europe. Furthermore, this deteriorating asbestos insulation presented the highest conventional safety hazard across the NDA estate.

Project Manager, Ian Williams said: "People always think that the most hazardous work at Sellafield involves managing radioactivity but this is not always the case. Asbestos is a dangerous material and we had to employ specialist contractors to help with this work."

The project team faced numerous challenges and innovative approaches were required to safely remove the unstable asbestos. Not only did the project involve working with a known carcinogen, much of the work was also carried out at height meaning that scaffolding had to be erected around the sixteen heat exchangers on the outside of the reactors. This

formed the structure for 'tents' which prevented the release of asbestos to the environment and ensured ventilation for the workers. Despite arduous and confined conditions, at no time were any of the 100 workers exposed to asbestos. This is a testament to the safe working practices in place that ensured strict adherence to regulations.

Ian Hudson, the NDA's Sellafield Programme Director, said: "This is an excellent achievement by the Calder Hall team. The asbestos removal is a major step forward in the overall decommissioning programme and the success of this project demonstrates how hazards can be effectively reduced through well managed, safe operations."

Business Optimisation

Our remit has always included maximising commercial value from our estate in order to help fund decommissioning activities. This year we have seen further land sales and the de-designation of land at Capenhurst. We also successfully concluded negotiations to bring in new commercial arrangements at Springfields.

Case Study – Springfields Commercialisation



In March 2010 the NDA reached an agreement with Westinghouse Electric Company (WEC) on new commercial arrangements for the Springfields Site (pictured above) following several months of negotiation. The deal sees the transfer of the commercial fuel manufacturing business, including staff, to WEC, the current site management contractor, providing an excellent opportunity for them to develop new fuel manufacturing activities in the UK. The NDA will lease the land and assets to WEC on a long term basis which will provide an important income stream. The new arrangements are also expected to

significantly reduce the burden on the NDA of near-term decommissioning costs.

As part of the new deal, the Energy Act designating directions were amended to allow the site to undertake new fuel manufacturing activities. It is anticipated that this will encourage new investment on the site thereby deferring site closure and providing greater security for the current employees.

Overall, the deal represents excellent value for the NDA and provides great opportunities to Westinghouse Electric Company, its employees and the wider local community.

Spent Fuels

We are committed to ensuring the safe and secure management of spent fuel. Our strategy regarding the management of Magnox fuels includes maximising generation from Oldbury and Wylfa to use up the existing fuel. Last year we secured an extension to the operational life of Oldbury and this year we have continued to work towards gaining approval to continue generating electricity at Wylfa until December 2012. The Magnox Operating Programme (MOP) looks at the coordination and alignment of all the interdependencies within the Magnox Fuel cycle and we are committed to ensuring that the extensions to generation we have been granted do not adversely impact the completion of the MOP within forecast timescales.

Case Study – Chapelcross Defuelling and the MOP



Following significant modifications to the Chapelcross defuelling system, the site is now able to fill and despatch fuel flasks at a rate of up to three flasks per week (pictured – flask in

transit). The majority of radioactive material on the site is contained in irradiated fuel elements. With each of the site's four reactors housing up to 9,000 fuel elements, removing all of this fuel plays a major part in the decommissioning of the site.

So far, over 3,000 elements in 22 flasks have been removed and transported by road to Sellafield; however the rate of site defuelling has been seriously hampered by the availability of fuel flasks largely due to problems with the lid seals on some of the flasks. While improvements have been made to the site's 'fuel route', the logistics of transporting significant quantities of spent fuel, using a limited number of flasks and relying on road or rail transport is extremely complex. Furthermore, operational problems at the reprocessing or ancillary plants at Sellafield can also impact site defuelling and decommissioning plans. All of this highlights the important role of the Magnox Operating Programme in managing these interactions.

Integrated Waste Management

Our current thinking on the implementation of storage and disposal facilities for nuclear waste is to provide cost effective management of waste prior to delivering a long-term storage option.

During the year, in response to both our own review of Interim Storage of Higher Activity Waste (HAW) and the conclusions of the Government's Committee on Radioactive Waste Management (CoRWM), we established a project team to look at addressing some specific HAW management issues. Ultimately, the team, whose members include other waste owners and regulators, will produce recommendations on the best approach to interim storage. Extensive research and development is being carried out to underpin this project.

As for the development of long-term storage options, we have been supporting the Scottish Government in the development of their HAW policy; this has included a feasibility study into near surface disposal of fuel sleeve graphite at Hunterston.

This year we have also met some important milestones in the development of a Geological Disposal Facility (GDF). In December, following regulatory agreement, our Radioactive Waste Management Directorate

started working as the prospective SLC that will eventually be responsible for the construction and operation of the facility. Meanwhile, work on the Disposal System Specification (DSS) to underpin the GDF implementation programme also progressed well during the year.

Case Study - Trawsfynydd ILW store receives its first package of ILW material



The recently completed Intermediate Level Waste (ILW) store at Trawsfynydd (pictured above) is the first of its kind in the UK to become operational after receiving its first consignment of ILW material last autumn. As decommissioning at Trawsfynydd is well advanced, significant quantities of wastes have already been retrieved. The store therefore aims to provide interim secure storage until such time as a long-term storage option for the UK's nuclear waste becomes available.

Construction of the store, which can hold up to 368 concrete 'overpacks' and 2,444 drums containing ILW, began in May 2006 and was completed in March 2008 at a cost of £20 million. Packages will be inspected on arrival before being dispatched to an appropriate storage area using a series of cranes and remote handling devices.

As the majority of the site's radioactive hazard was removed in 1995 and much of the radioactive waste remaining on the site has already been packaged ready for transferral to the store, this represents a major step towards decommissioning the site.

Trawsfynydd Site Director, Dr Phil Sprague, said: "The opening of the Trawsfynydd Site store is a major achievement and a significant milestone in the journey towards decommissioning. The completion of such a

major project – on schedule, within budget and without a single lost time accident – is testament to the excellent work and commitment of both Magnox North staff and our specialist contractors."

Nuclear Materials

Good progress has been made throughout the year to ensure that we continue to safely and securely manage both plutonium and uranic stocks whilst also looking at ways of optimising value from the inventory. Furthermore, we have continued to work with Government on the future policy for the management of UK plutonium.

Case Study – Removal of Uranium from Chapelcross



Just prior to the end of the financial year, the last of more than 10,000 drums of Magnox Depleted Uranium (MDU) left Chapelcross (pictured above), signifying the reduction of a major hazard associated with the UK's civil nuclear legacy.

This hazardous material is produced during the reprocessing of Magnox spent fuel and throughout the 1970s and 1980s 5,000 tonnes were placed in interim storage at Chapelcross.

However the original mild steel 'oil' drums had started to corrode and leak which is why the contents had to be gradually transferred into modern stainless steel containers before being transported to a specially designed store at Capenhurst, the UK's primary uranics management facility.

The departure of the final drum brings to culmination this major project, which has cost £6.5 million since 2005.

Dave Wilson, Site Director at Chapelcross, said: "The team has worked tirelessly to deliver this project, within budget, ahead of schedule and without a single lost time accident. We have now removed many of the hazards associated with this material taking us a huge step towards decommissioning the site".

Critical Enablers

Developing an optimum nuclear industry structure to deliver our programme of work remains a key objective. This year we have turned our attention to finding a new Parent Body Organisation (PBO) for the Dounreay site. Having agreed a funding level for the site of up to £150 million for the duration of the contract to achieve the site Interim End State, we launched the competition with industry events for potential bidders held in Caithness and Glasgow.

Alongside this, we also need to build and maintain the confidence of our stakeholders. As part of this, we continue to support local communities affected by the decommissioning of our sites. This year we awarded £120,000 to the Caithness Chamber of Commerce to boost business development in the region. We also invested £1.2 million in the 'Shaping the Future' programme, to fund socio-economic programmes in North Wales.

Ensuring that there is a new generation of nuclear professionals is crucial if we are to maintain an effective industry, which is why we initiated a nuclear graduate programme. During 2009 the programme was described by The Times as the "most comprehensive graduate scheme the industry has ever seen" after making it into the Times listing of "Top 100 Graduate Employers". So far, 30 graduates from engineering and other disciplines have joined the programme.

Case Study – Cumbria gets new nuclear skills training facility



An original idea over three years ago to build a Nuclear Academy in West Cumbria has now been turned into reality with the opening of ENERGUS near Workington (pictured above).

ENERGUS is the first project of Britain's Energy Coast to come to fruition and its location is particularly appropriate given that West Cumbria is home to over 50% of the UK's civil nuclear workforce and the vast majority of its research excellence.

The new facility brings a flagship centre for nuclear skills development in the UK and should help to identify and improve standards and training throughout the nuclear industry.

Ian Hudson, the NDA's Sellafield Programme Director and Chairman of the ENERGUS Board, said: "The West Cumbrian community, through local contractors, political and business support, should be justifiably proud of what we have achieved. ENERGUS is a key part of the drive to build a successful, sustainable future for West Cumbria."

ENERGUS is a prime vehicle within our skills and capability strategy to build a high quality, sustainable workforce for our industry, and supports our socio-economic aspirations for the West Cumbrian community. I, and everyone involved with the NDA, wish it every success for the future."

Health, Safety, Security, Safeguards and the Environment (HSSSE) Report

This year we have built on earlier work to encourage the learning and sharing of good practice across our estate and on working with Government and regulators to enhance the HSSSE framework in support of the decommissioning of our sites. We have also focussed on assessing the suitability of relevant assurance mechanisms across our Site Licence Companies (SLCs) to enable us to determine appropriate NDA surveillance levels.

Our aim remains the same; to achieve safe, secure and environmentally responsible decommissioning. This year we have delivered:

- a set of principles to support our future programmes and encourage improved performance
- a review of medium and long-term developments to inform forward plans and improve performance
- targeted reviews of SLC root cause analysis and corrective actions, maintenance schedules, electrical safety, incident investigation, and influenza pandemic plans
- a set of performance metrics that identify the potential for organisational failure
- performance based incentives to encourage better estate-wide SLC collaboration and compliance

Together with our contractors we have worked to deliver:

- SLC risk reduction plans that have identified priority areas for targeted improvement
- reviews of internal assurance processes at each of our SLCs in order to increase confidence that processes are robust and subject to appropriate executive leadership. Such confidence now allows us to reduce direct surveillance in favour of holding our SLC Executives to account for good performance.

A framework strategy for engagement with our SLCs and with regulators has been developed to further improve interactions so that, as hazards reduce, proportionate regulatory compliance arrangements are applied enabling us to deliver our mission more effectively.

We have successfully encouraged our SLCs to work more collaboratively on safety, security, safeguards and environmental matters and have continued to be a catalyst for the sharing of good practice.

We now maintain a directory of key SLC specialists, committed to providing support to other SLCs across our estate. In addition a framework for 'peer assists' between SLCs has been put in place. This enables small teams of experts from across the estate to provide help and advice on particular areas of difficulty to another site or SLC. A number of important safety topics have already been addressed using the process and we have seen improvements as a result.

We have worked with the United States Department of Energy (USDoE) and supported the newly formed World Institute for Nuclear Security to enhance security performance through sharing best international practice in nuclear security.

Looking to the future, we will continue to:

- seek a reduction in the level of risks from the hazards within our estate
- promulgate good practice
- monitor the effectiveness of SLCs' improvement plans

In addition, during the coming year the NDA will prepare for the implementation of a UK-wide mandatory Carbon Reduction Energy Efficiency Scheme. This will require the procurement of carbon allowances equivalent to the qualifying CO₂ emissions of the NDA and its estate from 2011. The NDA will also be expected to contribute to other government led sustainability measures and report on these in next year's Annual Report and Accounts.

SLC HSSE performance

Health and safety performance

Our SLCs report on a range of metrics, including nuclear safety, environmental compliance, and health and safety. Performance monitoring during the year has highlighted the following key points:

- four SLCs had sites where there were no Reportable Injuries, Diseases and Dangerous Occurrences (RIDDOR) incidents over the 12 month rolling period covered by this financial year. This is an excellent achievement
 - a reduction in International Nuclear Event Scale (INES) numbers compared to previous years
 - an increase in the number of RIDDOR events compared with the total for last year
- Dounreay has achieved a 5 star Safety Rating and both Dounreay and Wylfa have been awarded the 'Sword of Honour' by the British Safety Council. Oldbury Power Station won the Safety and Health Practitioner Institution of Occupational Safety and Health (IOSH) award for the utility and offshore sector. Calder Hall received the President's Award from the Royal Society for the Prevention of Accidents (RoSPA) and Capenhurst received a Commended Award from RoSPA.

Conventional Safety and RIDDOR

Number of RIDDOR events by SLC	2009/2010	2008/2009
Magnox North	9	2
Magnox South	3	4
RSRL	3	1
DSRL	0	4
Springfields	7	2
LLWR	1	1
Sellafield	39	21
Total	62	35

HSE RIDDOR incident rates for NDA's SLCs range from 0 to 612 incidents per 100,000 employees. This performance generally compares well with other industries in the UK. For example, Health and Safety Executive (HSE) statistics for 2008/2009 showed a

RIDDOR incident rate of between *502 - 870 injuries per 100,000 employees. Despite this, the total number of RIDDOR reportable events for the year increased from 42 last year to 62 this year. This includes 10 major injuries, 10 reportable dangerous occurrences, 1 case of reportable ill health and 41 Lost Time Accidents (LTAs).

A significant proportion of the LTAs resulted from slips, trips and falls, several of which were associated with the extreme weather conditions of the recent winter.

All incidents are investigated and actions taken in response, including safety stand downs where appropriate. Whilst we have seen excellent performance in some SLCs we still see opportunities for improvement in this area.

Nuclear Safety and INES events

Number of INES events by SLC	2009/2010	2008/2009
Magnox North	2	5
Magnox South	3	2
RSRL	0	0
DSRL	1	0
Springfields	0	0
LLWR	0	0
Sellafield	6	8
Total	12	15

There have been no nuclear incidents or accidents with significant consequence over the last year on any part of our estate. Nevertheless, our SLCs monitor and take appropriate action on low or no consequence nuclear safety related events in order to ensure continuous improvement.

**Source HSE 2010; rate range is the difference between reported incidents and incident figures based on the Labour Force Survey.*

A decrease in the number of INES reports at the lowest level (level 1) on the INES reporting scale is noted. Most of these were minor process anomalies with limited outcome potential, however, there was a small subset of INES level 1 events that were judged to have potential for more serious outcomes (e.g. interruption of Highly Active Storage Tanks (HAST) cooling at Sellafield). All INES events, irrespective of potential outcome have been thoroughly investigated with appropriate actions taken.

Sickness absence

Sickness absence rates (days per employee per annum)	2009/2010	2008/2009
Magnox North	5.85	5.9
Magnox South	5.25	5.7
RSRL	6.40	6.8
DSRL	6.87	6.8
Springfields	8.46	7.0
LLWR	9.10	10.2
Sellafield	8.10	8.6

The average SLC sickness rate of 7.14 days per annum per employee, including cases of long term sickness absence, is comparable with the national average of *7.4 days per annum per employee. However, the recorded rates at individual SLCs range from 5.25 to 9.10 days per annum per employee, demonstrating a broad range of performance in this area.

*Source CIPD July 2009

Protection of the environment

Number of Environmental non compliance events by SLC	2009/2010	2008/2009
Magnox North	4	5
Magnox South	2	1
RSRL	0	0
DSRL	5	0
Springfields	0	2
LLWR	0	0
Sellafield	14	0
Total	25	8

The number of confirmed environmental non compliances has increased compared to last year; these are, however, mainly minor or administrative in nature with no significant effect on the environment.

The apparent large increase of events from the previous year is explained in the main by the fact that 12 of the 14 breaches at Sellafield relate to three separate incidents, some of which occurred in 2008/2009 but which were deferred from classification until formal investigation had been completed. Similarly the increased numbers at the DSRL are a result of reassessment of events which occurred at Dounreay in 2008/2009.

The few events of potential significance have been thoroughly investigated with appropriate corrective actions taken or in hand.

The NDA and the Environment Agency jointly hosted an Environmental Leadership Conference aimed at sharing and promoting best environmental practice. This was attended by Senior SLC executives from across the nuclear industry, and by senior regulators.

Nuclear security and safeguards

Keeping our hazardous facilities and nuclear material secure against malicious attack is key to ensuring nuclear safety. Similarly accounting for our civil holdings of nuclear materials ('Safeguards') is key to government's non proliferation commitments.

In support of this:

- the NDA's Director of Nuclear Assurance is a Board member of the Civil Nuclear Police Authority which provides independent assurance of the Civil Nuclear Constabulary charged with protecting our sites from terrorism
- we have developed metrics in security, safeguards and physical protection to provide us with leading indicators of culture and behaviour in this area
- we continue governance oversight of SLC security and safeguards performance taking into account findings from the SLCs' own assurance programmes and in particular those of the security regulator, the Office for Civil Nuclear Security (OCNS)
- we have increased our focus on information security and have established a Nuclear Information Security Forum. This is attended by representatives from all of our SLCs and is aimed at achieving compliance with the relevant ISO standard (ISO27001) and delivering cultural and behavioural change.

benchmark for other similarly-sized employers managing thermal stress risks

- an HSE Improvement Notice in relation to the Highly Active Storage Tanks (HAST) event
- an Environment Agency Enforcement Notice for a minor underreporting of carbon emissions

Against Magnox North;

- a prosecution by the Environment Agency for an historic event relating to Central Electricity Generating Board (CEGB) activities at Bradwell in 2004. This arose because Magnox North, as holder of the original CEGB company number, is liable for statutory breaches that relate to CEGB.

Regulatory Matters

Our SLCs continue to work hard to improve communications and their involvement with the Nuclear Regulators. Sellafield Ltd has established Partnering Workshops with regulators to explore how to most effectively progress UK – wide decommissioning challenges. We continue to encourage these efforts as effective regulatory communication and relationships remain vital to the delivery of NDA's mission.

During 2009-2010, there were a number of regulatory enforcement actions:

Against Sellafield Ltd:

- a prosecution in relation to an incident in which two contractors received accidental internal radiation exposures in July 2007
- a Warning Letter and Enforcement Notice from the Environment Agency in relation to three events at the site Inactive Tank Farm in September, October and November 2008
- an HSE Improvement Notice requiring the implementation of improvements to the management of thermal stress risks. HSE have confirmed that the SLC has complied with this requirement and adopted a best practice approach to thermal stress management thereby providing a

NDA's HSSE performance

Health and safety 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. The average sickness absence of our employees is 4 working days lost per employee per annum for the financial year, a very slight improvement from 4.1 in 2008/2009 and still significantly below the national average of *7.4 working days lost per employee per annum.

**Source CIPD July 2009*

Safety training

A programme of IOSH Working Safely training began in October 2009 and 75 NDA staff have successfully completed the course.

Driving on company business

Driving on NDA business continues to be one of the most significant risks to our employees. We have therefore provided Defensive Driving Awareness training to over 100 employees. In addition, we continue to encourage staff to adopt safe driving practices as well as to make use of video and conference call facilities wherever possible in order to minimise business mileage.

Radiation dose

We have reviewed radiation doses to our staff and have established that these were so low that there is no need for NDA to provide radiation dose monitoring over and above the existing arrangements in place on the SLC sites for visitors into active areas.

Consultation with employees

The Health, Safety and Environment Committee has met three times and makes good positive progress consulting with employees on issues that affect health and safety.

Internal review of NDA's health and safety management arrangements

A wide-ranging review of NDA's internal health and safety management arrangements was undertaken to confirm that NDA is meeting its statutory duties. The review found that significant improvements had been made to both the arrangements themselves and the way that internal systems are managed. Although there are areas where opportunities for improvement exist and the arrangements and internal safety culture are still developing, the outcomes are very encouraging.

Environmental Performance

The NDA's own overall environmental performance against our suite of metrics has been good with significant reductions in waste arisings (an increase in recycling), reduction in carbon emissions from both energy consumed and business mileage, and a reduction in water consumption. We are behind target on paper usage and copying and require stronger focus and buy in to achieve these targets.

Security

The NDA's own security performance remains appropriate, effective and compliant with regulatory requirements.

We have investigated a number of security related issues such as the unauthorised release of Protectively Marked NDA information. We also undertook information security penetration tests that assessed our IT security. Some areas for improvement were identified and these are currently being addressed.

Financial Review



Andrew Oldham
Interim Chief Financial Officer

The current tough fiscal climate emphasises the need for commitment to efficiency of delivery and to demonstrate value for money throughout the nuclear estate for which the NDA is accountable. Recognising affordability constraints, available funding is prioritised to deal with the high risk and high hazard materials and facilities across our sites, with disciplined portfolio management of expenditure allowing opportunities to be exploited. At the same time, income generation needs to be maximised to reduce the demand for direct government funding. This has included the completion of the disposal of the Springfields Fuels business, allowing the NDA to concentrate on core decommissioning activities.

Some of the key financial highlights in the year were as follows:

- revenue generation at £1.0 billion exceeded budget by £0.1 billion
- alongside efforts to drive up revenues, we have committed to reducing costs. The efficiency incentive scheme in place with contractors has produced demonstrable savings of £0.2 billion against budget for projects delivered. In addition, tight control of central support and other costs has produced savings on prior year
- with the Springfields transaction and the land sales and auctions, we have concluded deals that are expected to realise £0.8 billion to offset the cost of the decommissioning programme
- the nuclear provision has remained stable year on year. Although the unwinding of the discount each year increases the provision, there has been a compensating reduction due to benefits arising from our contracts with the private sector, for example the transfer of some risk relating to the Springfields site
- in December 2009 our finance team won an award for innovation in Government as part of the Government Finance Profession (GFP) Awards for our accounting in relation to long-term contracts introduced in the previous year

Restructuring of nuclear estate

As part of our commitment to maximise delivery and efficiency our estate has continued to evolve and develop in partnership with the private sector.

The sale of UKAEA Ltd, the commercial arm of the United Kingdom Atomic Energy Authority, to Babcock International Group was announced on 2 November 2009. This transaction means that all SLCs and their Parent Body Organisations are now in the private sector in line with our objective for restructuring the legacy nuclear estate.

The competition for the procurement and contracting arrangements for Dounreay Site Restoration Ltd has been launched, with a two part Industry Event starting in Caithness, where local stakeholders spoke directly to the bidders. This was followed by a second day in Glasgow, where key information about the specific requirements of the competition was given.

A regulatory review concluded that the Radioactive Waste Management Directorate (RWMD) had made significant progress in working towards the status of a Prospective SLC. Although the review identified some issues to resolve, the regulators are confident that this can be achieved as RWMD starts operating as a Prospective SLC under voluntary regulatory scrutiny. Furthermore, the regulators are committed to working with

RWMD to support this, and further organisational development to ensure the success of the Geological Disposal Facility (GDF) programme. It is very important to us to be able to show that we are successfully transforming this part of the NDA to become an organisation that will ultimately be able to hold a nuclear site licence for a geological disposal facility.

The permanent transfer of ownership of the Springfields fuels business and the long-term lease of the Springfields nuclear fuel manufacturing site to Westinghouse concluded on the 1 April 2010. We have enjoyed a successful 5 year relationship with Westinghouse as the Parent Body Organisation for the Springfields SLC. Their long-term understanding of the site together with their experience as a nuclear fuel vendor makes them ideally placed to maximise the potential of the site for the benefit of the workforce, the local community and the UK nuclear industry.

As part of the disposal we took over direct responsibility for the existing Springfields section of the Combined Nuclear Pension Plan (CNPP) in order to retain responsibility for the historical pension liability after the sale. This liability will be recognised on the balance sheet in 2010/2011. We are responsible for funding a number of pension schemes, and are the lead employer to the CNPP, which now has over 13,000 staff from Sellafield, Springfields, Magnox North, Magnox South, DSRL, RSRL and LLWR. Following the sale of UKAEA Limited around 1,400 DSRL and RSRL employees joined the CNPP in November 2009. Contributions to the scheme are paid by the SLCs and the pension costs are reimbursed. Collectively the schemes we fund, either directly or via the SLCs, include around 24,000 individuals. NDA employees are members of the Principal Civil Service Pension Scheme (PCSPS).

Operations – Strong delivery against plan

All numbers quoted relate to continuing operations. See note 20 to the accounts for discontinued operations.

Performance against budget

We have had strong performance in the current year against budget. As revenue was predicted to be lower than the prior year, the cost of operations was covered by increased government funding.

The funding settlement for this year as part of the Comprehensive Spending Review was £1.6 billion. Our actual outturn was £1.5 billion, reducing the pressure on the public purse by £0.1 billion.

Figure 1a: Revenue

2009/2010	£1.0bn
2009/2010 budget	£0.9bn

Note: budget information is taken from the 2009/2012 Business Plan

Revenue generated in the year was greater than budget due to increased electricity generation, the sale of land at Bradwell and improved performance of Thorp and SMP.

Figure 1b: Operating costs

2009/2010	£2.5bn
2009/2010 budget	£2.5bn

Note: budget information is taken from the 2009/2012 Business Plan

Increased efficiency of operations has meant that a number of projects were completed ahead of schedule as well as ahead of budget which enabled the SLCs to begin work scheduled for 2010/2011. This has meant that operating costs in the year are slightly greater than budgeted by £67 million.

Figure 2: Selected extracts from the group financials

Statement of Comprehensive Revenue extracts	2009/2010	2008/2009
	£m	£m
Revenue	963	1,700
Operating costs from continuing operations (including contractor costs)	(2,509)	(2,111)
Nuclear provisions credit / (charge)	1,824	(708)
Total comprehensive deficit for the year	(2,271)	(2,191)

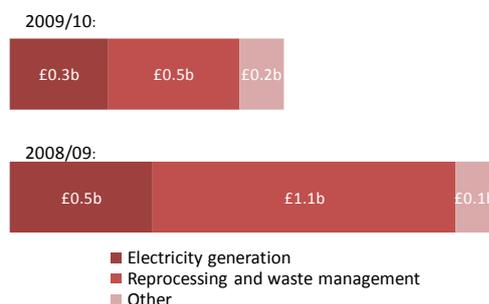
Statement of Cash Flows extracts	2009/2010	2008/2009
Grant-in-Aid received	1,629	898

Statement of Financial Position extracts	2009/2010	2008/2009
	£m	£m
Nuclear provisions	(45,083)	(44,504)

These extracts are taken from the financial statements, which have been prepared in accordance with IFRS based Financial Reporting Manual (FRm). Prior year extracts have been restated in accordance with the FRm.

Revenue
(2009/2010 £1.0 billion 2008/2009 £1.7 billion)

Figure 3: Sources of income



Overall revenue declined by £0.7 billion, a change which had been highlighted as part of the funding settlement for the current year. The trend of declining income from commercial plant will continue into subsequent years as our plant reaches the end of its economic life or, as with Springfields, business is disposed of as part of an asset realisation programme.

Income from reprocessing and waste management activities were broadly in line with the previous year after excluding the effect of the change in timing of revenue recognition on long term contracts introduced in 2008/2009. This was also helped by strong performance at Thorp (217Te in 2009/2010 compared to 117Te in 2008/2009) and at SMP (9 assemblies in 2009/2010 compared to 2 in 2008/2009).

Oldbury power station has returned to generating electricity at 'full-power' after five years of reduced output, ensuring further benefit from one of our valuable assets as well as the extension of the generation life of the plant to June 2011, which will allow revenues to be utilised to support our clean-up mission.

Total output for the year was 8.56TWh, exceeding the forecast by 3.29TWh and the prior year by 0.77TWh with both Oldbury and Wylfa exceeding their target output for the year. Whilst ahead of budget as expected, overall total revenue from electricity generation was £0.2 billion lower than the prior year due to lower prices.

Other revenue consists primarily of land sales, rental and transport income.

Operating costs
(2009/2010 £2.5 billion 2008/2009 £2.1 billion)

Currently, expenditure across our estate is set at a level designed to ensure safe, secure and environmentally responsible site operations and to carry out decommissioning in line with our base programme.

The majority of our operating costs relate to contractor spend, currently 90%, and are the costs of the operations the private sector contractors undertake on our behalf. Efficiencies are driven by our three year Value for Money (VFM) scheme which incentivises innovation and cost reduction by the SLCs. These incentives are driven by fees payable to the contractor based on efficiencies achieved.

These efficiencies are savings against the budgeted cost and have to be the result of positive management action or innovation. The aim is to reduce contractor costs by 3% per annum from budget. In the current year these efficiencies have amounted to £179 million, a 7% saving, for which fees of £17 million have been paid. This provides a net efficiency of £162 million compared to a net efficiency of £160 million in the prior year.

Case study – Chapelcross Heat Exchangers

The removal of asbestos from four of the heat exchangers at Chapelcross is a good example of efficiency during our delivery this year. The work was completed ahead of schedule, therefore the asbestos was removed from a fifth heat exchanger, thereby accelerating the programme and reducing the hazard on the site.

Through the innovation of the team, it was also determined that the 162 tonnes of waste generated could be disposed of safely in a more cost effective way than planned.

There has also been a significant reduction in central costs during the year due to the focus on hazard reduction. Costs incurred by the Authority have been rationalised and discretionary spend on skills development has been reduced by focusing on the principal skills needed.

Our programme is focused around six strategic themes:

Site restoration – reducing hazards and liability across the estate

Business optimisation – maximising commercial value from our estate

Spent fuels – ensuring spent fuel is managed in a safe and secure way

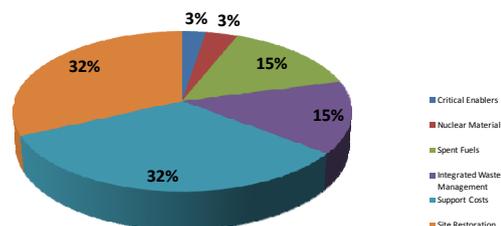
Integrated waste management – implementing storage and disposal arrangements for nuclear waste

Nuclear materials – dealing with uranium and plutonium

Critical enablers – establishing capability within the NDA and the supply chain

Figure 4a illustrates our spend in the year by strategic theme.

Figure 4a: Spend analysed by strategic theme



We have made demonstrable progress during 2009/2010. Some examples of which are:

Site restoration

The Dounreay Fast Reactor (DFR) Sodium/Potassium (NaK) Disposal Plant (NDP) continues to operate ahead of the recovery schedule. Removal of the radiologically contaminated NaK from the primary circuit is a crucial part of our site restoration programme.

Business optimisation

We continue to determine the level of market interest in our land and other assets, both for new nuclear build and for other purposes.

The Springfields transaction, completed on 1 April 2010, provided excellent value for money as well as providing Westinghouse and the Springfields' workforce the opportunity to develop future business opportunities.

The successful auction for the disposal of land adjacent to three existing nuclear sites at Bradwell, Oldbury and Wylfa, reached a conclusion in May 2009, with expected proceeds of £387 million, of which £161 million was received in year. Subsequently we commenced a disposal process for land adjacent to the nuclear site at Sellafield in Cumbria, and have agreed a deal with an upfront payment of £20 million to be followed by a further payment of at least £50 million when the sale completes.

Following the completion of bulk decommissioning activities at Capenhurst, the future strategy for the site is under review following a market testing exercise. A number of strategic options have been reviewed and detailed discussions are continuing with Urenco UK (UUK) with a view to maximising potential synergies between the UUK and NDA sites.

Spent fuels

The shipment of Magnox spent fuel to Sellafield continues to be challenging with maintenance problems reducing the availability of transport flasks. Lower stocks of spent fuel at Sellafield made it difficult to achieve steady reprocessing rates, and the prudent approach was taken to temporarily stop reprocessing at the end of May 2009. In order to minimise the potential lost time for the Magnox Operating Programme, Sellafield used the opportunity to undertake a number of engineering modifications.

Integrated waste management

The Vitrified Residue Return (VRR) programme returning High Level Waste (HLW) to its country of origin commenced during the year with the first container leaving Sellafield on 20 January 2010 en route to Japan. Construction of Vault 9 at the Low Level Waste Repository progressed such that the first operational area was handed over on time in July 2009, with a second area transferred to Site Operations in January 2010. LLWR now has the capacity for 900 containers in Vault 9.

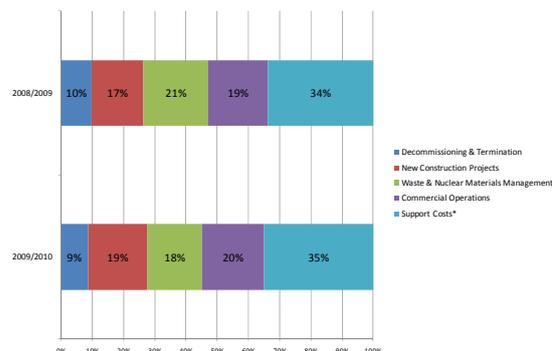
Trawsfynydd opened its new Intermediate Level Waste (ILW) Store on 17 September 2009, marking a first for a Magnox site. Construction of the store, which can hold up to 368 concrete 'overpacks' and 2,444 drums containing ILW, was completed ahead of schedule and within budget.

We have published our strategy for the management of solid low level radioactive wastes (LLW) arising from the nuclear industry in the UK. The policy sets out a framework for the flexible management of LLW, recognising that prior policy and strategies were not written with the intent to cover large scale decommissioning and site restoration.

Nuclear materials

We have reached an agreement with the Japanese utilities on an overall framework for future fabrication of MOX fuel at the Sellafield Mox Plant (SMP). After we complete the existing manufacturing campaign we will then manufacture fuel under a separate agreement with a Japanese customer.

Figure 4b: Spend analysed by work breakdown structure



* Support Costs per work breakdown structure definition are split across Support Costs and Critical Enablers for strategic theme definition purposes

The diagram above illustrates that whilst the proportion of spend is in line year on year, support costs continue to form a large part of that spend. Within a constrained funding environment, it is critical that we are able to direct every available pound towards core activity. Therefore, it is a priority for the whole NDA estate to reduce the proportion of our budget spent on support and overhead costs so that we can deliver more decommissioning and clean-up work. Reducing these costs is critical to maximising efficiency across our estate. We will continue to drive the development of a project-focused culture to improve cost control and reporting. All SLCs have formal reduction targets in order to meet our estate wide support cost reduction objective. This objective has been formalised by including a 5% reduction target in the contracts with the PBOs for 2010/2011.

Case study – Bradwell ponds

During the year significant progress has been made in hazard reduction in Bradwell. The transfer of 2.8 million litres of radioactive waste pond water is now complete and the draining of the main pond bays is being finalised.

The project team faced challenging radiological conditions and, although previous trials to drain down one metre of pond water were successful, had not previously undertaken a project of this scale. Experience gained from this project will accelerate our institutional learning and progress the decommissioning of ponds across our sites.

Funding
(2009/2010 £1.6 billion 2008/2009 £0.9 billion)

Our cash grant-in-aid for 2009/2010 of £1.6 billion was in line with the funding settlement agreed with Government. This was significantly higher than the previous year, reflecting in part the known reduction in directly earned commercial income available to the NDA to fund our activities. Careful application of portfolio management principles ensured we were able to respond to emerging cost pressures on high hazard activities whilst optimising delivery within the available funding envelope.

Direct Government funding for 2011/2012 onwards will be agreed in Spending Review 2010 which is to conclude in October 2010. The NDA has engaged in a joint review with the Government to identify options for improving the effectiveness and affordability of our mission without undermining site safety, security and environmental protection. The review will inform the next spending review.

Nuclear liability estimate
(2009/2010 £45.1 billion 2008/2009 £44.5 billion)

The nuclear provisions are based on the latest available technical assessments of the processes and methods likely to be used in the future, and represent best estimates of the amount required to discharge the relevant obligations, discounted in line with HM Treasury guidance (2.2%). These plans are extremely detailed but are necessarily based on assumptions. 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. As part of our assurance processes, we also obtain third party assurance to provide expertise and independent challenge, so as to provide

ongoing assurance that the processes used to develop the liability figures are robust.

Our focus over the year has been to identify opportunities to reduce the cost of discharging our nuclear obligations in line with the Departmental Strategic Objective (DSO) target to reduce the UK civil nuclear provision at least in line with our agreed and published business plans. Internal targets are set each year, achievement of which will lead to achievement of the three year DSO target set by DECC. Our progress is monitored against the achievement of these short term targets. We tasked SLCs with bringing innovation to bear in achieving this as well as delivering reductions in overhead costs through our Value for Money scheme. This allowed us to target increases in expenditure on decommissioning and clean-up across our estate. As our competition programme matures, we expect liability estimates to change substantially as innovation drives greater efficiency in programme delivery.

The discounted amount of the nuclear provision is £45.1 billion (2008/2009 £44.5 billion), an increase of £0.6 billion. The increase is the net result of three broad drivers:

- an increase of £2.6 billion for financing to update the cost estimate to 2010 money values and unwinding one year's discount. Each year the unwinding of the discount rate will result in an increase
- a reduction of £1.8 billion in respect of the provision discharged in the year. Efficiency in delivery resulted in this activity being delivered for £1.6 billion, a saving of £0.2 billion
- a decrease in the estimate of £0.2 billion arising from discharge of provision relating to work performed where the costs are recovered from the customer.

Figure 5: Total expenditure profile (undiscounted)



Future costs will be incurred over a significant period of time and the expenditure profile has been shown in Figure 5.

Future challenges and uncertainties

At all sites other than Sellafield, the derivation and changes to the technical assessments 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 plans.

The provisions represent the best estimate of the expenditures required to settle the present obligation as at the reporting date. However, there remains a significant degree of inherent uncertainty in the future cost estimates, examples of which include:

- the timing of the final site clearance and the individual site end states, which have not yet been finalised. Furthermore, the phasing of the work on the sites and the risks arising from programme interdependencies, whereby delays to one project can cause significant knock-on delays and cost increases
- a lack of detailed information on the design of the legacy ponds and silos and the exact quantities and chemical composition of the historical wastes held in them
- the high hazards at Sellafield and the uncertain state of some of the infrastructure underpinning commercial operations. This means that there is uncertainty around the processes involved and the estimated costs

- NDA's funding profile, which can cause plans to vary
- the finalisation of the Sellafield Lifetime Plan (LTP)
- uncertainty over future Government policy positions and potential regulatory changes
- possible technological advances which may occur which could impact the work to be undertaken to decommission and clean up the sites

The uncertainties that surround the nuclear provisions mean that quantifying the incremental financial impact of various possible outcomes is very difficult, given the risk included in these activities. In this context, risk means the financial implications of a large range of possible alternative outcomes associated with the decommissioning of nuclear sites.

Whilst the nuclear provisions represent the best estimate at the present time we continue to work to improve the robustness of these estimates and therefore to reduce the uncertainty inherent in the provisions.

The terms of the Sellafield contract awarded in 2008 required a review and revision of the baseline for the site to be established. It is important that time is taken to develop the plan, given the complex nature of the site and the many interdependencies between activities, as this will form the basis for future incentivisation of contractor performance. This revised baseline will focus on the near-term and will look at the next 17 years, and we will

need to ensure that the right norms and baselines are incorporated in the plan. This plan will be delivered in the context of funding constraints and a requirement to manage our portfolio to ensure the right balance between addressing high risk and hazard and affordability. In recognition of the need to allow the plan to develop we have used, consistent with previous years, the LTP07 plan with overlays applied as believed to be appropriate by management as the basis of the provision.

The cost reduction plans that the SLCs have implemented to meet the formal reduction targets have the potential to provide significant reductions in the nuclear liability. The ability of PBOs to improve decommissioning plans and deliver greater efficiencies will continue to be a priority going forward.

Going concern

The accounts show a total comprehensive deficit on the Statement of Comprehensive Income of £2,271 million for the year ended 31 March 2010 and net liabilities of £45,204 million on the Statement of Financial Position 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. On this basis it has been considered appropriate to prepare these financial statements on a going concern basis.

Figure 6: Total discounted nuclear liabilities by site and SLC

Discounted decommissioning and clean-up liability			
	2009/2010	2008/2009	Movement
	£m	£m	£m
Total discounted nuclear liabilities			
Sizewell A	916	927	(11)
Bradwell	724	746	(22)
Berkeley	608	608	-
Dungeness A	879	903	(24)
Hinkley Point A	890	905	(15)
Magnox central costs south	493	527	(34)
Magnox South Limited	4,510	4,616	(106)
Hunterston A	671	691	(20)
Oldbury	954	967	(13)
Chapelcross	804	857	(53)
Trwysfynydd	796	818	(22)
Wylfa	964	939	25
Magnox central costs north	366	345	21
Magnox North Limited	4,555	4,617	(62)
Capenhurst	645	622	23
Windscale	987	980	7
Sellafield	23,537	23,027	510
Sellafield Limited	25,169	24,629	540
Dounreay	2,396	2,373	23
Dounreay Site Restoration site Limited	2,396	2,373	23
Harwell and Winfrith	1,203	1,228	(25)
Research Site Restoration Limited	1,203	1,228	(25)
LLW Repository Limited	290	303	(13)
NDA central liabilities	2,446	2,317	129
Springfields Fuels Limited	687	664	23
Geological Disposal Facility*	3,767	3,702	65
Authority	45,023	44,449	574
NDA group companies	60	55	5
NDA Group	45,083	44,504	579

*Note: The liability shown for the Geological Disposal Facility is for the NDA's share of the cost only

Directors and Executives



The NDA Board*



Tony Fountain and the Executive Team*

*Richard Waite left the NDA at the end of August 2010.

Directors and Executives

Non Executive Directors



Stephen Henwood **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 Group. 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 Aerogility Ltd. He is the Honorary Treasurer and a member of Council of the Royal Geographical Society.

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.

Nick 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 is the senior independent Director.

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

Janette Brown is a Chartered Accountant and currently works as a Managing Director at Santander where she is responsible for UK and Scandinavian global clients in the Industrials and TMT sectors.

Janette 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.

A – Indicates Member of the Audit Committee

R – Indicates Chair of the Remuneration Committee*

S – Indicates Member of the Socio-Economic Committee

S – Indicates Chair of the Socio-Economic Committee*

Non Executive Directors



Tony Cooper *RS*

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. He 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.

During 2009/2010 he has chaired an NDA Board working group reviewing estate-wide safety arrangements.

*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 a Chartered Engineer and a Fellow of the Institute of Electrical Engineers.

Until the end of November 2009 he was CEO of Thames Water a position he had held since 2006 following the acquisition of Thames Water by Kemble Water, a Macquarie led consortium of investors.

During his time at Thames Water, David was responsible for the operational and financial transformation of the business from being one of the worst performers to becoming one of the best performing in the sector.

Before joining Thames Water, David was a Divisional Director with Macquarie Bank and prior to that, he was the founding CEO of 24seven Utility Services, a joint venture between Eastern and London Electricity, responsible for delivering and maintaining power supplies in East Anglia and London.

David started his career with GEC where he spent 24 years holding various Executive Management positions.

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



Tony Fountain
Chief Executive Officer

Tony joined the NDA in October 2009 following an extensive international career spanning over 25 years with BP, including several postings to the US. In his most recent position as Chief Operating Officer (COO) of BP's Fuels Value Chains business, he was responsible for the strategic and operational leadership of BP's integrated businesses in the Eastern Hemisphere, with a multi-billion income stream and 15,000 staff across Europe, Australasia and Africa. This included overseeing refinery operations and all channels of ground fuel sales.



Richard Waite
Director of Delivery

Richard 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, Acting Chief Executive Officer and, most recently, Director of Delivery. Richard left the NDA at the end of August 2010.

Mark Lesinski will assume the position of Director of Delivery commencing 1 November 2010.

Executive Directors



John Clarke
Director of Business Planning

John'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 Chairman of INS Limited and of Pacific Nuclear Transport Limited (PNTL).

Executive Team



Andrew Oldham
Interim Chief Financial Officer

After graduation, Andrew qualified as a Chartered Management Accountant with Rolls-Royce. Subsequently his career has involved finance roles in a variety of industries, including clothing, wines and spirits and electricity generation prior to joining the NDA as Corporate Controller in 2005. He is currently filling the role of Interim Chief Financial Officer, in addition to serving as a Director of Rutherford Indemnity Limited and NDA Properties Limited and as a Trustee for the Combined Nuclear Pension Plan. As Interim Chief Financial Officer, Andrew attends NDA Board meetings.

On 18 October 2010 David Batters assumed the position of Chief Financial Officer.

Executive Team



Jim McLaughlin
Director of Human Resources

Jim 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.



Jon Phillips
Director of Communications and Stakeholder Relations

Jon 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 and in 1998 he was awarded an MBA from Surrey University.

Executive Team



Adrian Simper
Director of Strategy

Adrian joined the NDA from British Nuclear Fuels where he played a key role in setting up the NDA through the transfer of Assets and Liabilities from BNFL to NDA and the associated re-structuring of BNFL.

Adrian joined the nuclear industry in Research and Development at Sellafield. His subsequent career, all in the nuclear sector, has included strategic roles in R&D and technology; project delivery; commercial and finance both in the UK and the US.

Adrian has a PhD in mathematics and is a chartered mathematician. In addition to his role as NDA Director of Strategy, Adrian runs a traditional sheep farm in the Lake District.



Sean Balmer
Commercial Director

Sean joined the NDA from British Nuclear Fuels where he had worked since October 2002. Prior to his current role at the NDA, Sean was Head of Commercial Revenue and Projects with overall responsibility for revenue management of a portfolio in the region of £1.2 billion per annum from across the NDA estate. In addition, Sean was the Senior Responsible Officer for the asset disposals including the surplus land at Wylfa, Oldbury, Bradwell and Sellafield and the disposal of Springfields to Westinghouse.

Sean has a degree in Mechanical Engineering, and a Masters degree in Business Administration (MBA). He has more than 20 years of engineering and commercial experience and has worked for most of his career in contracting for the following industries:

- nuclear, engineering, project management and equipment supply
- water and waste water treatment
- rail and rolling stock fleet management and maintenance
- steel industries
- chemical industries

Directors' Report

The Nuclear Decommissioning Authority (NDA) is an executive non departmental public body (NDPB) and 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.

No director has any personal, private or commercial interests which would conflict with his or her role as a director of the NDA.

Directors

Tony Fountain was appointed as Chief Executive and Accounting Officer from 1 October 2009.

Richard Waite, Director of Delivery, held the position of Acting Chief Executive and Accounting Officer from 1 August 2008 to 30 September 2009.

James Morse, Divisional Director, Programme Assurance and William Roberts, Chief Financial Officer left the Board and the NDA on 31 March 2010.

The directors who served on the Board during the year to 31 March 2010 and their responsibilities were:

Stephen Henwood	Chairman
Nick Baldwin	Non Executive Director
Janette Brown	Non Executive Director
Tony Cooper	Non Executive Director
Patrick Dixon	Non Executive Director
David Illingworth	Non Executive Director
David Owens	Non Executive Director
Alistair Wivell	Non Executive Director
Tony Fountain	Chief Executive and Accounting Officer (Appointed 1 October 2009)
John Clarke	Director of Business Planning
James Morse	Divisional Director, Programme Assurance (left the Board and the NDA on 31 March 2010)
William Roberts	Chief Financial Officer (left the Board and the NDA on 31 March 2010)
Richard Waite	Director of Delivery, Acting Chief Executive and Accounting Officer from 1 August 2008 to 30 September 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.

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 that information.

Employees and employment

The number of the NDA's full-time equivalent employees during the year to 31 March 2010 averaged 376 (2008/2009 – 364). The total number of staff employed across the NDA Group averaged 975 during the same period (see note 8 to the accounts for more detail).

Pensions

All employees are entitled to join the Principal Civil Service Pension Scheme (PCSPS). Details of the scheme are given in note 30 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 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 4.0 days sickness absence per NDA employee was recorded in 2009/2010 (2008/2009 – 4.1 days). Details on SLC performance are contained in the Health and Safety Report on page 12.

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.

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 90% success rate for payment of suppliers in accordance with terms (2008/2009 - 96%). The NDA is striving to achieve a 100% success rate.

Charitable and political donations

During the year, the NDA made charitable donations of £Nil (2008/2009 – £Nil). No political donations or contributions were made (2008/2009 - £Nil).

Investment in Socio Economic Developments

In accordance with its remit under the Energy Act 2004, during the year the NDA made socio economic grants of £7 million (2008/2009 £10 million).

Research and development

During the year, the NDA funded expenditure of £11 million (2008/2009 £11 million) on research and development. In addition, the NDA funded research and development undertaken by our contractors.

Funding, counterparty and foreign exchange risk

Although an NDPB, the NDA is also responsible for certain commercial activities and is, therefore, subject to risks and uncertainties surrounding a 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 to be found in notes 3 and 31 of the accounts.

Data security and information risk management

The NDA's IT network is designed and built to comply with Government information security standards and is subject to inspection by the Office for Civil Nuclear Security (OCNS) to ensure that it remains compliant. As an 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.

There have been 3 reportable incidents this year, none of which resulted in sensitive information being generally disclosed. Each of our Site License Companies has conducted baseline assessments against ISO27001 in preparation for the implementation of the new Security Policy Framework and has nominated an Executive Director to be responsible for Information Risk Management.

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 the Statement of Changes in Taxpayers' Equity.

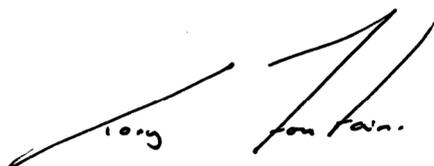
The accounts show a deficit on the Statement of Comprehensive Income of £2,271 million for the year ended 31 March 2010, largely arising from the unwind of discounting of the nuclear provision and net liabilities of £45,204 million primarily attributable to the nuclear provision.

Events after the reporting period

- a) The financial statements were authorised to be issued for publication on 8 November 2010.
- b) On 27 January 2010 the NDA Board resolved to enter into a transaction with Westinghouse Electric UK Holdings Limited which would effectively result in the disposal of the Springfields Fuels operation. The transaction was completed on 1 April 2010 (see note 20) upon which £303 million of provision fell away immediately.
- c) It was announced in the Budget on 22 June 2010 that the Government intends to adopt the Consumer Price Index (CPI) for the indexation of public service pensions from April 2011. This will have an impact upon the future operation of the pension schemes that the Nuclear Decommissioning Authority provides to employees.
- d) On 1 April 2010 the NDA agreed with its subsidiary Rutherford Ltd a settlement of £41.5m for a long-standing insurance claim relating to THORP, £24.6m of which was recovered from third party reinsurers.
- e) It was announced on 13 October 2010 that Wylfa Power Station is to continue generating electricity beyond December 2010 for up to two additional years. This will help the NDA maximise revenues from its remaining commercial operations.
- f) The Chancellor announced on 20 October 2010 the funding settlement for the NDA over the next four years. Together with our projected commercial income, the settlement will ensure that total expenditure by the NDA will be maintained at current levels of around £3 billion a year.
- g) On 12 May 2010 Sellafield Ltd and its unions began a formal Consultation process regarding potential impact on jobs, arising from the continual drive for greater degrees of efficient working across its sites in a funding constrained environment. Sellafield Ltd has established a voluntary severance programme and is seeking expressions of interest and this process is ongoing.
- h) On 25 October 2010 the NDA and URENCO Ltd signed a set of non-binding commercial principles to support a potential transfer of the NDA-owned Capenhurst site to URENCO. Formal discussions will now commence with an aim of achieving final agreement by mid 2011.

Going concern

A full explanation of the adoption of a going concern basis appears in the Accounting Policies, note 3a to the Accounts and Financial Review.

Handwritten signature of Tony Fountain, consisting of two distinct strokes. The first stroke is a long, sweeping line that ends with the name 'Tony' written in a cursive script. The second stroke is a more complex, multi-lined signature that ends with the name 'Fountain' written in a cursive script.

Tony Fountain
Chief Executive and Accounting Officer
2 November 2010

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
- ratifying NDA strategy and plans
- approving and maintaining NDA policies
- ratifying 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
- approving and operating delegated authorities
- reviewing and approving the NDA Annual Report and Accounts following review by the Audit Committee

During 2009/2010 the Board had an average of four Executive Directors (2008/2009 – four) including the Chief Executive Officer (CEO), and eight Non Executive Directors (2008/2009 – eight) 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 CEO

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

The Secretary of State for the Department of Energy and Climate Change (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

Richard Waite was acting CEO and Accounting Officer until stepping down on 30 September 2009.

From 1 October 2009 Tony Fountain was appointed as the permanent CEO of the NDA and appointed Accounting Officer by the Permanent Secretary for DECC.

The responsibilities of the Accounting Officer are set out in a letter from the DECC 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 CEO and the Executive Directors.

The NDA Remuneration Committee is comprised wholly of Non-Executive Directors. During 2009/2010 these members were:

Nick Baldwin (Chairman)
Tony Cooper
Alistair Wivell

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

The NDA Chairman also attends these meetings, along with the CEO and the Director of Human Resources, 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. These members are:

David Illingworth (Chairman)
Janette Brown
David Owens

The CEO, 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 the NDA Chairman and 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
- approving 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 and evaluates the significant risks the NDA faces. 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 Socio-Economic Committee is comprised wholly of Non-Executive Directors. These members are:

Janette Brown (Chairman)
Nick Baldwin
Tony Cooper

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

- advise the NDA Board on Socio Economic strategy and on the appropriate exercising of the NDA's Socio Economic duties
- develop and maintain appropriate process and evaluation criteria for assessment of Socio Economic funding proposals
- assess and make funding decisions on proposals for Socio Economic support from designated representatives of those communities affected by decommissioning
- review progress and outcomes of projects sponsored by the NDA

The Socio Economic Committee has delegated authority from the Board to approve funding applications up to £500k. Above this value, the Socio Economic Committee recommends approvals to DECC.

Attendance Record

	Board	RemCo	Audit	Socio-Economic
S Henwood	12/12			
N Baldwin	12/12	5/5		4/4
D Illingworth	12/12		5/5	
A Cooper	12/12	5/5		4/4
A Wivell	12/12	5/5		
D Owens	11/12		5/5	
J Brown ¹	12/12		5/5	2/2
P Dixon	11/12			
T Fountain	7/7			
R Waite	12/12			
J Clarke	12/12			
W Roberts ²	9/9			
J Morse ²	9/9			

¹ Janette Brown joined the Socio-Economic Committee as chairperson, on 24 November 2009.

² Up to 11 January 2010.

Expenditure Review Panel

The Expenditure Review Panel (ERP) is a 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 Chairman, Chief Executive and the Director of Human Resources in attendance. The CEO and Director of HR do not attend meetings where their own remuneration is discussed. Members of the Remuneration Committee who served during 2009/2010 were:

Nick Baldwin (Chairman)
Tony Cooper
Alistair Wivell

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.

Major Remuneration Committee decisions in 2009/2010:

1. Executive Directors' Pay
The salary of the Executive Directors was maintained at 2008/2009 levels.
2. Appointment of CEO
Ian Roxburgh stepped down as CEO on 1 August 2008 and left the NDA on 31 December 2008. The Non-Executive Directors undertook an extensive search process to find a new CEO. The size, scope and significance of the role and the experience required concentrated the search on the private sector. The appointment of Tony Fountain commenced

on 1 October 2009. The structure of his remuneration package is in line with the framework established in 2008/2009, adopted after a lengthy period of consideration including external advice.

The overall benefits package was discussed with officials and ministers in DECC and the Scottish Government. The responsibility for this benefits package remains with the Remuneration Committee.

The key elements the CEO's package are as follows:

Salary:	£365,000 per annum
Annual Bonus:	25% for on target performance extending to a maximum of 50% of annual salary for full achievement of all stretch targets.
LTIP:	An annual award of 50% of earned bonus, vesting after three years. Vesting will be in the range of 0-2 times initial award determined by the performance of the whole Executive Team in delivering the NDA's objectives.
Relocation:	The CEO must be located in West Cumbria and Tony Fountain received an initial payment of £46,645 to support this move and will receive further payments of £91,250 in year 1 reducing to £76,650 in year 2 and £54,750 in year 3, ceasing thereafter in line with the NDA's relocation policy.
Pension :	Tony Fountain does not participate in the Civil Service Pension Arrangements and receives a payment of £70,810 per annum to fund his own pension arrangements. This equates to £35,405 in 2009/2010.
Car Allowance:	Tony Fountain receives £12,000 per annum.

3. **Compromise Agreements**
James Morse and William Roberts left the NDA by mutual agreement on 31 March 2010. They received their contractual entitlements.

Remuneration policy

The remuneration for the Chief Executive and Executive Directors includes base pay, participation in a bonus scheme and includes a Long Term Incentive Plan (LTIP).

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, in the necessary location, 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 Executive Directors, 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.

Long Term Incentive Plan (LTIP)

A new LTIP was 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 is called the Basic Award and, providing the participant remains in employment, will vest after a period of three years; the level of vesting being determined by performance in that period. 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:

	2008/2011 LTIP Basic Award	2009/2012 LTIP Basic Award	2010/2013 LTIP Basic Award
Tony Fountain	-	-	£67,753
William Roberts (i)	£32,375	£32,375	-
Richard Waite (ii)	£32,375	£32,375	-
James Morse (iii)	£32,375	£32,375	-
John Clarke	£26,979	£26,979	£26,600

(i) William Roberts' LTIP basic award 2008/2011 and 2009/2012 of £32,375 was due to vest on 31 March 2011 and 2012 respectively. As a result of leaving the NDA on 31 March 2010 William Roberts received £79,586 as a payment in lieu of LTIP.

(ii) As a result of his resignation with effect from 31 August 2010, Richard Waite's entitlement to payment in respect of the LTIP lapsed.

(iii) James Morse's LTIP basic award 2008/2011 and 2009/2012 of £32,375 was due to vest on 31 March 2011 and 2012 respectively. As a result of leaving the NDA on 31 March 2010 James Morse received £79,586 as a payment in lieu of LTIP.

The Remuneration Committee continues to endorse the approach to senior executive remuneration that includes an 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. The bonus is structured to enable objectives to be set which are both appropriate and stretching. This is shown on the table below.

Bonus arrangement		
	Target (of salary)	Stretch (of salary)
CEO	25%	50%
Directors	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.

The Chairman receives a payment of £200,000 per annum (2008/2009 - £200,000); other Non-Executives receive a payment of £25,000 per annum (2008/2009 - £25,000). David Illingworth and Nick Baldwin receive an additional £10,000 per annum each in respect of their roles as Chair of Audit and Remuneration Committees respectively (2008/2009 - £10,000).

In recognition of the total emoluments being capped from 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 £20,000 (2008/2009 - £35,000). His future entitlement to any such payment ceased with the appointment of the new CEO.

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

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
Tony Fountain	1 October 2009	12 months
William Roberts	17 January 2005	Contract ended 31 March 2010
Richard Waite	4 April 2005	Resigned with effect from 31 August 2010
James Morse	21 March 2005	Contract ended 31 March 2010
John Clarke	1 June 2008	6 months

Current service details of Non Executive Directors

	Date employment commenced	Duration of current term
Stephen Henwood	1 March 2008	1 March 2008 – 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

Directors' emoluments 2009/2010

This information has been audited:

	2009/ 2010 Salaries £	2009/ 2010 Car and other benefits £	2009/ 2010 Bonus £	2009/ 2010 LTIP Payments Made (x) £	2009/ 20010 Compensation for loss of office £	2009/ 2010 Total Emoluments £	2008/ 2009 Salaries £	2008/ 2009 Car and other benefits £	2008/ 2009 Bonus (xi) £	2008/ 2009 Total Emoluments £
Non Executive Directors										
Stephen Henwood (i)	220,000	-	-	-	-	220,000	235,000	-	-	235,000
David Illingworth (ii)	35,000	-	-	-	-	35,000	35,000	-	-	35,000
Nick Baldwin (iii)	35,000	-	-	-	-	35,000	35,000	-	-	35,000
Tony Cooper (iv)	25,000	-	-	-	-	25,000	25,000	-	-	25,000
Alistair Wivell (v)	25,000	-	-	-	-	25,000	1,815	-	-	1,815
David Owens (v)	25,000	-	-	-	-	25,000	1,815	-	-	1,815
Janette Brown (v)	25,000	-	-	-	-	25,000	1,815	-	-	1,815
Patrick Dixon (v)	25,000	-	-	-	-	25,000	1,815	-	-	1,815
Executive Directors										
Tony Fountain (vi)	182,500	84,830	67,753	-	-	335,083	-	-	-	-
William Roberts (vii)	175,000	12,000	52,500	79,586	117,784	436,870	175,000	13,239	25,000	213,239
James Morse (viii)	175,000	12,000	52,500	79,586	114,580	433,666	175,000	13,083	25,000	213,083
Richard Waite (ix)	203,500	12,000	52,150	-	-	267,650	202,501	13,083	25,000	240,584
John Clarke	175,000	12,000	53,200	-	-	240,200	145,833	11,028	25,000	181,861

- (i) As a consequence of additional time commitments following the resignation of the CEO, the Chairman was entitled to additional payments equating to £60,000 in 2009/2010 of which he accepted an additional £20,000 (£35,000 accepted from £100,000 in 2008/2009).
- (ii) Includes additional fees of £10,000 for the role of Chair of the Audit Committee (£10,000 in 2008/2009).
- (iii) Includes additional fees of £10,000 for the role of Chair of the Remuneration Committee (£10,000 in 2008/2009).
- (iv) Separately to his remuneration as a non executive director, Tony Cooper also receives a fee for his work as a trustee of the CNPP, Magnox Electricity Supply Pension (ESP) and GPS pension schemes. These fees totalled £38,000 in 2009/2010 (£23,000 in 2008/2009).
- (v) Appointed 5 March 2009.
- (vi) Appointed 1 October 2009. Other benefits included £78,830 for relocation allowance. This comprises of a one-off lump sum for relocation to West Cumbria of £46,645 and then amounts payable under an annual allowance under the NDA Second Home Policy of 25% of basic salary (equal to £91,250 in the first year of employment). This will drop to 21% in the second year and finally, 15% in the third year, ceasing thereafter.
- (vii) Contract ended 31 March 2010.
- (viii) Contract ended 31 March 2010.
- (ix) Salary includes £28,500 in relation to temporary role as Acting Chief Executive (£27,501 in 2008/2009).
- (x) Payments made in lieu of LTIP to William Roberts and James Morse at the end of their contracts on 31 March 2010.
- (xi) The NDA Remuneration Committee capped Executive bonuses from an earned amount of £64,500 to £25,000 as part of an overall review of Executive reward. In addition, the Committee also agreed to freeze basic pay at 2008/2009 levels.

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 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 and Classic Plus and Nuvos are currently increased annually in line with the Retail Price Index (RPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an 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 initial 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 for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out 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 members' earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and

the accrued pension is updated in line RPI. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set up 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 Pension Scheme.

The Government has recently announced that it intends these pensions to be increased in line with the Consumer Price Index (CPI) rather than RPI in the future.

Further details about the Civil Service pension arrangements can be found at the website 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	Employees contributions and transfers in £000's	CETV at start date £000's	CETV at end date £000's	Real increase in CETV funded by employer £000's
William Roberts	2.5 - 5	n/a	15 - 20	20	175	247	41
Richard Waite	2.5 - 5	n/a	15 - 20	26	232	317	44
James Morse	2.5 - 5	n/a	10 - 15	6	182	241	42
John Clarke	2.5 - 5	n/a	5 - 10	4	41	93	47

Notes:

William Roberts is a member of the Supplementary Scheme.

Richard Waite is a member of the Supplementary Scheme.

James Morse is a member of the Supplementary Scheme.

The Supplementary Scheme provides tax-unapproved top-up pension benefits for members who earn in excess of the earnings cap.

Tony Fountain does not participate in the Civil Service Pension Arrangements and received £35,405 payment in lieu of pension allowance to fund his own pension arrangement.

In addition to the employer contributions above, a payment of £9,786 was made to the Personal Pension Plan of William Roberts.

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 benefits in another scheme or arrangement which the individual has transferred to the Civil Service Pension Arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional years of pension benefits at their

own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

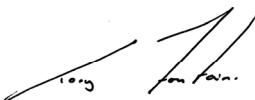
Real increase in CETV

There has been an increase in the CETV during 2009/2010. 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 arrangements) and uses common market valuation factors for the start and end of the period.



A handwritten signature in black ink, appearing to read "Nick Baldwin", with a horizontal line underneath.

Nick Baldwin
Chairman of the Remuneration Committee
2 November 2010



A handwritten signature in black ink, appearing to read "Tony Fountain", with a horizontal line underneath.

Tony Fountain
Accounting Officer and Chief Executive
2 November 2010

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 of 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.

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*.

The NDA, as a Non Departmental Public Body, has a formal line of accountability to the Department of Energy and Climate Change (DECC) who utilise the skills and services of the Shareholder Executive to provide oversight and governance of the NDA.

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 has been in place in the NDA for the period commencing 1 April 2009 for the year ending 31 March 2010 and up to the date of approval of the Annual Report and Accounts, in accordance with Treasury guidance.

Capacity to handle risk

Together with the Audit Committee and the Board I have been actively involved in the risk management process, including the development and endorsement of both the NDA's risk management policy and the internal audit policy and strategy.

The NDA risk management policy and procedure sets out the NDA's attitude to risk and defines roles and responsibilities throughout the organisation. As Accounting Officer, I have overall responsibility for risk management which I discharge through my management team and wider staff who take '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. In addition, the NDA is committed to ensuring that all staff receive the necessary training in risk management and awareness to equip them to carry out their particular role.

The NDA's capacity to handle risk is influenced and supported by its governance structure that supports decommissioning and commercial operations undertaken under contract by site licensees. Throughout this contractual relationship we seek assurance of high risk management standards across our estate. Risk management is a key feature of the monthly reporting cycle and reviews and audits are regularly undertaken to ensure these standards are maintained and that continual improvement is embedded.

The risk 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.

Our risk management framework serves to capture and promote all sizes of risk. As well as risks relating to the nuclear cost estimates, we are exposed to some generic, estate-wide risks as well as specific SLC risks. Risks are frequently reviewed and escalated so as to ensure that senior management is fully appraised of the risks faced, their magnitude, and any proposed mitigating actions.

The principal business risks that we have identified are as follows:

- the UK Government reprioritises and redistributes government funding
- performance of the ageing operational plants adversely affects electricity generation and commercial revenue
- future regulatory change resulting in increasing cost

Effectively managing our risks 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 and include risks arising from our contracted decommissioning and commercial operations. They support an effective monthly reporting cycle through a structured framework of review and reporting from operational level through senior management to the executive team and on 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.

I have maintained a focus on continual improvement and on process maturity through the year, ensuring the framework remains fit for purpose and delivers the information and control required across the business. Key improvements have included further emphasis on 'top down' review and input by my executive team which brings additional balance and clarity to the highest risks faced by the business.

This has been supported by a restructure of our risk reporting matrix and thresholds, designed to give additional focus on the highest impact risks including those enduring risks faced by the business.

In addition, we have increased engagement with our site licensees, upon whom we rely to manage effectively the risks relating to all of their operations, with a focus on risk maturity and capability culminating in an awards conference attended by representatives from across the estate to recognise and share good practice and to set improvement plans in place for the coming year.

Internal control framework

The NDA has continued to develop and enhance arrangements to provide assurance on the adequacy of the overall governance arrangements, including significant improvements in the relationship with DECC (with the primary interface via the Shareholder Executive), the Scottish Government, and our relationship with the site licensees, which forms part of the control framework. The formal arrangements for the oversight of the NDA by DECC have been subject to a DECC Internal Audit review, which concluded that there had been a move towards greater visibility of NDA business and associated risks at both DECC Board and ministerial level, along with a move towards a much improved and joined up

approach to planning and performance management reporting.

Since being appointed Accounting Officer in October 2009, I identified three key areas where I believed improvements to the NDA's overall operating and control environment were required. The first of these was the organisation structure which I believe did not provide sufficient single point accountability within the organisation. In order to address this, I initiated an Organisational Effectiveness project, which has now delivered a revamped Executive structure. Work continues to develop the underpinning organisational structure and this is likely to conclude by summer 2010.

I also identified a need to strengthen the overall planning process and so I have introduced additional planning processes and outputs. We now have a three year rolling NDA Operating Plan which is an internal document articulating the near term activities that will advance the NDA's core purposes and provides the basis for the performance management of our SLCs.

The final area where significant adjustments have been made is within our Performance Management System. The improvements are designed to bring greater efficiency and effectiveness to how we deliver corporate aims and objectives, whilst also facilitating the recognition and appropriate reward of the achievements of individuals. This area was subject to an internal audit review during 2009/2010 which resulted in a number of recommendations for improvements. The key findings relate to ensuring there is an improved understanding of the relationship between corporate and personal objectives and the need for clear separation between normal, day-to-day, activities and objectives that link to bonus arrangements. In addition, an improved process to validate year-end claims was recommended. All recommendations have been taken on board as part of the development of the system. Our HR function continues to work closely with Internal Audit to further improve and develop the system during the forthcoming year.

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, the external auditors the National Audit Office (NAO) and other assurance functions both within the NDA and across the estate, as well as the executive managers within the NDA who have responsibility for the development and maintenance of the internal control framework. I have been advised on the implications of the results of my review by the Board and the Audit Committee, and plans to address weaknesses and ensure continuous improvement of the system are in place.

I am supported by 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 within the NDA.

Internal Audit has oversight of the assurance work carried out within other functions of the NDA, its subsidiaries and its contractors, and is able to report on these to the Audit Committee on a regular basis.

The Internal Audit programme of work is primarily focussed on risks to the NDA control environment but has established protocols to enable, where necessary and appropriate, joint audit work. Two specific risk areas where this arrangement has been utilised were the reviews on 'Estate Wide Procurement' which concluded that good progress has been made in this area and systems are generally sound, and 'Managing Information Risk' which concluded that the NDA needs to increase its effort into understanding and complying with central Government directions relating to information security.

During the year the NDA has been subject to a number of National Audit Office (NAO) management letters. The role of the NAO is to audit the accounts of all government departments and agencies as well as a wide range of other public bodies, and to report to Parliament on the economy, efficiency and effectiveness with which these bodies have used public money.

The findings and recommendations from both the internal audit reports and the management letters have been considered by the NDA and

significant improvement actions have been agreed in several areas as follows:
A review of the National Nuclear Laboratory (NNL) project raised a number of issues where further clarity was required as to the NDA's role within the project on behalf of the Department for Business, Innovation and Skills. In particular, the need for ongoing financial support to the NNL running costs, and the NDA's decision to write off asset recovery costs incurred by Nexia - a British Nuclear Fuels (BNFL) subsidiary company, and forerunner to the NNL.

The NDA made a number of commitments with regard to the development of a National Nuclear Archive (NNA). However, an internal review concluded that a number of important factors, such as public sector records management legislation and regulations, had not been fully recognised. The organisation is committed to undertaking a review of the NNA project which will take into consideration all of the Internal Audit findings.

Issues around the project management of the NNA have also been identified elsewhere within the business, and a review of the NDA's overall project and programme management concluded that there has been limited formalisation and rigour around the initiation and investment decision making for a number of NDA managed projects and programmes, and improved consistency is required in areas such as governance, risk and resource management.

Significant improvements were also required in the overall process for the management of the NDA's operating budget. As a result, changes have been made through the introduction of strengthened controls around the development and allocation of the budget and management of spend throughout the year.

We have recognised that we do not have an overall Human Resources strategy in place that provides visibility and clarity of the strategic aims and objectives of the HR function, both within NDA and across the estate, and which provides performance measures against which to ensure effective delivery of activities to support the organisation. This strategy will be developed and put into place during the 2010/2011 financial year.

Penetration testing work was undertaken by a third party on our information security systems and a number of significant issues were identified. These were addressed immediately and subsequent work by internal audit has confirmed that these improvements have been effective in strengthening our information security controls.

Based on the net book value of the tangible non current assets held within the NDA's remit of £1.4bn, the National Audit Office (NAO) undertook a specific review of the NDA's financial management of non current assets. The improvement areas identified by the NAO have been incorporated within a specific project, initiated by the NDA, to improve oversight of our assets across the estate. In addition, we have taken steps to improve the quality of the non-current assets registers through the setting of Performance Based Incentives (PBI) within the SLC improvement plans for 2009/10, with further PBIs anticipated in 2010/11.

The NAO's review of the 2008/2009 annual report and accounts resulted in a number of findings, with recommendations for improvements to the controls around public sector accounting, the NDA's bonus schemes and Springfield Residues. During this year Internal Audit have undertaken work to confirm that the improvement actions agreed with the NAO, have been implemented.

The NAO also undertook a substantial piece of work on the NDA's losses and special payments. Substantial improvements have been made around the processes for the capture and where necessary, the approval of losses and special payments, and in particular, we have extended the framework to our subsidiaries, and issued supplementary guidance in order to ensure that there is a clear and consistent approach across the estate.

The Nuclear Liability Estimate continues to receive considerable attention both from within our organisation and from external bodies, including the NAO. This is an extremely complex work stream, influenced by the Lifetime Plans (LTPs) of each of our sites, the nature, complexity and timescales of which leads to uncertainty in the overall liability estimate. Through the competition process we aimed to bring a degree of stability to the overall planning cycle and associated costs, by

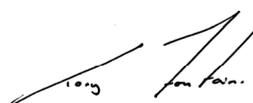
introducing the expertise of the private sector Parent Body Organisations.

At the beginning of 2010 I requested that our Internal Audit function undertake a review of the delivery of the Sellafield Parent Body contract and LTP work, as I considered that further assurance was needed that the contract would meet its original intent in terms of performance and value for money.

Findings related to concerns on the overall governance arrangements supporting the contractual relationship; the level of challenge provided by the NDA to the contractor's proposals, including the use of independent assurance and benchmarking of estimates; the balance of skills and resources and the need for stronger contingency plans in the event of any significant slippage to the scheduled work stream; uncertainty over asset condition and asset care costs and concerns raised by regulators.

Initial findings were made available during the course of the audit work and significant issues were acted upon immediately by the business. The final report has now been issued and a detailed action plan is in place to address all of the findings over the next 12 months.

Given that the NDA has taken considerable steps to address issues highlighted by both our internal and external auditors, along with the organisations overall response to audit findings in general, I am satisfied that there has been a relatively sound system of internal control in place within the NDA throughout 2009/2010, and that current work streams will continue to build upon and improve this further, during the 2010/2011 financial year.



Tony Fountain
Chief Executive and Accounting Officer
2 November 2010

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 2010 under the Energy Act 2004. These comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Authority Statement of Financial Position, the Group and Authority Statement of Cash Flows, the Group and Authority Statement of Changes in Taxpayers' Equity, 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 Accounting Officer and auditor

As explained more fully in the Statement of Directors' and Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Nuclear Decommissioning Authority's and the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Nuclear

Decommissioning Authority; and the overall presentation of the financial statements.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Nuclear Decommissioning Authority's and the group's affairs as at the 31st of March 2010, and of the group's deficit, and the Nuclear Decommissioning Authority's and the group's changes in taxpayer's equity and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Energy Act 2004 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Energy Act 2004 and
- the information given in the Financial Review, Directors and Executives section and Directors' Report, included in the Annual Report for the financial year for which the financial statements are prepared, is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

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 Notes 3, 4 and 28 of the financial statements concerning the uncertainties inherent in estimating the likely costs of the nuclear liabilities. As explained in the Notes, 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 the subsequent information and events, and may result in significant changes to the overall costs of decommissioning as these uncertainties change as a result of events after the balance sheet date.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria,
London SW1W 9SP

8 November 2010

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2010

	Note	2010 £m	2009 £m
Continuing operations			
Revenue	5	963	1,700
Operating costs	6	(2,509)	(2,111)
Other	6	1,941	(1,263)
Surplus/(deficit) before financing		395	(1,674)
Investment revenues	9	13	15
Finance costs	10	(2,612)	(1,014)
Deficit before tax		(2,204)	(2,673)
Tax	11	-	3
Deficit for the year from continuing operations		(2,204)	(2,670)
Discontinued operations			
Deficit for the year from discontinued operations	20	(42)	(27)
Deficit after tax before notional cost of capital credit		(2,246)	(2,697)
Notional cost of capital credit	12	1,576	1,547
Surplus/(deficit) after tax and notional cost of capital credit		(670)	(1,150)
Reversal of notional cost of capital credit	12	(1,576)	(1,547)
Deficit for the year		(2,246)	(2,697)
Other comprehensive income:			
Net (loss)/gain on revaluation of property, plant and equipment	14	(30)	507
Actuarial gains/(losses) in defined benefit pension schemes	30	5	(1)
Other comprehensive income for the year		(25)	506
Total comprehensive deficit for the year		(2,271)	(2,191)

Consolidated Statement of Financial Position

as at 31 March 2010

	Note	2010 £m	2009 £m	2008 £m
Non-current assets				
Property, plant and equipment	14	1,352	1,447	3,515
Intangible assets	15	-	-	1
Recoverable contract costs	19	1,627	1,692	1,494
Trade and other receivables	24	17	18	79
Defined benefit pension scheme surplus	30	4	1	-
		<u>3,000</u>	<u>3,158</u>	<u>5,089</u>
Current assets				
Inventories	18	107	194	171
Other investments	22	313	304	250
Derivative financial instruments	23	13	38	-
Trade and other receivables	24	405	236	312
Cash and cash equivalents	25	232	186	477
		<u>1,070</u>	<u>958</u>	<u>1,210</u>
Assets held for sale	20	296	387	-
		<u>1,366</u>	<u>1,345</u>	<u>1,210</u>
Total assets		<u>4,366</u>	<u>4,503</u>	<u>6,299</u>
Current liabilities				
Derivative financial instruments	23	(1)	(14)	(46)
Trade and other payables	26	(1,164)	(1,094)	(1,003)
Nuclear provisions	28	(1,900)	(1,769)	(2,129)
Other provisions	29	(304)	(327)	(111)
		<u>(3,369)</u>	<u>(3,204)</u>	<u>(3,289)</u>
Total assets less current liabilities		<u>997</u>	<u>1,299</u>	<u>3,010</u>
Non-current liabilities				
Trade and other payables	26	(1,487)	(1,225)	(1,407)
Nuclear provisions	28	(43,183)	(42,735)	(41,971)
Other provisions	29	(1,530)	(1,886)	(2,888)
Defined benefit pension scheme deficits	30	(1)	(3)	(1)
		<u>(46,201)</u>	<u>(45,849)</u>	<u>(46,267)</u>
Net liabilities		<u>(45,204)</u>	<u>(44,550)</u>	<u>(43,257)</u>
Taxpayers' equity				
Transfer reserve – see Statement of Changes in Taxpayers' Equity		(23,091)	(23,074)	(23,074)
Revaluation reserve - see Statement of Changes in Taxpayers' Equity		336	526	19
General reserve - see Statement of Changes in Taxpayers' Equity		(22,449)	(22,002)	(20,202)
Total taxpayers' equity		<u>(45,204)</u>	<u>(44,550)</u>	<u>(43,257)</u>

The financial statements on pages 57 to 116 were approved by the Board on 2 November 2010 and were signed on its behalf by:



Tony Fountain
Chief Executive and Accounting Officer
2 November 2010

The related notes numbered 1 to 37 form part of these financial statements.

Authority Statement of Financial Position

as at 31 March 2010

	Note	2010 £m	2009 £m	2008 £m
Non-current assets				
Property, plant and equipment	14	1,044	1,215	3,320
Intangible assets	15	-	-	1
Investments in subsidiaries	16	206	206	209
Recoverable contract costs	19	1,627	1,692	1,494
Trade and other receivables	24	17	18	79
		<u>2,894</u>	<u>3,131</u>	<u>5,103</u>
Current assets				
Inventories	18	103	192	168
Other investments	22	61	67	-
Derivative financial instruments	23	13	38	-
Trade and other receivables	24	563	329	425
Cash and cash equivalents	25	170	146	453
		<u>910</u>	<u>772</u>	<u>1,046</u>
Assets held for sale	20	296	387	-
		<u>1,206</u>	<u>1,159</u>	<u>1,046</u>
Total assets		<u>4,100</u>	<u>4,290</u>	<u>6,149</u>
Current liabilities				
Derivative financial instruments	23	(1)	(14)	(46)
Trade and other payables	26	(1,099)	(1,038)	(967)
Nuclear provisions	28	(1,898)	(1,769)	(2,129)
Other provisions	29	(301)	(318)	(111)
		<u>(3,299)</u>	<u>(3,139)</u>	<u>(3,253)</u>
Total assets less current liabilities		<u>801</u>	<u>1,151</u>	<u>2,896</u>
Non-current liabilities				
Trade and other payables	26	(1,486)	(1,214)	(1,405)
Nuclear provisions	28	(43,125)	(42,682)	(41,921)
Other provisions	29	(1,498)	(1,869)	(2,869)
Defined benefit pension scheme deficits	30	-	(1)	-
		<u>(46,109)</u>	<u>(45,766)</u>	<u>(46,195)</u>
Net liabilities		<u>(45,308)</u>	<u>(44,615)</u>	<u>(43,299)</u>
Taxpayers' equity				
Transfer reserve - see Statement of Changes in Taxpayers' Equity		(23,096)	(23,079)	(23,079)
Revaluation reserve - see Statement of Changes in Taxpayers' Equity		326	515	13
General reserve - see Statement of Changes in Taxpayers' Equity		(22,538)	(22,051)	(20,233)
Total taxpayers' equity		<u>(45,308)</u>	<u>(44,615)</u>	<u>(43,299)</u>

The financial statements on pages 57 to 116 were approved by the Board on 2 November 2010 and were signed on its behalf by:



Tony Fountain
Chief Executive and Accounting Officer
2 November 2010

The related notes numbered 1 to 37 form part of these financial statements.

Statement of Cash Flows

For the year ended 31 March 2010

	Note	NDA Group		Authority	
		2010 £m	2009 £m	2010 £m	2009 £m
Cash flows from operating activities					
(Deficit before tax)		(2,246)	(2,697)	(2,283)	(2,716)
Adjustments for:					
Investment revenues	9	(13)	(15)	(3)	(2)
Finance costs	10	2,653	1,031	2,650	1,031
Tax credit	11	-	(3)	-	-
Depreciation of property, plant and equipment	14	147	435	139	423
Impairment of property, plant and equipment	14	55	55	55	55
Amortisation of intangible assets	15	-	1	-	1
Impairment of investments in subsidiaries	16	-	-	-	3
Loss on sale of property, plant and equipment	14	1	2	-	3
Profit on sale of assets held for sale	20	-	-	-	-
(Decrease)/increase in nuclear provisions	28	(1,840)	701	(1,839)	700
(Decrease) in other provisions	29	(546)	(868)	(549)	(878)
Increase in defined benefit scheme deficits		-	-	-	-
		(1,789)	(1,358)	(1,830)	(1,380)
Decrease/(increase) in inventories	18	87	(23)	88	(24)
Decrease in recoverable contract costs	19	211	739	211	739
(Increase)/decrease in other current and non-current assets		(143)	99	(208)	119
(Decrease)/increase in other current and non-current liabilities		90	(158)	86	(187)
Net cash outflow from operating activities		(1,544)	(701)	(1,653)	(733)
Cash flows from investing activities					
Investment (expense)/income	9/10	(3)	1	(1)	2
Interest received	9	13	14	3	-
Proceeds on disposal of property, plant and equipment	14	-	2	-	3
Proceeds on disposal of assets held for sale	20	161	-	161	-
Purchases of property, plant and equipment	14	(201)	(451)	(121)	(410)
Purchase of investments	22	(9)	(54)	6	(67)
Net cash (outflow)/inflow from investing activities		(39)	(488)	48	(472)
Cash flow from financing activities					
Grant-in-Aid received		1,629	898	1,629	898
Net cash inflow from financing activities		1,629	898	1,629	898
Net increase/(decrease) in cash and cash equivalents	25	46	(291)	24	(307)
Cash and cash equivalents at beginning of year	25	186	477	146	453
Cash and cash equivalents at end of year	25	232	186	170	146

Cash outflow from discontinuing operations was £50 million (2008/2009 £86 million).

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2010

NDA Group	Transfer £m	Revaluation £m	General £m	Total £m
Balance at 1 April 2008	(23,074)	19	(20,202)	(43,257)
Changes in taxpayers' equity 2008/2009				
Total comprehensive surplus/(deficit) for the year	-	507	(2,700)	(2,193)
Deferred tax credit	-	-	3	3
Deficit on pension fund valuation	-	-	(1)	(1)
Grant-in-Aid received	-	-	898	898
Balance at 31 March 2009	(23,074)	526	(22,002)	(44,550)
Changes in taxpayers' equity 2009/2010				
Loss on revaluation and deficit for the year	-	(30)	(2,246)	(2,276)
Surplus on pension fund valuation	-	-	5	5
Transfers	(5)	(160)	165	-
Holiday pay accrual	(12)	-	-	(12)
Grant-in-Aid received	-	-	1,629	1,629
Balance at 31 March 2010	(23,091)	336	(22,449)	(45,204)

Authority	Transfer £m	Revaluation £m	General £m	Total £m
Balance at 1 April 2008	(23,079)	13	(20,233)	(43,299)
Changes in taxpayers' equity 2008/2009				
Total comprehensive surplus/(deficit) for the year	-	502	(2,715)	(2,213)
Deficit on pension fund valuation	-	-	(1)	(1)
Grant-in-Aid received	-	-	898	898
Balance at 31 March 2009	(23,079)	515	(22,051)	(44,615)
Changes in taxpayers' equity 2009/2010				
Total comprehensive deficit for the year	-	(29)	(2,283)	(2,312)
Surplus on pension fund valuation	-	-	2	2
Transfers	(5)	(160)	165	-
Holiday pay accrual	(12)	-	-	(12)
Grant-in-Aid received	-	-	1,629	1,629
Balance at 31 March 2010	(23,096)	326	(22,538)	(45,308)

There have been no adjustments to taxpayers' equity for the NDA Group or Authority as a result of the transition from UK GAAP to IFRS.

The transfer reserve is used to record the deficit or surplus arising on the transfer of assets and liabilities to the NDA from other parts of the public sector.

The revaluation reserve is used to record the increases in the fair value of property, plant and equipment carried at valuation and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in taxpayers' equity.

The general reserve is used to record the deficit or surplus arising from the statement of comprehensive income.

The transfers between reserves relates to the realisation of surpluses on disposal of revalued assets. These relate to the land sales at Bradwell, Oldbury and Wylfa.

Notes to the financial statements

for the year ended 31 March 2010

1. General information

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 and is currently sponsored by the Department of Energy and Climate Change (DECC). Its headquarters are at Herdus House, Westlakes Science & Technology Park, Moor Row, Cumbria, CA24 3HU. The NDA was created with the primary objective of overseeing and monitoring the decommissioning and clean up of the UK's civil nuclear legacy. The financial review on pages 16 to 24 provides further information on the NDA's operations.

These financial statements are presented in pounds sterling and all values are rounded to the nearest million (£m) except when otherwise indicated.

2. Adoption of new and revised Standards

These financial statements are the first to be prepared in accordance with IFRS as adopted by the European Union (EU) and adapted or interpreted for the public sector context by the Government Financial Reporting Manual. Previously NDA financial statements had been prepared in accordance with the Government Financial Reporting Manual (FReM) and Generally Accepted Accounting Principles in the UK (UK GAAP) and adapted or interpreted for the public sector context by the Government Financial Reporting Manual. UK GAAP differs in some areas from IFRS. In preparing these financial statements, the NDA has applied the principles set out in IFRS 1 – First-time Adoption of International Financial Reporting Standards (IFRS 1). IFRS 1 sets out the procedures that must be followed when adopting IFRS for the first time as the basis for preparing the financial statements. The NDA is required to establish its IFRS accounting policies and, in general, apply these retrospectively to determine the IFRS opening statement of financial position at the date of transition (1 April 2008) and then throughout all subsequent periods. Comparative figures have been restated accordingly. The disclosures required by IFRS 1, including the reconciliations and descriptions of the effect of the transition from UK GAAP to IFRS on the comprehensive deficit, taxpayers' equity, and cash flows are provided in note 37.

In the current year, the following new and revised Standards and Interpretations have been adopted. Their adoption has not had any significant impact on the amounts reported in these financial statements but has affected their presentation and disclosure.

IAS 1 (revised 2007) Presentation of Financial Statements

IAS 1(2007) has introduced a number of changes in the format and content of the financial statements

IFRS 8 Operating Segments

IFRS 8 is a disclosure Standard that has resulted in the disclosure of the NDA Group's reportable segments (see note 5)

The adoption of IAS 1 has impacted the presentation and disclosure of the financial statements. Under IAS 1 the primary financial statements are the consolidated statement of comprehensive income, consolidated statement of financial position, statement of cashflows and statement of changes in taxpayers' equity, along with the notes to these statements. These replace the consolidated income & expenditure account, consolidated statement of recognised gains and losses, balance sheet, consolidated cash flow statement, along with the notes to these statements.

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting of future transactions and arrangements.

IAS 23 (revised 2007) Borrowing Costs

The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred. The NDA is not financed by

<p>Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Instruments – Puttable Financial Instruments and Obligations Arising on Liquidation</p>	<p>borrowings so this Standard has no impact on the NDA</p> <p>The revisions to IAS 32 amend the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments that impose on an entity an obligation to deliver to another party a pro-rate share of the net assets of the entity only on liquidation, to be classed as equity, subject to specified criteria being met</p>
<p>Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items</p>	<p>The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options</p>
<p>Amendments to IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement</p>	<p>The amendments clarify the accounting for embedded derivatives in the case of a reclassification of a financial asset out of the ‘fair value through profit or loss’ (FVTPL) category as permitted by the October 2008 amendments to IAS 39</p>
<p>IFRIC 15 Agreements for the Construction of Real Estate</p>	<p>The Interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction of real estate should be recognised</p>
<p>IFRIC 16 Hedges of a Net Investment in a Foreign Operation</p>	<p>The Interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations</p>
<p>IFRIC 18 Transfers of Assets from Customers</p>	<p>The Interpretation addresses the accounting by recipients for transfers of property, plant and equipment from ‘customers’ and concludes what item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of transfer, with the credit recognised in accordance with IAS 18 Revenue</p>

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not been applied in these financial statements, were in issue but not effective (and in some cases have not yet been adopted by the EU):

<p>IFRS 1 (amended) / IAS 27 (amended) (1 July 2009)</p> <p>IFRS 3 (revised 2008)</p> <p>IFRS 5 (1 July 2009)</p> <p>IFRS 8 (1 January 2010)</p> <p>IAS 7 (1 January 2010)</p> <p>IAS 24 (1 January 2011)</p> <p>IFRIC 17 (1 July 2009)</p>	<p>Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (1 July 2009)</p> <p>Business Combinations (1 July 2009)</p> <p>NCA and assets held for sale</p> <p>Operating segments</p> <p>Statement of cash flows</p> <p>Related parties</p> <p>Distributions of Non-cash Assets to Owners (1 July 2009)</p> <p>Financial Instruments (1 July 2009)</p>
<p>IFRS 9 (1 July 2009)</p> <p>Improvements to IFRSs (April 2009)</p>	

The directors do not expect that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements of the NDA Group.

An explanation of the principal adjustments made by the NDA in restating its UK GAAP statement of financial position as at 1 April 2008 and its previously published UK GAAP financial statements for the year ended 31 March 2009 is disclosed in note 37.

3. Statement of significant accounting policies

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 accounts direction requires compliance with the 2009/2010 Government Financial Reporting Manual (FRoM), 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 2009/2010 FRoM apply International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) Interpretations as adapted and interpreted for the public sector context. Where the FRoM permits a choice of accounting policy, the accounting policy which is 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 significant accounting policies adopted by the NDA are described below. These policies have been applied consistently in dealing with items that are considered material to the financial statements, unless otherwise stated.

These financial statements have been prepared on the historical cost basis, except for the revaluation of property, plant and equipment (except waste management assets), investments, and financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The consolidated statement of financial position at 31 March 2010 shows net liabilities of £45,204 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 2010/2011, taking into account the amounts required to meet the NDA's liabilities falling due in this year, has already been included in the 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.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the NDA and entities controlled by the NDA (its subsidiary undertakings) made up to 31 March each year. Control is achieved where the NDA has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition

Revenue, including rental income, is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes, electricity purchases relating to short-term balancing of output volume and hedging activities, and intra-group sales. Revenue received in advance of work performed is held on the statement of financial position (under trade and other payables as payments received on account) and released to the statement of comprehensive income when the work is completed and the liability extinguished.

Revenue from contracts is recognised in accordance with the NDA's accounting policy on contracts (see below).

Contracts

Where the outcome of a contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date. This is normally

measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

For contracts in progress at the reporting date, where costs incurred plus recognised profits less recognised losses exceed progress billings the balance is shown under current assets as recoverable contract costs. Where progress billings exceed costs incurred plus recognised profits less recognised losses the balance is shown under trade and other payables as payments received on account.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The NDA Group as lessor

Where the NDA Group is the lessor, assets which are subject to operating leases are presented in the statement of financial position under property, plant and equipment. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. The aggregate costs of any incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

The NDA Group as lessee

Assets held under finance leases are recognised as assets of the NDA Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Foreign currencies

The individual financial statements of each NDA Group entity are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in pounds sterling, which is the functional currency of the NDA, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual reporting entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions or at the contracted rate if the transaction is covered by a forward foreign exchange contract. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the NDA Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and recognised in the NDA Group's general reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Retirement benefit costs

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

For defined contribution schemes the amount charged to operating costs 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 statement of financial position is the present value of the defined benefit obligation at the reporting 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 other comprehensive income in the period in which they arise. Past service costs are recognised immediately in operating costs 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 finance costs.

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.

Research and development expenditure

Expenditure on research activities not specifically recoverable directly from customers is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if all of the following conditions are met:

- an asset is created that can be identified
- it is probable that the asset created will generate future economic benefits
- the development cost of the asset can be measured reliably

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Taxation

The tax expense, if any, represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The NDA Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the NDA Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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

- (i) Irrecoverable VAT is charged to profit or loss, 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 payables or receivables respectively within the statement of financial position.

Cost of capital

HM Treasury guidance requires that Non Departmental Public Bodies (NDPB) disclose the full cost of their activities, and therefore the statement of comprehensive income 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 the real rate set by HM Treasury, currently 3.5% (2008/2009: 3.5%), on the average carrying amount of all assets less liabilities, except for:

- (i) property, plant and equipment and intangible assets where the cost of capital charge is based on opening values, adjusted pro-rata for in-year:
 - additions at cost
 - disposals as valued in the opening statement of financial position (plus any subsequent capital expenditure prior to disposal)
 - impairments at the amount of the reduction of the opening statement of financial position value (plus any subsequent capital expenditure)
 - depreciation of property, plant and equipment and amortisation of intangible assets;
- (ii) cash balances with the Office of Paymaster General, where the charge is nil.

Property, plant and equipment

Property, plant and equipment includes assets purchased directly by the NDA Group and assets for which the legal title transferred to the NDA Group under Transfer Scheme arrangements pursuant to the Energy Act 2004.

In accordance with FReM, property, plant and equipment should be carried at valuation. However, in accordance with the accounts direction issued by the Secretary of State for DECC, waste management assets are excluded from this requirement where there is no reliable and cost effective revaluation methodology. Such waste management assets are therefore carried at cost less

accumulated depreciation and any impairment charges. Where a reliable and cost effective revaluation methodology does exist, such waste management assets are carried at valuation.

For property, plant and equipment carried at valuation, revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset with the net amount restated to equal the revalued amount. Any revaluation increase arising is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on revaluation is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset. On the subsequent derecognition of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to the general reserve.

Assets used to support commercial activities are carried at valuation. Property located outside nuclear licensed site boundaries is revalued annually by external qualified valuers. Property located inside nuclear licensed site boundaries is generally not revalued, instead it is carried at cost less accumulated depreciation and any impairment charges in line with the treatment of waste management assets. Property located inside nuclear licensed site boundaries are only carried at valuation where a reliable and cost effective revaluation methodology exists.

Where economic facilities have been commissioned, the estimated cost of decommissioning the facilities is recognised, to the extent that it is recognised as a provision under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', as part of the carrying value of the asset and depreciated over the useful life of the asset. All other decommissioning costs are expensed as incurred. A change in estimated decommissioning costs is added to or deducted from the carrying value of the related asset. To the extent that such a treatment would result in a negative asset, the effect of the change is charged as an expense. The change in depreciation charge is recognised prospectively.

Depreciation is charged so as to write off the cost or valuation of assets, other than assets under construction, to their residual values over their useful lives, using the straight-line method, on the following bases:

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

Assets under construction are not depreciated until brought in to use.

Residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Intangible assets

Intangible assets comprise options to purchase land, software licences and patents and are carried at cost less amortisation and any impairment charges. Intangible assets are amortised over their useful lives.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, provision for impairment.

Impairment of non-financial assets

At each reporting date, the NDA Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any

such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the NDA Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and all costs to be incurred in marketing, selling and distribution. This is a departure from the FReM requirement to value inventories at current cost but this does not represent a material difference in valuation.

Reprocessed plutonium and uranium inventory 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, uranics, plutonium and Advanced Gas-Cooled Reactor (AGR) spent fuel are being developed, along with their associated cost estimates.

Assets held for sale

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Financial instruments

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

FINANCIAL ASSETS

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs,

except for those assets classified as at fair value through profit or loss, which are initially measured at fair value (transaction costs are expensed in operating costs).

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), held to maturity investments, available for sale financial assets or loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The NDA Group has not classified any financial assets as held to maturity investments or available for sale.

Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is either held for trading (for example other investments) 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 IAS 39 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as FVTPL. Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Loans and receivables

Trade and other receivables, and cash and cash equivalents, 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 reporting 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 receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable 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 profit or loss.

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 profit or loss 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Derecognition of financial assets

Financial assets are derecognised only 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 has been incurred principally for the purpose of disposal in the near future or 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 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 IAS 39 '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 profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including trade and other payables, 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 reporting date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative is presented as a non-current asset or a non-current liability 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 through profit or loss.

Provisions

Provisions are recognised when the NDA Group has a present obligation as a result of a past event, and it is probable that the NDA Group 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 reporting 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 latest available technical assessments of the processes and methods likely to be used in the future, and represent best estimates of the amount required to discharge the relevant obligations. 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 IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', the recoverable amount is treated as a non-current or current asset. In operating costs, the provision charges are net of recoveries from customers. Provision changes are accounted for in the year in which they arise.

The nuclear provisions and recoverable balances are expressed at current price levels and discounted at 2.2% per annum (2008/2009: 2.2%), being 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 statement of comprehensive income include the adjustments to amortise one year's discount and restate the liabilities to current price levels.

Grant-in-Aid

In accordance with the Government Financial Reporting Manual (FRoM) 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 statement of cash flows.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the NDA's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

CRITICAL JUDGEMENTS IN APPLYING THE NDA'S ACCOUNTING POLICIES

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that management has made in the process of applying the NDA's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

The Group uses the percentage of completion method in accounting for its contracts. Use of the percentage of completion method requires the Group to estimate the work performed to date as a proportion of the total work to be performed.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of property, plant and equipment

Impairment is measured by comparing the carrying value of the asset or cash-generating unit with its recoverable amount. The NDA has therefore reviewed the asset base and all assets are reviewed for evidence of impairment. Given the ageing asset base this calculation has a degree of uncertainty within it. The carrying amount of property, plant and equipment at the reporting date was £1,352 million.

Reprocessed plutonium inventory

The NDA does not value reprocessed plutonium inventory, due to uncertainty over its future use. Future use is an issue to be determined by the Government. Until the Government's reviews of long-term policy around waste disposal are completed the eventual disposal costs cannot be estimated.

Nuclear provisions

The nuclear provisions are based on the most recently available estimates prepared for each site, discounted at 2.2% per annum in line with HM Treasury guidance. These estimates are necessarily based on assumptions of the processes and methods likely to be used to discharge the obligations, reflecting 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, changes to the underpinning technical assessments and costs are critically reviewed by the NDA and are incorporated into the previously established baseline through a rigorous change control process.

The award of the Sellafield contract in November 2008 required the contractor to review and revise the baseline plan for the site. This work is still in progress, reflecting the complex interdependencies of facilities on the Sellafield site and the technical challenges of dealing with the legacy ponds and silos in particular. An agreed plan covering the necessary scope of work through to final site clearance will not be available until early 2011, allowing appropriate independent assurance activity to be completed by the NDA. Therefore the Sellafield estimate has been updated to incorporate known changes to the previously established plan, and will continue to be adjusted as changes to the work plan are agreed.

The nuclear provisions represent the best estimate of the expenditures required to settle the present obligation at the reporting date. However, there remains a significant degree of inherent uncertainty in the future cost estimates, examples of which include:

- NDA's funding profile which could cause plans to vary. This requires the NDA to manage our portfolio to ensure the right balance between addressing high risk and hazard and affordability
- the final end state and the timing for achievement of final site clearance for individual sites has not yet been finalised. Furthermore, the phasing of the work on the sites and the risks arising from programme interdependencies, whereby delays to one project can cause significant knock-on delays and cost increases.
- a lack of detailed information on the design of the legacy ponds and silos and the exact quantities and chemical composition of the historical wastes held in them. There also remain some other areas of uncertainty, notably the high hazards at Sellafield and the uncertain state of some of the infrastructure underpinning commercial operations. This means that there is uncertainty around the processes involved and the estimated costs
- uncertainty over future Government policy positions and potential regulatory changes
- possible technological advances which may occur which could impact the work to be undertaken to decommission and clean up the sites

The uncertainties that surround the nuclear provisions mean that quantifying the incremental financial impact of various possible outcomes is very difficult, given the risk included in these activities. In this context, risk means the financial implications of a large range of possible alternative outcomes associated with the decommissioning of nuclear sites. Whilst the nuclear provisions represent the best estimate at the present time we continue to work to improve the robustness of these estimates and therefore to reduce the uncertainty inherent in the provisions.

Pensions

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 29). 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.

5. Operating segments

For management purposes, the NDA is currently organised into various operating units, which are grouped into SLCs, NDA Headquarters and NDA owned operating subsidiaries. These groupings are the basis on which the NDA reports its primary segment information. Segment surplus or deficit represents the surplus or deficit generated by each segment before the allocation of investment revenues, finance costs and tax. Information on additions to non-current assets are not regularly reported on a segmental basis. Segment information analysed into continuing and discontinued operations is provided in the tables below. Further information on discontinued operations can be found in note 20.

	2010	Sellafield	Magnox North	Magnox South	RSRL	DSRL	LLWR	NDA HQ	INS Contracts	NDA Group Subsidiaries/eliminations	Total Continuing Operations	Discontinued Operations	Total NDA Group
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue (1) & (2)	482	347	2	5	12	15	26	44	30	963	303	1,266	
Contractual and other costs	(1,434)	(373)	(228)	(56)	(155)	(29)	(197)	(48)	11	(2,509)	(329)	(2,838)	
Other operating costs	833	254	363	115	199	26	177	(17)	(9)	1,941	25	1,966	
Investment revenues	-	-	-	-	-	-	2	-	11	13	-	13	
Finance costs	(1,460)	(258)	(257)	(91)	(221)	(15)	(306)	(1)	(3)	(2,612)	(41)	(2,653)	
Surplus/(deficit) before tax	(1,579)	(30)	(120)	(27)	(165)	(3)	(298)	(22)	40	(2,204)	(42)	(2,246)	
Total assets	2,730	25	2	37	6	33	768	46	665	4,312	54	4,366	
Nuclear provisions	(25,169)	(4,555)	(4,510)	(1,203)	(2,396)	(290)	(6,199)	(14)	(60)	(44,396)	(687)	(45,083)	
Other liabilities	(3,500)	(13)	-	(7)	(17)	-	(543)	(264)	(101)	(4,445)	(42)	(4,487)	
Total liabilities	(28,669)	(4,568)	(4,510)	(1,210)	(2,413)	(290)	(6,742)	(278)	(161)	(48,841)	(729)	(49,570)	
Net liabilities	(25,939)	(4,543)	(4,508)	(1,173)	(2,407)	(257)	(5,974)	(232)	504	(44,529)	(675)	(45,204)	

(1) Waste Management contracts are contracted directly by NDA and managed by International Nuclear Services Limited.

(2) All electricity income is contracted directly by NDA and managed under contract by British Energy Trading Services Ltd.

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	2009	Sellafield	Magnox North	Magnox South	RSRL	DSRL	LLWR	NDA HQ	INS Contracts	NDA Group Subsidiaries/eliminations	Total Continuing Operations	Discontinued Operations	Total NDA Group
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue (1) & (2)	1,080	504	2	7	5	16	6	48	32	1,700	280	1,980	
Contractual and other costs	(1,030)	(352)	(217)	(60)	(124)	(24)	(241)	(27)	(36)	(2,111)	(213)	(2,324)	
Other operating costs	1,047	(291)	(162)	147	11	(156)	(1,844)	(24)	9	(1,263)	(77)	(1,340)	
Investment revenues	-	-	-	-	-	-	5	1	9	15	-	15	
Finance costs	(682)	(94)	(94)	(30)	(53)	(2)	(59)	(1)	1	(1,014)	(17)	(1,031)	
Surplus/(deficit) before tax	415	(233)	(471)	64	(161)	(166)	(2,133)	(3)	15	(2,673)	(27)	(2,700)	
Total assets	2,848	32	1	36	6	23	845	51	528	4,370	133	4,503	
Nuclear provisions	(24,629)	(4,617)	(4,616)	(1,228)	(2,373)	(303)	(6,005)	(14)	(55)	(43,840)	(664)	(44,504)	
Other liabilities	(3,598)	(21)	-	(6)	(24)	-	(562)	(178)	(99)	(4,488)	(61)	(4,549)	
Total liabilities	(28,227)	(4,638)	(4,616)	(1,234)	(2,397)	(303)	(6,567)	(192)	(154)	(48,328)	(725)	(49,053)	
Net liabilities	(25,379)	(4,606)	(4,615)	(1,198)	(2,391)	(280)	(5,722)	(141)	374	(43,958)	(592)	(44,550)	

- (1) Waste Management contracts are contracted directly by NDA and managed by International Nuclear Services Limited.
(2) All electricity income is contracted directly by NDA and managed under contract by British Energy Trading Services Ltd.

Geographical information

The NDA Group's revenues are attributed to countries on the basis of the customer's location, as follows:

	2010	2009
	£m	£m
Continuing operations:		
United Kingdom	791	1,039
Germany	85	263
Japan	71	372
France	-	-
Other countries	16	26
	<u>963</u>	<u>1,700</u>
Discontinued operations:		
United Kingdom	282	256
Japan	1	2
Other countries	20	22
	<u>303</u>	<u>280</u>
Total revenue	<u>1,266</u>	<u>1,980</u>

The NDA Group's non-current assets are primarily located or based in the United Kingdom

6. Operating costs

Operating costs for the year were as follows:

	Note	Continuing operations		Discontinued operations		Total	
		2010 £m	2009 £m	2010 £m	2009 £m	2010 £m	2009 £m
Contractual and other costs							
Contractor costs		(2,279)	(2,131)	(213)	(112)	(2,492)	(2,243)
Trading costs		(45)	(57)	(126)	(111)	(171)	(168)
M&O contractor fees		(112)	(73)	-	-	(112)	(73)
Staff costs	8	(70)	(71)	-	-	(70)	(71)
Skills & socio-economic development programme		(9)	(27)	-	-	(9)	(27)
Administration costs		(20)	(31)	-	-	(20)	(31)
Rentals under operating leases - other		(1)	(1)	-	-	(1)	(1)
Insurance		(17)	(16)	-	-	(17)	(16)
Auditors' remuneration	7	(1)	(1)	-	-	(1)	(1)
Research and development costs		(11)	(11)	-	-	(11)	(11)
Other costs		(55)	(86)	-	-	(55)	(86)
		<u>(2,620)</u>	<u>(2,505)</u>	<u>(339)</u>	<u>(223)</u>	<u>(2,959)</u>	<u>(2,728)</u>
Less: Contractor costs capitalised		111	394	10	10	121	404
		<u>(2,509)</u>	<u>(2,111)</u>	<u>(329)</u>	<u>(213)</u>	<u>(2,838)</u>	<u>(2,324)</u>
Other operating costs							
Depreciation of property, plant and equipment	14	(147)	(435)	-	-	(147)	(435)
Impairment of property, plant and equipment (excluding capitalised decommissioning costs)	14	(45)	(45)	(10)	(10)	(55)	(55)
Profit/(loss) on sale of property, plant and equipment		-	(2)	-	-	-	(2)
Amortisation of intangible assets	15	-	(1)	-	-	-	(1)
Release of recoverable contract costs (a)	19	(206)	(1,063)	(5)	(84)	(211)	(1,147)
Unrealised net gains / (losses) on derivative financial instruments	23	(12)	70	-	-	(12)	70
Trade receivables impairment losses reversed	24	5	63	-	-	5	63
Nuclear provisions credit / (charge)	28	1,824	(708)	16	7	1,840	(701)
Other provisions credit / (charge) (b)	29	522	858	24	10	546	868
		<u>1,941</u>	<u>(1,263)</u>	<u>25</u>	<u>(77)</u>	<u>1,966</u>	<u>(1,340)</u>

(a) Costs relating to Post Operational Clean Out and decommissioning of plant relating to long term reprocessing and waste management contracts.

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

7. Auditors' remuneration

The analysis of auditors' remuneration is as follows:

NDA Group	2010	2009
	£'000	£'000
Fees payable to the National Audit Office (NAO) for:		
- the audit of the Authority and the NDA Group	(930)	(900)
- the implementation of International Financial Reporting Standards	(46)	(60)
	<u>(976)</u>	<u>(960)</u>

No other remuneration has been made to the auditors.

8. Staff costs

Staff costs comprise:

NDA Group	2010	2009
	£m	£m
Wages and salaries	(55)	(55)
Social security costs	(5)	(5)
Pension costs (see note 30)	(9)	(9)
Total permanent staff	<u>(69)</u>	<u>(69)</u>
Interim and contracted staff	(1)	(2)
Total staff costs	<u>(70)</u>	<u>(71)</u>

Pension costs include 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 46.

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

NDA Group	2010	2009
	No.	No.
Directors	5	5
Other staff	939	915
Total permanent staff	<u>944</u>	<u>920</u>
Interim and contracted staff	31	29
Total staff	<u>975</u>	<u>949</u>

Of the 975 average full-time equivalent staff employed by the NDA and its subsidiaries 376 were employed in the NDA Authority (2008/2009 - 364).

9. Investment revenues

NDA Group	Continuing operations	
	2010	2009
	£m	£m
Interest revenue on bank deposits	13	14
Investment revenue	-	1
	<u>13</u>	<u>15</u>

10. Finance costs

	Continuing operations		Discontinued operations		Total	
	2010 £m	2009 £m	2010 £m	2009 £m	2010 £m	2009 £m
NDA Group						
Revalorisation of nuclear provisions (see note 28):						
- Changes in price levels	(1,556)	(134)	(25)	-	(1,581)	(134)
- Unwinding of one year's discount	(790)	(778)	(14)	(13)	(804)	(791)
	(2,346)	(912)	(39)	(13)	(2,385)	(925)
- Top up of advance payments	(136)	(33)	-	(3)	(136)	(36)
	(2,482)	(945)	(39)	(16)	(2,521)	(961)
Revalorisation of other provisions (see note 29)						
- Changes in price levels	(79)	(5)	(1)	-	(80)	(5)
- Unwinding of one year's discount	(48)	(63)	(1)	(1)	(49)	(64)
	(2,609)	(1,013)	(41)	(17)	(2,650)	(1,030)
Bank charges and interest	(2)	-	-	-	(2)	-
Net finance cost on defined benefit pension schemes (see note 30)	(1)	(1)	-	-	(1)	(1)
	(2,612)	(1,014)	(41)	(17)	(2,653)	(1,031)

The nuclear provisions and recoverable balances are expressed at current price levels and discounted at 2.2% per annum (2008/2009: 2.2%), being 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 statement of comprehensive income include the adjustments to amortise one year's discount and restate the liabilities to current price levels.

11. Tax

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

	Continuing operations		Discontinued operations		Total	
	2010 £m	2009 £m	2010 £m	2009 £m	2010 £m	2009 £m
NDA Group						
Deficit before tax	(2,204)	(2,673)	(42)	(27)	(2,246)	(2,700)
Deficit on ordinary activities before tax at the UK standard rate of corporation tax of 28% (2008/2009: 28%)	(617)	(748)	(12)	(8)	(629)	(756)
Effects of:						
Income and expenditure which is not taxable or tax deductible	555	665	4	3	559	668
Capital allowances for the year in excess of depreciation	(83)	(92)	(12)	-	(95)	(92)
Unutilised losses	145	175	20	5	165	180
Current tax charge for the year	-	-	-	-	-	-
Deferred tax release	-	3	-	-	-	3
Total tax credit	-	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. Subsidiaries do not pay tax on profits arising as these are offset against the taxable losses of the NDA. 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 taxable surpluses arising in the foreseeable future.

12. Notional cost of capital credit

NDA Group	2010	2009
	£m	£m
Notional cost of capital credit	1,576	1,547

The notional cost of capital credit is calculated at 3.5% (2008/2009: 3.5%) on the average capital employed during the year, as required by HM Treasury.

13. Deficit attributable to the Authority

As a consolidated statement of comprehensive income is included in these financial statements, the Authority's individual statement of comprehensive income has not been included. The result for the financial year of the Authority was a deficit of £2,312 million (2008/2009: £2,213 million). Of this amount £2,270 million related to continuing operations (2008/2009 £2,186 million)

14. Property, plant and equipment

NDA Group Non-Current Assets	Land £m	Buildings £m	IT Equipment £m	Fixtures & Fittings £m	Plant & Equipment £m	Transport Equipment £m	Assets under Construction £m	Capitalised Decommissioning Costs £m	Total £m
Cost or valuation									
At 1 April 2008	1	3,646	25	115	4,852	39	2,178	4,383	15,239
Non-cash provision elimination (a)	-	(166)	(5)	(2)	(550)	(1)	(1,519)	-	(2,243)
Reclassification from recoverable contract costs (b)	-	-	-	-	-	-	-	1,197	1,197
Change in cost estimate (c)	-	-	-	-	-	-	-	(129)	(129)
Additions	-	4	-	1	10	1	435	-	451
Reclassifications	-	35	-	1	190	3	(233)	(7)	(11)
Disposals	-	(4)	-	(1)	(33)	(1)	(30)	(248)	(317)
Revaluations	492	(16)	-	-	(5)	7	-	-	478
Reclassified as held for sale – see note 20(d)	(382)	(5)	-	-	-	-	-	-	(387)
At 31 March 2009	111	3,494	20	114	4,464	48	831	5,196	14,278
Reclassification from recoverable contract costs	-	-	-	-	-	-	-	-	-
Change in cost estimate (c)	-	-	-	-	-	-	-	6	6
Additions	-	1	-	-	11	-	189	-	201
Reclassifications	-	(20)	(1)	-	38	2	(67)	-	(48)
Disposals	-	(1)	(2)	-	(19)	(2)	(16)	(1)	(41)
Revaluations (g)	(23)	(11)	-	-	-	(1)	-	-	(35)
Reclassified as held for sale – see note 20(d)	(69)	-	-	-	-	-	-	-	(69)
At 31 March 2010	19	3,463	17	114	4,494	47	937	5,201	14,292

NDA Group Non-Current Assets	Land £m	Buildings £m	IT Equipment £m	Fixtures & Fittings £m	Plant & Equipment £m	Transport Equipment £m	Assets under Constructio n £m	Capitalised Decommiss -ioning Costs £m	Total £m
Accumulated depreciation and impairment									
At 1 April 2008	-	(3,037)	(17)	(112)	(3,996)	(24)	(580)	(3,958)	(11,724)
Reclassification from recoverable contract costs (b)	-	-	-	-	-	-	-	(985)	(985)
Transfer to recoverable contract costs	-	-	-	-	-	-	-	(86)	(86)
Change in cost estimate	-	-	-	-	-	-	-	(31)	(31)
Charge for the year	-	(225)	(2)	(1)	(100)	(3)	(35)	(69)	(435)
Reclassification	-	(2)	-	-	(15)	-	21	7	11
Disposals (e)	-	3	-	1	33	1	24	383	445
Impairments (f)	-	(1)	-	-	(14)	-	(40)	-	(55)
Revaluations (g)	-	29	-	-	-	-	-	-	29
At 31 March 2009	-	(3,233)	(19)	(112)	(4,092)	(26)	(610)	(4,739)	(12,831)
Charge for the year	-	(35)	(1)	(1)	(65)	(3)	-	(42)	(147)
Reclassification	-	20	2	1	36	-	(11)	-	48
Disposals	-	1	2	-	19	2	15	1	40
Impairments (f)	-	3	-	-	(17)	-	(41)	-	(55)
Revaluations	-	5	-	-	-	-	-	-	5
At 31 March 2010	-	(3,239)	(16)	(112)	(4,119)	(27)	(647)	(4,780)	(12,940)
Carrying amount									
At 31 March 2010	19	224	1	2	375	20	290	421	1,352
At 31 March 2009	111	261	1	2	372	22	221	457	1,447
At 31 March 2008	1	609	8	3	856	15	1,598	425	3,515

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Authority										
Non-Current Assets	Land £m	Buildings £m	IT Equipment £m	Fixtures & Fittings £m	Plant & Equipment £m	Transport Equipment £m	Assets under Construction £m	Capitalised Decommissioning Costs £m	Total £m	
Cost or valuation										
At 1 April 2008	1	3,619	24	113	4,691	12	2,099	4,329	14,888	
Non-cash provision elimination (a)	-	(166)	(5)	(2)	(550)	(1)	(1,519)	-	(2,243)	
Reclassification from recoverable contract costs (b)	-	-	-	-	-	-	-	1,197	1,197	
Change in cost estimate (c)	-	-	-	-	-	-	-	(129)	(129)	
Additions	-	3	-	-	10	1	396	-	410	
Reclassifications	-	35	-	1	147	-	(189)	(4)	(10)	
Disposals	-	(4)	-	-	(20)	-	(30)	(252)	(306)	
Revaluations	492	(10)	-	-	-	-	-	-	482	
Reclassified as held for sale – see note 20(d)	(382)	(5)	-	-	-	-	-	-	(387)	
At 31 March 2009	111	3,472	19	112	4,278	12	757	5,141	13,902	
Reclassification from recoverable contract costs	-	-	-	-	-	-	-	-	-	
Change in cost estimate (c)	-	-	-	-	-	-	-	-	-	
Additions	-	-	-	-	11	-	110	-	121	
Reclassifications	-	(19)	(1)	(1)	26	(1)	(52)	-	(48)	
Disposals	-	(1)	(2)	-	(17)	(1)	(15)	(1)	(37)	
Revaluations (g)	(25)	(10)	-	-	-	-	-	-	(35)	
Reclassified as held for sale – see note 20(d)	(69)	-	-	-	-	-	-	-	(69)	
At 31 March 2010	17	3,442	16	111	4,298	10	800	5,140	13,834	

Authority	Land	Buildings	IT	Fixtures	Plant &	Transport	Assets under	Capitalised	Total
Non-Current Assets	£m	£m	Equipment	& Fittings	Equipment	Equipment	Construction	Decommissioning	£m
			£m	£m	£m	£m	£m	Costs	£m
								£m	£m
Accumulated depreciation and impairment									
At 1 April 2008	-	(3,028)	(16)	(110)	(3,865)	(11)	(583)	(3,955)	(11,568)
Reclassification from recoverable contract costs (b)	-	-	-	-	-	-	-	(985)	(985)
Transfer to recoverable contract costs	-	-	-	-	-	-	-	(86)	(86)
Change in cost estimate (c)	-	-	-	-	-	-	-	(31)	(31)
Charge for the year	-	(223)	(2)	(1)	(92)	(1)	(35)	(69)	(423)
Reclassification	-	(2)	-	-	(15)	-	20	7	10
Disposals	-	3	-	-	20	-	26	382	431
Impairments (f)	-	(1)	-	-	(14)	-	(40)	-	(55)
Revaluations	-	20	-	-	-	-	-	-	20
At 31 March 2009	-	(3,231)	(18)	(111)	(3,966)	(12)	(612)	(4,737)	(12,687)
Charge for the year	-	(35)	-	(1)	(61)	-	-	(42)	(139)
Reclassification	-	20	1	2	36	-	(10)	(1)	48
Disposals	-	1	1	-	17	2	15	1	37
Impairments (f)	-	3	-	-	(17)	-	(41)	-	(55)
Revaluations (g)	-	6	-	-	-	-	-	-	6
At 31 March 2010	-	(3,236)	(16)	(110)	(3,991)	(10)	(648)	(4,779)	(12,790)
Carrying amount									
At 31 March 2010	17	206	-	1	307	-	152	361	1,044
At 31 March 2009	111	241	1	1	312	-	145	404	1,215
At 31 March 2008	1	591	8	3	826	1	1,516	374	3,320

(a) Capital expenditure incurred as part of decommissioning, and fully provided within nuclear provisions was included within the property, plant and equipment balances. In order that the nuclear provision reflect only future cash costs, in 2008/2009 property, plant and equipment balances of £2,243 million relating to assets constructed during decommissioning were eliminated against the nuclear provision (see note 28). This included £329 million in respect of expenditure capitalised in that year.

(b) Review of the treatment of post operational clean-up costs and future decommissioning capital expenditure identified that £1,197 million had not previously been capitalised in accordance with IAS 37, but had been included as part of the recoverable contract cost balance. In 2008/2009 this balance was transferred to property, plant and equipment, offset by a corresponding depreciation charge of £985 million reflecting the accumulated depreciation balance on the associated items.

(c) In 2008/2009 the change in cost estimate of NDA Group and Authority 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 28).

In 2009/2010 the change in cost estimate of NDA Group capitalised decommissioning costs of £6 million includes £3 million relating to increases in nuclear provisions and £3 million relating to financing charges.

(d) Freehold land and buildings with a net book value of £69 million (2008/2009: £387 million) have been reclassified as assets held for sale (see note 20).

(e) In 2008/2009 depreciation disposals of £445 million includes £132 million related to the £161 million reduced cost estimates referred to in (c) above. Corresponding cumulative depreciation of £132 million previously charged to recoverable contract costs has been reversed (see note 19).

(f) The impairment loss of £55 million (2008/2009: £55 million) primarily arose in connection with clean-up assets at Sellafield and commercial assets at Springfields and Magnox North.

(g) Land and buildings located outside the nuclear licensed site boundaries, were revalued at 31 March 2010 on the basis of existing use value or market value, as appropriate, by external qualified valuers. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors Valuation Standards (6th Edition) by Dixon Webb Chartered Surveyors. The majority of the monetary revaluation adjustment relates to land identified as having potential for alternative use and where there have been subsequent disposals of land assets.

(h) The Group's obligations under finance leases (see note 27(c)) are secured by the lessor's title to the leased assets. Assets held under finance leases and capitalised in transport equipment have a carrying amount of £1 million (2009: £1 million; 2008: £1 million).

(i) At 31 March 2010 there were capital commitments to construct assets totalling £464 million (2009: £495 million; 2008: £264 million).

(j) On 8 June 2009 the NDA announced the start of the disposal process for land adjacent to the nuclear licensed sites at Sellafield. Following a successful auction, the NDA has granted, and received a £20 million payment for, an option to lease this land for £50 million.

(k) The accounts for the year ending 31 March 2010 include expenditure of £31m, held at £nil net book value, in respect of assets bought, built or created as additions to cash generating units that now hold negligible residual commercial value. These assets remain in use, although they have been fully impaired in accordance with our accounting policy for commercial assets.

15. Intangible assets

NDA Group and Authority	£m
Cost	
At 1 April 2008	35
Additions	-
At 1 April 2009	35
Additions	-
At 31 March 2010	35
Amortisation	
At 1 April 2008	(34)
Charge for the year	(1)
At 1 April 2009	(35)
Charge for the year	-
At 31 March 2010	(35)
Carrying amount	
At 31 March 2010	-
At 1 April 2009	-
At 1 April 2008	1

16. Investments in subsidiaries

Authority	£m
Cost	
At 1 April 2008	209
Additions	-
At 1 April 2009	209
Additions	-
At 31 March 2010	209
Impairment	
At 1 April 2008	-
Charge	(3)
At 1 April 2009	(3)
Charge	-
At 31 March 2010	(3)
Carrying amount	
At 31 March 2010	206
At 1 April 2009	206
At 1 April 2008	209

Details of the Authority's principal subsidiaries at 31 March 2010 are as follows:

Name	Country of incorporation	Nature of business	Proportion of ordinary shares held by NDA
Direct Rail Services Limited	UK	<i>Rail transport services within the UK</i>	100%
INS Rokkasho KK	Japan	<i>Technical support to the nuclear industry</i>	66%
International Nuclear Services France SA *	France	<i>Transportation of spent fuel</i>	100%
International Nuclear Services Japan KK *	Japan	<i>Transportation of spent fuel</i>	100%
International Nuclear Services Limited	UK	<i>Contract management and the transportation of spent fuel, reprocessing products and waste</i>	100%
NDA Properties Limited	UK	<i>Property management</i>	100%
Pacific Nuclear Transport Limited *	UK	<i>The transportation of spent fuel, reprocessing products and waste</i>	62.5%
Rutherford Indemnity Limited	Guernsey	<i>Nuclear insurance</i>	100%

* Ownership through International Nuclear Services Limited

17. Deferred taxation

Deferred tax liability not recognised

A deferred tax liability of £67 million (2009: £108 million) has not been recognised in respect of assets held for resale as it has been offset by the deferred tax asset arising from accelerated capital allowances. The remaining unrecognised deferred tax asset arising from accelerated capital allowances is disclosed below.

Deferred tax assets not recognised

IAS 12 paragraph 81(e) requires disclosure of all unrecognised assets. The following deferred tax assets have not been recognised as the NDA does not anticipate a taxable surplus arising in the foreseeable future:

	2010	2009
	£m	£m
Tax losses	436	411
Accelerated capital allowances	376	304
Intangibles	10	10
Short term timing differences	4	27
Deferred tax asset at UK standard rate of Corporation Tax for 2010/2011 of 28% (2008/2009 – 28%).	826	752

Following the Budget on 22nd June 2010, the UK Standard rate of Corporation Tax will decrease from 28% to 27% on 1 April 2011 and by a further 1% consecutively for the following three years. The NDA does not anticipate a taxable surplus arising in the foreseeable future and therefore no adjustments have been made to its deferred tax asset as at 31 March 2010 as a result of the future changes in the rate of Corporation Tax.

18. Inventories

	NDA Group			Authority		
	2010 £m	2009 £m	2008 £m	2010 £m	2009 £m	2008 £m
Nuclear fuels	16	22	29	16	22	28
Raw materials and consumables	48	53	52	46	51	50
Work-in-progress	33	108	80	31	108	80
Finished goods	10	11	10	10	11	10
	<u>107</u>	<u>194</u>	<u>171</u>	<u>103</u>	<u>192</u>	<u>168</u>

19. Recoverable contract costs

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

	NDA Group and Authority		
	2010 £m	2009 £m	2008 £m
Recoverable contract costs relating to nuclear provisions:			
Gross recoverable contract costs	4,568	4,806	5,031
Less applicable payments received on account	(2,910)	(2,994)	(3,402)
Less associated contract loss provisions	(31)	(120)	(135)
At 31 March	<u>1,627</u>	<u>1,692</u>	<u>1,494</u>

The movements in the 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.

	2010 £m	2009 £m	2008 £m
Gross recoverable contract costs at 1 April	4,806	5,031	4,080
Revalorisation - see note 28	182	84	260
(Decrease)/increase in year - see note 28	(209)	1,096	533
Release in year - see note 6	(211)	(1,147)	(307)
	<u>4,568</u>	<u>5,064</u>	<u>4,566</u>
Reclassification to property, plant and equipment - see note 14	-	(212)	-
Transfer from property, plant and equipment - see note 14	-	86	465
Transfer to property, plant and equipment - see note 14(e)	-	(132)	-
Gross recoverable contract costs at 31 March	<u>4,568</u>	<u>4,806</u>	<u>5,031</u>

20. Discontinued operations and assets held for sale

Discontinued operations

On 27 January 2010 the NDA Board resolved to enter into a transaction with Westinghouse Electric UK Holdings Limited which would effectively result in the disposal of the Springfields Fuels operation. An agreement was signed on 24 March 2010 and the contract became effective at 1 April 2010. The results of this discontinued operation, which have been included in the consolidated statement of comprehensive income, were as follows:

	Year ended 2010 £m	Year ended 2009 £m
Discontinued operations		
Revenue	303	280
Operating costs	(344)	(342)
Release of provisions	40	52
Deficit before financing	(1)	(10)
Finance costs	(41)	(17)
Deficit before tax	(42)	(27)
Tax	-	-
Deficit for the year attributable to discontinued operations	(42)	(27)

Following the completion of bulk decommissioning activities at Capenhurst, the future strategy for the site is under review, following a soft market testing exercise. A number of strategic options have been reviewed and detailed discussions are continuing with URENCO UK (UUK) looking to maximise potential synergies between the UUK and NDA sites. Capenhurst is not included as a discontinuing operation or as an asset held for sale due to the fact that whilst the discussions are continuing no agreement has yet been reached.

Assets held for sale

On 26 November 2008 the NDA announced the start of the disposal process for land adjacent to nuclear licensed sites at Wylfa, Bradwell and Oldbury. The carrying value of this land was reclassified as held for sale on this date. On 29 April 2009, the NDA announced the disposal by auction of this land for £387 million. The land at Bradwell was sold in June 2009 for £161 million. Completion of the disposal of the remaining land is expected to take place before March 2011.

	NDA Group and Authority £m
Assets held for sale	
Total At 1 April 2008	-
Reclassified from property, plant and equipment – see note 14	387
At 31 March 2009	387
Reclassified from property, plant and equipment – see note 14	69
Reclassified from other asset classes	
Revaluation	-
Disposals	(160)
At 31 March 2010	296

21. Financial instruments by category

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

	Note	2010 £m	NDA Group			2010 £m	2009 £m	Authority 2008 £m
			2009 £m	2008 £m				
Financial assets								
Fair value through profit or loss (FVTPL):								
Other investments	22	313	304	250	61	67	-	
Derivative financial instruments	23	13	38	-	13	38	-	
Loans and receivables:								
Non-current trade and other receivables	24	17	18	79	17	18	79	
Current trade and other receivables excluding prepayments and VAT (a)	24	358	186	224	520	281	338	
Cash and cash equivalents	25	232	186	477	170	146	453	
		<u>933</u>	<u>732</u>	<u>1,030</u>	<u>781</u>	<u>550</u>	<u>870</u>	

	Note	2010 £m	NDA Group			2010 £m	2009 £m	Authority 2008 £m
			2009 £m	2008 £m				
Financial liabilities								
Fair value through profit or loss (FVTPL):								
Derivative financial instruments	23	(1)	(14)	(46)	(1)	(14)	(46)	
Other financial liabilities:								
Current trade and other payables excluding payments received on account, other taxes and social security, deferred income, and grants (b)	26	(621)	(545)	(548)	(558)	(498)	(513)	
Non-current trade and other payables excluding payments received on account, deferred income and grants (b)	26	(6)	(19)	(1)	(5)	(9)	-	
		<u>(628)</u>	<u>(578)</u>	<u>(595)</u>	<u>(564)</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 required only 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 3.

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.

22. Other investments

	NDA Group			Authority		
	2010 £m	2009 £m	2008 £m	2010 £m	2009 £m	2008 £m
Investments carried at fair value:						
Bank deposits	84	150	235	61	67	-
Other investments	229	154	15	-	-	-
	<u>313</u>	<u>304</u>	<u>250</u>	<u>61</u>	<u>67</u>	<u>-</u>

The above investments are held for purposes other than to meet short-term cash commitments. Bank deposits include £61 million (2009: £67million) within charge over deposit accounts (see note 32(a)).

23. Derivative financial instruments

	NDA Group			Authority		
	2010 £m	2009 £m	2008 £m	2010 £m	2009 £m	2008 £m
Derivative financial assets carried at fair value through profit or loss:						
Commodity supply contracts	13	36	-	13	36	-
Forward foreign currency contracts	-	2	-	-	2	-
	<u>13</u>	<u>38</u>	<u>-</u>	<u>13</u>	<u>38</u>	<u>-</u>
Derivative financial liabilities carried at fair value through profit or loss:						
Commodity supply contracts	(1)	(14)	(46)	(1)	(14)	(46)
Forward foreign currency contracts	-	-	-	-	-	-
	<u>(1)</u>	<u>(14)</u>	<u>(46)</u>	<u>(1)</u>	<u>(14)</u>	<u>(46)</u>

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 2010 is £12 million net asset (2009: £22 million net asset; 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 reporting date (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.

24. Trade and other receivables

	NDA Group			Authority		
	2010 £m	2009 £m	2008 £m	2010 £m	2009 £m	2008 £m
Non-current:						
Trade receivables	-	-	61	-	-	61
Other receivables	17	18	18	17	18	18
	<u>17</u>	<u>18</u>	<u>79</u>	<u>17</u>	<u>18</u>	<u>79</u>
Current:						
Trade receivables	276	125	217	441	227	209
Less: allowance for doubtful debts	(3)	(8)	(71)	(3)	(8)	(71)
	<u>273</u>	<u>117</u>	<u>146</u>	<u>438</u>	<u>219</u>	<u>138</u>
Accrued income	74	55	69	71	49	190
Other receivables	11	14	9	11	13	10
	<u>358</u>	<u>186</u>	<u>224</u>	<u>520</u>	<u>281</u>	<u>338</u>
Prepayments	12	11	20	9	9	19
VAT	35	39	68	34	39	68
	<u>405</u>	<u>236</u>	<u>312</u>	<u>563</u>	<u>329</u>	<u>425</u>

Non-current other receivables relate to lump sum payments made under early retirement arrangements to individuals working for Site Licence Companies who have retired early, or who have accepted early retirement, before 31 March 2010. These payments 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.

Credit risk

British Energy Trading Services Ltd (BETS) sells electricity as 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 (an 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 current trade receivables balance are receivables with a carrying amount of £5 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 current trade receivables:

	NDA Group			Authority		
	2010 £m	2009 £m	2008 £m	2010 £m	2009 £m	2008 £m
Neither impaired nor past due	268	111	146	435	218	138
Impaired (net of allowance for doubtful debts)	-	-	-	-	-	-
Not impaired but past due in the following periods:						
within 30 days	2	3	-	1	1	-
31 to 60 days	2	2	-	2	-	-
61 to 90 days	-	-	-	-	-	-
91 to 120 days	-	1	-	-	-	-
over 120 days	1	-	-	-	-	-
Total	<u>273</u>	<u>117</u>	<u>146</u>	<u>438</u>	<u>219</u>	<u>138</u>

Movement in the allowance for doubtful debts:

	NDA Group			Authority		
	2010 £m	2009 £m	2008 £m	2010 £m	2009 £m	2008 £m
Balance at the beginning of the year	(8)	(71)	(71)	(8)	(71)	(71)
Amounts recovered during the year	5	63	-	5	63	-
Balance at the end of the year	(3)	(8)	(71)	(3)	(8)	(71)

In determining the recoverability of a trade receivable the NDA Group considers any change in the credit quality of the trade receivable 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.

25. Cash and cash equivalents

	NDA Group			Authority		
	2010 £m	2009 £m	2008 £m	2010 £m	2009 £m	2008 £m
Balance at the beginning of the year	186	477	82	146	453	56
Net change in cash and cash equivalent balances	46	(291)	395	24	(307)	397
Balance at the end of the year	232	186	477	170	146	453

The balances at the end of the year were held at:

Office of Paymaster General	164	135	447	164	135	447
Commercial banks	68	51	30	6	11	6
	232	186	477	170	146	453

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less.

26. Trade and other payables

	NDA Group			Authority		
	2010 £m	2009 £m	2008 £m	2010 £m	2009 £m	2008 £m
Current:						
Trade payables	(420)	(377)	(395)	(401)	(373)	(386)
Accruals	(199)	(163)	(150)	(157)	(123)	(126)
Other payables	(2)	(5)	(3)	-	(2)	(1)
	(621)	(545)	(548)	(558)	(498)	(513)
Payments received on account	(529)	(537)	(447)	(529)	(529)	(447)
Other taxes and social security	(7)	(6)	(2)	(5)	(5)	(1)
Deferred income	(6)	(5)	(5)	(6)	(5)	(5)
Grants	(1)	(1)	(1)	(1)	(1)	(1)
	(1,164)	(1,094)	(1,003)	(1,099)	(1,038)	(967)

Non-current:

Obligations under finance leases (see note 27(c))	(1)	(1)	(1)	-	-	-
Other payables	(5)	(18)	-	(5)	(9)	-
	(6)	(19)	(1)	(5)	(9)	-
Payments received on account	(1,479)	(1,202)	(1,402)	(1,479)	(1,202)	(1,402)
Deferred income	-	(1)	-	-	-	-
Grants	(2)	(3)	(4)	(2)	(3)	(3)
	(1,487)	(1,225)	(1,407)	(1,486)	(1,214)	(1,405)

Trade and other payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Group has procedures in place to ensure that all payables are paid within the pre-agreed credit terms. Payments received on account relate to amounts which customers have paid for the provision of services under long-term contracts. These payments will be recognised as income when the services are provided. Payments received on account are shown net after deduction of any applicable recoverable contract costs (see note 19).

27. Lease arrangements

27(a) Operating leases - NDA as lessee

	NDA Group			Authority		
	2010 £m	2009 £m	2008 £m	2010 £m	2009 £m	2008 £m
Minimum lease payments under operating leases recognised as an expense in the year	(1)	(1)	(1)	(1)	-	-

At the reporting date, the NDA Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	NDA Group			Authority		
	2010 £m	2009 £m	2008 £m	2010 £m	2009 £m	2008 £m
Within one year	(8)	(2)	(3)	(1)	(3)	(3)
In the second to fifth years inclusive	(12)	(5)	(3)	(3)	(3)	(3)
After five years	(19)	(5)	(4)	(3)	(4)	(4)
	(39)	(12)	(10)	(7)	(10)	(10)

Operating lease payments represent rentals payable by the group for some of its properties and various plant and equipment.

27(b) Operating leases - NDA as lessor

Property rental income earned during the year amounted to £10 million (2008/2009: £5 million).

At the reporting date, the NDA Group had contracted with tenants for the following future minimum lease payments:

	NDA Group			Authority		
	2010 £m	2009 £m	2008 £m	2010 £m	2009 £m	2008 £m
Within one year	4	1	1	3	-	-
In the second to fifth years inclusive	5	1	2	5	-	-
After five years	9	-	-	9	-	-
	18	2	3	17	-	-

27(c) Finance leases – NDA as lessee

At the reporting date, the NDA Group had outstanding commitments for future minimum lease payments under finance leases, which fall due as follows:

	NDA Group			Authority		
	2010 £m	2009 £m	2008 £m	2010 £m	2009 £m	2008 £m
Within one year		-	-	-	-	-
In the second to fifth years inclusive	(1)	(1)	-	-	-	-
After five years	-	-	(2)	-	-	-
	(1)	(1)	(2)	-	-	-
Less: future finance charges	-	-	1	-	-	-
Present value of obligations under finance leases	(1)	(1)	(1)	-	-	-
Less: Amount due for settlement within 12 months (shown under current liabilities – see note 26)	-	-	-	-	-	-
Amount due for settlement after 12 months (shown under non-current liabilities – see note 26)	(1)	(1)	(1)	-	-	-

The average finance lease term is 5 years. For the year ended 31 March 2010, the average effective borrowing rate was 7.5% (2008/2009: 7.5%). Interest rates are fixed at the contract date. All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All finance lease obligations are denominated in sterling. The Group's obligations under finance leases are secured by the lessors' rights over the leased assets disclosed in note 14.

28. Nuclear provisions

	NDA Group £m	Authority £m
Balance at 1 April 2008	(44,100)	(44,050)
Financing charges (see (a) below)		
- Changes in price levels	(142)	(140)
- Unwind of one year's discount	(869)	(869)
	<u>(1,011)</u>	<u>(1,009)</u>
Provision changes charged to operating costs (see (b) below and note 6)		
- Changes in future cost estimates	(2,129)	(2,128)
- Provision discharged in the year	1,428	1,428
	<u>(701)</u>	<u>(700)</u>
Provision changes impacting property, plant and equipment (see (c) below)		
- Reclassification of provision in respect of capitalised property, plant and equipment (see note 14(a))	2,243	2,243
- Reduction in cost estimate with consequential reduction in value of IAS 37 property, plant and equipment (see note 14(c))	161	161
	<u>2,404</u>	<u>2,404</u>
Provision changes offset by recoverable contract costs (see (d) below and note 19)	(1,096)	(1,096)
	<u>(44,504)</u>	<u>(44,451)</u>
Balance at 31 March 2009	(44,504)	(44,451)
Financing charges (see (a) below)		
- Changes in price levels	(1,692)	(1,689)
- Unwind of one year's discount	(875)	(873)
	<u>(2,567)</u>	<u>(2,562)</u>
Provision changes charged to operating costs (see (b) below and note 6)		
- Changes in future cost estimates	84	84
- Provision discharged in the year	1,756	1,755
	<u>1,840</u>	<u>1,839</u>
Provision changes impacting property, plant and equipment (see (c) below)	(3)	-
Provision changes offset by reclassification from other provisions (see note 29)	(58)	(58)
Provision changes offset by recoverable contract costs (see (d) below and note 19)	209	209
	<u>(45,083)</u>	<u>(45,023)</u>
Balance at 31 March 2010	(45,083)	(45,023)
Current liabilities	(1,900)	(1,898)
Non-current liabilities	(43,183)	(43,125)
	<u>(45,083)</u>	<u>(45,023)</u>

Certain expenditure required to discharge nuclear provisions is recoverable from third parties under commercial agreements. The amount recoverable at 31 March 2010 (NDA Group and Authority) is £4,568 million (2009: £4,806 million; 2008: £5,031 million) - see note 19.

Reconciliation of NDA Group financing charges	2010	2009
	£m	£m
Financing charges (see above)	(2,567)	(1,011)
Less: revalorisation of recoverable contract costs (see note 19)	182	84
Less: financing element of property, plant and equipment additions (see note 14)	-	2
Financing cost in note 10	<u>(2,385)</u>	<u>(925)</u>

a. The discount implicit in recognising nuclear provisions is unwound over the life of the provisions. The part of the discount unwind attributable to the NDA is included in finance costs and the part recoverable from customers and representing IAS 37 property, plant and equipment are included as additions to recoverable contract costs.

b. Changes in the estimated future cost of discharging the nuclear provision are charged to operating costs, except to the extent that they are offset by customer related contracts or are matched by changes in decommissioning (IAS 37) property, plant and equipment. The provision discharged in the year is the planned cost of work completed in the year, and is released against operating costs to offset actual contractor costs incurred in discharging that work.

c. Changes in the estimated future cost of decommissioning, related to commercial property, plant and equipment, are offset by matching changes in the value of the IAS 37 property, plant and equipment asset.

In 2009/2010 there has been an increase in the future cost of decommissioning related to Tranche II, MOX and Magnox flasks at PNTL which has been offset by matching changes in the value of the IAS 37 property, plant and equipment asset.

During 2008/2009, waste management and decommissioning property, plant and equipment constructed in prior years as part of the discharge of nuclear provisions were eliminated from property, plant and equipment with a corresponding reduction in nuclear provisions.

d. A portion of the nuclear provision is recoverable under commercial agreements. Increases in the estimated future cost of discharging the nuclear provision are therefore matched by an increase in recoverable contract costs.

29. Other provisions

NDA Group	Restructuring £m	Contract loss £m	Other £m	Total £m
Balance at 1 April 2008	(156)	(2,687)	(156)	(2,999)
Financing charges	(3)	(64)	(2)	(69)
Reclassification	-	-	2	2
(Provided)/Released in the year	(1)	-	1	-
Provisions utilised in the year	29	805	34	868
	(131)	(1,946)	(121)	(2,198)
Reduction in amount deducted from recoverable contract costs (see note 19)	-	(15)	-	(15)
Balance at 31 March 2009	(131)	(1,961)	(121)	(2,213)
Financing charges	(6)	(122)	(1)	(129)
Reclassification to Nuclear Provisions (a)	-	-	58	58
Transfer from Payments received on account (b)	-	-	(7)	(7)
Released in the year	2	446	18	466
Provisions utilised in the year	31	45	4	80
	(104)	(1,592)	(49)	(1,745)
Reduction in amount deducted from recoverable contract costs (see note 19)	-	(89)	-	(89)
Balance at 31 March 2010	(104)	(1,681)	(49)	(1,834)
Included in current liabilities	(15)	(284)	(5)	(304)
Included in non-current liabilities	(89)	(1,397)	(44)	(1,530)
	(104)	(1,681)	(49)	(1,834)

Authority	Restructuring £m	Contract loss £m	Other £m	Total £m
Balance at 1 April 2008	(156)	(2,687)	(137)	(2,980)
Financing charges	(3)	(64)	(2)	(69)
(Provided) in the year	(1)	-	-	(1)
Provisions utilised in the year	29	805	44	878
	(131)	(1,946)	(95)	(2,172)
Reduction in amount deducted from recoverable contract costs (see note 19)	-	(15)	-	(15)
Balance at 31 March 2009	(131)	(1,961)	(95)	(2,187)
Financing charges	(7)	(122)	(1)	(130)
Reclassification to Nuclear Provisions (a)	-	-	58	58
Released in the year	4	446	19	469
Provisions utilised in the year	32	45	3	80
	(102)	(1,592)	(16)	(1,710)
Reduction in amount deducted from recoverable contract costs (see note 19)	-	(89)	-	(89)
Balance at 31 March 2010	(102)	(1,681)	(16)	(1,799)
Included in current liabilities	(13)	(284)	(4)	(301)
Included in non-current liabilities	(89)	(1,397)	(12)	(1,498)
	(102)	(1,681)	(16)	(1,799)

Restructuring provisions have been recognised 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 2010. 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 receivables, 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.

Contract loss provisions have been recognised to cover the anticipated shortfall between total revenue and total costs on relevant long term contracts. The above balances are shown net after deduction from any applicable recoverable contract costs (see note 19).

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

(a) The reclassification of £58 million from other provisions to nuclear provisions relates to the transfer of the Magnox pension deficit.

(b) The transfer of £7 million payments on account to other provisions relates to onerous lease provisions held by NDA Properties Limited.

30. 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 but 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. 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 Group Pension Scheme (formerly called the BNFL Group Pension Scheme).

International Nuclear Services Ltd (INSL) employees participate in the United Kingdom Atomic Energy Authority (UKAEA) Combined Pension Scheme, the GPS Pension Scheme and the Magnox Electric Group section 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 IAS 19.

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 £6.632 million (2008/2009: £5.855 million) 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 (DRS) participates in the Group Pension Scheme (formerly called the BNFL Group Pension Scheme) GPS Pension Scheme. The GPS Pension Scheme is a defined benefit (final salary) funded pension scheme. 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 valuation of the GPS Pension Scheme was 31 March 2007. DRS 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.

Nirex Pension Scheme (Nirex)

The Nirex Pension Scheme is a defined benefit (final salary) funded pension 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 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 (MNOFP)

Pacific Nuclear Transport Ltd (PNTL) employees participate in the Merchant Navy Officers Pension Fund (MNOFP). The MNOFP is an industry wide defined benefit (final salary) funded pension scheme. The scheme was closed on 1 November 1996. The last triennial valuation of the MNOFP was 31 March 2009. The main financial assumptions adopted for the valuation were a pre retirement investment return of 7.25% per annum, a post retirement investment return of 4.25% per annum and price inflation of 3.00% per annum. PNTL's contribution rate for accruing benefits is 15.5% of pensionable salaries, as recommended by the scheme's independent actuaries. In addition, PNTL made deficit contributions of £621,000 over the year to 31 March 2010 and expects to make similar deficit contributions in the year to 31 March 2011. 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) employees participate in the Merchant Navy Ratings Pension Fund (MNRPF). The MNRPF is an industry wide defined benefit (final salary) funded pension 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 2008. The main financial assumptions adopted for the valuation were an investment return of 6.2% per annum and price inflation of 3.6% per annum. PNTL made deficit contributions of £247,000 over the year to 31 March 2010 and expects to make deficit contributions of £342,000 in the year to 31 March 2011. 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 2010 by independent actuaries using assumptions that are consistent with the requirements of IAS 19 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 reporting date are as follows:

	2010				2009			
	DRS	Nirex	MNOFF	MNRPF	DRS	Nirex	MNOFF	MNRPF
Discount rate	5.7%	5.7%	5.7%	5.7%	6.7%	6.8%	6.7%	6.8%
Rate of salary increase	4.1%	4.1%	4.1%	4.1%	5.4%	4.8%	4.9%	4.8%
Rate of price inflation	3.6%	3.6%	3.6%	3.6%	3.4%	3.3%	3.4%	3.3%
Rate of increase of pensions in payment	3.6%	3.5%	3.6%	3.6%	3.4%	3.3%	3.4%	3.3%
Rate of increase of pensions in deferment	3.6%	3.6%	3.6%	3.6%	3.4%	3.3%	3.4%	3.3%
Life expectancy for a male pensioner aged 65 (in years)	21.5	20.8	20.8	20.8	22.0	23.5	22.5	22.5
Life expectancy for a male non pensioner currently aged 45 from age 65 (in years)	22.6	22.1	22.1	22.1	23.2	24.7	24.3	24.3
Mortality assumptions:				2010	2009			
DRS	S1NA Light Year of Birth tables with the medium cohort improvements projection subject to a minimum improvement of 0.5% p.a. for males and 0.25% p.a. for females and 1 year age rating (no age rating females)				PA92 Year of Birth tables with the medium cohort improvements projection and no age rating			
Nirex	S1NA Light Year of Birth tables with the medium cohort improvements projection subject to a minimum improvement of 0.5% p.a. for males and 0.25% p.a. for females and no age rating				PNA00 series tables with the long cohort improvements projection and no age rating			
MNOFF	S1NA Light Year of Birth tables with the medium cohort improvements projection subject to a minimum improvement of 0.5% p.a. for males and 0.25% p.a. for females and no age rating				PA92 Year of Birth tables with the medium cohort improvements projection subject to a minimum improvement of 1.0% p.a. and no age rating			
MNRPF	S1NA Light Year of Birth tables with the medium cohort improvements projection subject to a minimum improvement of 0.5% p.a. for males and 0.25% p.a. for females and no age rating				PA92 Year of Birth tables with the medium cohort improvements projection subject to a minimum improvement of 1.0% p.a. and no age rating			

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.

2010	DRS £'000	Nirex £'000	MNOFP £'000	MNRPF £'000	Total £'000
Analysis of amounts charged to operating costs:					
Current service cost	(1,695)	(21)	(248)	-	(1,964)
Analysis of amounts charged to finance costs:					
Expected return on scheme assets	1,162	1,058	811	501	3,532
Interest on scheme liabilities	(1,184)	(1,261)	(1,599)	(906)	(4,950)
Net cost	(22)	(203)	(788)	(405)	(1,418)
Analysis of amounts recognised in other comprehensive income:					
Actual return less expected return on scheme assets	4,818	4,581	3,952	2,195	15,546
Experience gains arising on the scheme liabilities	-	564	2,635	-	3,199
Changes in assumptions underlying the present value of the scheme liabilities	(1,938)	(3,492)	(2,596)	(1,590)	(9,616)
Actuarial gain	2,880	1,653	3,991	605	9,129
Recoverable from third parties	-	-	(3,566)	(540)	(4,106)
Actuarial gain recognised in other comprehensive income	2,880	1,653	425	65	5,023
Cumulative amount of gains / (losses) recognised in the statement of comprehensive income since adoption of IFRS					
	3,639	240	(1,210)	1,151	3,820
Amounts recognised in the statement of financial position:					
Present value of defined benefit obligations	(21,817)	(22,939)	(25,022)	(15,532)	(85,310)
Fair value of scheme assets	26,312	22,926	20,861	12,683	82,782
Surplus / (deficit) in scheme	4,495	(13)	(4,161)	(2,849)	(2,528)
Recoverable from third parties	-	-	3,711	2,541	6,252
Asset / (liability) recognised in the statement of financial position	4,495	(13)	(450)	(308)	3,724
Movements in the present value of defined benefit obligations:					
At 1 April 2009	(16,574)	(19,383)	(24,266)	(13,611)	(73,834)
Current service cost	(1,695)	(21)	(248)	-	(1,964)
Interest cost	(1,184)	(1,261)	(1,599)	(906)	(4,950)
Employee contributions	(505)	(5)	(111)	-	(621)
Actuarial (loss) / gain	(1,938)	(2,928)	39	(1,590)	(6,417)
Benefits paid	79	659	1,163	575	2,476
At 31 March 2010	(21,817)	(22,939)	(25,022)	(15,532)	(85,310)

2010	DRS £'000	Nirex £'000	MNOFP £'000	MNRPF £'000	Total £'000
Movements in the fair value of the scheme assets:					
At 1 April 2009	17,472	17,909	16,347	10,315	62,043
Employer contributions	2,434	32	803	247	3,516
Employee contributions	505	5	111	-	621
Actuarial gain	4,818	4,581	3,952	2,195	15,546
Benefits (paid)	(79)	(659)	(1,163)	(575)	(2,476)
Expected return on scheme assets	1,162	1,058	811	501	3,532
At 31 March 2010	26,312	22,926	20,861	12,683	82,782
Estimated expected employer contributions over the next financial year					
	2,435	25	831	342	3,633
2009					
Analysis of amounts charged to operating costs:					
Current service cost	(2,261)	(25)	(318)	-	(2,604)
Analysis of amounts charged to finance costs:					
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)
Analysis of amounts recognised in other comprehensive income:					
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 other comprehensive income	759	(1,413)	(1,635)	1,086	(1,203)
Cumulative amount of gains / (losses) recognised in the statement of comprehensive income since adoption of IFRS	759	(1,413)	(1,635)	1,086	(1,203)
Amounts recognised in the statement of financial position:					
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 statement of financial position	898	(1,474)	(858)	(356)	(1,790)

2009	DRS £'000	Nirex £'000	MNOPF £'000	MNRPF £'000	Total £'000
Movements in the present value of defined benefit obligations:					
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)
Actuarial gain	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)
Movements in the fair value of the scheme assets:					
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 loss	(3,133)	(5,393)	(4,270)	(1,729)	(14,525)
Benefits refunded / (paid)	194	(472)	(1,094)	(557)	(1,929)
Expected return on scheme 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
Estimated expected employer contributions over the next financial year					
	2,768	25	815	247	3,855

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

	Expected return			Fair value of assets		
	2010	2009	2008	2010 £'000	2009 £'000	2008 £'000
DRS scheme						
Equities	7.6%	7.4%	7.0%	14,111	7,966	7,760
Fixed Interest Gilts	4.6%	4.4%	4.6%	2,963	2,898	3,155
Index Linked Gilts	4.6%	4.4%	4.6%	4,227	3,805	-
Other	5.7%	6.7%	6.0%	5,011	2,803	5,481
				26,312	17,472	16,396
Nirex scheme						
Equities	8.4%	7.4%	6.6%	11,363	8,313	11,632
Index Linked Gilts	4.3%	5.1%	4.7%	5,471	4,541	9,852
Corporate Bonds	5.7%	5.1%	4.7%	5,492	4,466	-
Cash	0.5%	0.5%	5.25%	49	59	493
AVC	4.0%	4.0%	4.25%	551	530	534
				22,926	17,909	22,511
MNOPF scheme						
Equities	8.5%	8.0%	7.5%	10,749	8,082	10,733
Fixed Interest Gilts	4.5%	4.0%	4.6%	5,840	5,538	5,360
Corporate Bonds	5.2%	6.0%	6.1%	3,000	1,599	1,689
Property	7.5%	7.0%	6.5%	1,022	1,112	1,534
Cash	0.5%	0.5%	5.25%	250	16	354
				20,861	16,347	19,670

	2010	Expected return		Fair value of assets		
		2009	2008	2010	2009	2008
				£'000	£'000	£'000
MNRPF scheme						
Equities	8.5%	8.0%	7.5%	4,054	2,084	2,718
Fixed Interest Gilts	4.5%	4.0%	4.6%	2,960	2,259	2,847
Corporate Bonds	5.2%	6.0%	6.1%	4,440	5,188	5,001
Property	7.5%	7.0%	6.5%	662	578	788
Cash	0.5%	0.5%	5.25%	567	206	412
				12,683	10,315	11,766

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 2010 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:

	2010	2009	2008	2007	2006
DRS scheme					
Difference between expected and actual return on scheme assets:					
amount – gain / (loss) (£'000)	4,818	(3,133)	(606)	n/a	n/a
percentage of scheme assets	18%	18%	4%	n/a	n/a
Experience gains and losses arising on scheme liabilities:					
amount – (loss) (£'000)	-	-	(2)	n/a	n/a
percentage of scheme liabilities	0%	0%	0%	n/a	n/a
Total actuarial gain:					
amount (£'000)	2,880	759	599	n/a	n/a
percentage of scheme liabilities	13%	5%	4%	n/a	n/a
Nirex scheme					
Difference between expected and actual return on scheme assets:					
amount – gain / (loss) (£'000)	4,581	(5,393)	(445)	(821)	3,909
percentage of scheme assets	20%	30%	2%	3%	15%
Experience gains and losses arising on scheme liabilities:					
amount – gain / (loss) (£'000)	564	325	(1,458)	(689)	1
percentage of scheme liabilities	2%	2%	6%	2%	0%
Total actuarial gain / (loss):					
amount (£'000)	1,653	(1,413)	731	2,664	(489)
percentage of scheme liabilities	7%	7%	3%	9%	2%
MNOPF scheme					
Difference between expected and actual return on scheme assets:					
amount – gain / (loss) (£'000)	3,952	(4,270)	(3,413)	3,853	2,354
percentage of scheme assets	19%	26%	17%	18%	14%

	2010	2009	2008	2007	2006
Experience gains and losses arising on scheme liabilities:					
amount – gain / (loss) (£'000)	2,635	-	3,683	(4,603)	-
percentage of scheme liabilities	11%	0%	14%	16%	0%
Total actuarial gain / (loss):					
amount (£'000)	3,991	(1,635)	194	(1,763)	816
percentage of scheme liabilities	16%	7%	1%	6%	4%
MNRPF scheme					
Difference between expected and actual return on scheme assets:					
amount – gain / (loss) (£'000)	2,195	(1,729)	(1,068)	(357)	1,090
percentage of scheme assets	17%	17%	9%	3%	9%
Experience gains and losses arising on scheme liabilities:					
amount – (loss) (£'000)	-	(770)	-	-	-
percentage of scheme liabilities	0%	6%	0%	0%	0%
Total actuarial gain / (loss):					
amount (£'000)	605	1,086	(1,410)	(990)	44
percentage of scheme liabilities	4%	8%	9%	6%	0%

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.

31. 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 and by way of Grant-in-Aid. Grant-in-Aid is shown as financing in the statement of cash flows. 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 risk faced by the NDA is commodity price risk. 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	
	2010 £m	2009 £m	2008 £m	2010 £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 is 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 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 (an 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.

32. Contingent liabilities

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

a. Other investments include £61 million (2009: £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 were 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 2010 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 29). 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 IAS 37 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 IAS 37 since the possibility of a transfer of economic benefit in settlement is considered too remote.

33. 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 the Ministry of Defence (MoD).

Directors' transactions

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

Related party transactions

During the year, group companies entered into the following transactions with related parties:

Trading transactions

Transactions between the Authority and its subsidiaries were as follows:

Sales of goods to related parties were made at arms length prices.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

	Sales of goods		Purchase of goods		Amounts owed by related parties		Amounts owed to related parties	
	2009-2010 £m	2008-2009 £m	2009-2010 £m	2008-2009 £m	2010 £m	2009 £m	2010 £m	2009 £m
Direct Rail Services Ltd	23	-	-	-	(8)	(7)	-	-
International Nuclear Services Ltd	54	-	(25)	(53)	(188)	1	182	101
International Nuclear Services France SA	3	-	-	-	-	-	1	-
International Nuclear Services Japan KK	1	-	-	-	-	-	-	-
NDA Properties Ltd	-	-	-	-	-	1	-	-
Pacific Nuclear Transport Ltd	21	-	-	-	(182)	-	-	-
Rutherford Indemnity Ltd	-	-	-	(7)	-	-	-	-

Loans to related parties

Amounts owed by Direct Rail Services Limited represents a loan which is interest bearing at a fixed percentage above Bank of England base rate. The loan is repayable on 31 March 2013.

Key management compensation

Key management includes executive and non-executive directors together with those members of senior management who form part of the Executive Team. The compensation paid or payable to key management for employee services is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'. Further information about the remuneration of individual directors is provided in the audited part of the Remuneration Report on pages 42 to 49 .

Authority	2010 £'000	2009 £'000
Short term employee benefits	2,374	2,208
Post-employment benefits	324	334
Other long-term benefits	307	-
Termination benefits	232	-
	<u>3,237</u>	<u>2,542</u>

34. Intra-Government balances

NDA group - intra-government balances	Receivables: amounts falling due within one year £m	Receivables: amounts falling due after one year £m	Payables: amounts falling due within one year £m	Payables: amounts falling due after one year £m
Balances with other central government bodies	54	-	(1)	-
Balances with local authorities	-	-	-	-
Balances with NHS trusts	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-
	54	-	(1)	-
Balances with bodies external to government	351	17	(1,163)	(1,487)
At 31 March 2010	405	17	(1,164)	(1,487)
Balances with other central government bodies	39	-	(28)	-
Balances with local authorities	-	-	-	-
Balances with NHS trusts	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-
	39	-	(28)	-
Balances with bodies external to government	197	18	(1,066)	(1,225)
At 31 March 2009	236	18	(1,094)	(1,225)
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)	-
	153	-	(257)	-
Balances with bodies external to government	159	79	(746)	(1,407)
At 31 March 2008	312	79	(1,003)	(1,407)

35. 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 2009/2010 were £7,576,054 (2008/2009: £2,991,212).

Type of loss	2009/2010 Total £	2009/2010 Number of cases	2008/2009 Total £	2008/2009 Number of cases
Cash losses	-	-	-	-
Stores losses	4,298,080	11	126,330	4
Losses of pay, allowances and superannuation	-	-	134,459	1
Fruitless payments	110,115	92	406,020	12
Constructive losses	2,184,170	2	-	-
Claims waived or abandoned	5,775	1	700	1
Book-keeping losses	-	-	395	1
Failure to make adequate charges	-	-	-	-
Exchange rate fluctuation losses	977,914	1	2,323,308	3
Total	7,576,054		2,991,212	

The total store losses for the year were £4,298,080. These relate to stock disposals, stock rationalisation and movements in obsolete stock provisions. There was no individual stock loss of over £250,000.

Included within constructive losses are two cases that individually exceed £250,000.

£584,170 relates to the cancellation of the Low Level Waste Activity Monitor project as sub-contracting was found to be a cheaper alternative.

£1,600,000 relates to additional expenditure incurred due to a change in specification requirements.

Included within exchange rate fluctuation losses is one case that individually exceeds £250,000.

£977,914 relates to cumulative annual losses on sub-contract deals due to fluctuations on the Euro.

Total special payments during the year were £2,200 (2008/2009: £340,496).

Type of special payment	2009/2010 Total £	2009/2010 Number of cases	2008/2009 Total £	2008/2009 Number of cases
Special severance payments	-	-	104,345	5
Compensation payments	2,200	2	222,750	1
Extra-contractual	-	-	13,401	2
Total	2,200		340,496	

36. Events after the reporting period

- The financial statements were authorised to be issued for publication on 8 November 2010.
- On 27 January 2010 the NDA Board resolved to enter into a transaction with Westinghouse Electric UK Holdings Limited which would effectively result in the disposal of the Springfields Fuels operation. The transaction was completed on 1 April 2010 (see note 20) upon which £303 million of provision fell away immediately.
- It was announced in the Budget on 22 June 2010 that the Government intends to adopt the Consumer Price Index (CPI) for the indexation of public service pensions from April 2011. This will have an impact upon the future operation of the pension schemes that the Nuclear Decommissioning Authority provides to employees.

- d) On 1 April 2010 the NDA agreed with its subsidiary Rutherford Ltd a settlement of £41.5m for a long-standing insurance claim relating to THORP, £24.6m of which was recovered from third party reinsurers.
- e) It was announced on 13 October 2010 that Wylfa Power Station is to continue generating electricity beyond December 2010 for up to two additional years. This will help the NDA maximise revenues from its remaining commercial operations.
- f) The Chancellor announced on 20 October 2010 the funding settlement for the NDA over the next four years. Together with our projected commercial income, the settlement will ensure that total expenditure by the NDA will be maintained at current levels of around £3billion a year.
- g) On 12 May 2010 Sellafield Ltd and its unions began a formal Consultation process regarding potential impact on jobs, arising from the continual drive for greater degrees of efficient working across its sites in a funding constrained environment. Sellafield Ltd has established a voluntary severance programme and is seeking expressions of interest and this process is ongoing.
- h) On 25 October 2010 the NDA and URENCO Ltd signed a set of non-binding commercial principles to support a potential transfer of the NDA-owned Capenhurst site to URENCO. Formal discussions will now commence with an aim of achieving final agreement by mid 2011.

37. Explanation of transition to IFRS

This is the first year that the NDA has prepared its financial statements in accordance with IFRS. In previous years the NDA prepared its financial statements in accordance with UK generally accepted accounting practices (UK GAAP).

Accordingly, the NDA has prepared financial statements which comply with IFRS applicable for periods beginning on or after 1 April 2008 (the NDA's date of transition to IFRS) as described in the accounting policies. This note explains the principal adjustments made by the NDA in restating its UK GAAP statement of financial position as at 1 April 2008 and its previously published UK GAAP financial statements for the year ended 31 March 2009.

Reconciliation of taxpayers' equity as at 1 April 2008 (date of transition to IFRS)

NDA Group				
	Note	UK GAAP £m	Effect of transition to IFRS £m	IFRS £m
Non-current assets				
Property, plant and equipment		3,515	-	3,515
Intangible assets		1	-	1
Investments in subsidiaries		-	-	-
Recoverable contract costs		1,494	-	1,494
Trade and other receivables	A	-	79	79
Defined benefit pension scheme surplus		-	-	-
		<u>5,010</u>	<u>79</u>	<u>5,089</u>
Current assets				
Inventories		171	-	171
Other investments		250	-	250
Derivative financial instruments		-	-	-
Trade and other receivables	A	391	(79)	312
Cash and cash equivalents		477	-	477
		<u>1,289</u>	<u>(79)</u>	<u>1,210</u>
Assets held for sale		-	-	-
		<u>1,289</u>	<u>(79)</u>	<u>1,210</u>
Total assets				
		<u>6,299</u>	<u>-</u>	<u>6,299</u>
Current liabilities				
Derivative financial instruments		(46)	-	(46)
Trade and other payables		(1,003)	-	(1,003)
Nuclear provisions	B	-	(2,129)	(2,129)
Other provisions	B	-	(111)	(111)
		<u>(1,049)</u>	<u>(2,240)</u>	<u>(3,289)</u>
Non-current assets less net current liabilities				
		<u>5,250</u>	<u>(2,240)</u>	<u>3,010</u>
Non-current liabilities				
Trade and other payables		(1,407)	-	(1,407)
Nuclear provisions	B	(44,100)	2,129	(41,971)
Other provisions	B	(2,999)	111	(2,888)
Defined benefit pension scheme deficits		(1)	-	(1)
		<u>(48,507)</u>	<u>2,240</u>	<u>(46,267)</u>
Net liabilities				
		<u>(43,257)</u>	<u>-</u>	<u>(43,257)</u>
Taxpayers' equity				
Transfer reserve		(23,074)	-	(23,074)
Revaluation reserve		19	-	19
General reserve		(20,202)	-	(20,202)
		<u>(43,257)</u>	<u>-</u>	<u>(43,257)</u>

Reconciliation of taxpayers' equity as at 31 March 2009

NDA Group				
	Note	UK GAAP £m	Effect of transition to IFRS £m	IFRS £m
Non-current assets				
Property, plant and equipment	C	1,834	(387)	1,447
Intangible assets		-	-	-
Investments in subsidiaries		-	-	-
Recoverable contract costs		1,692	-	1,692
Trade and other receivables	A	-	18	18
Defined benefit pension scheme surplus	D	-	1	1
		<u>3,526</u>	<u>(368)</u>	<u>3,158</u>
Current assets				
Inventories		194	-	194
Other investments		304	-	304
Derivative financial instruments		38	-	38
Trade and other receivables	A	254	(18)	236
Cash and cash equivalents		186	-	186
		<u>976</u>	<u>(18)</u>	<u>958</u>
Assets held for sale	C	-	387	387
		<u>976</u>	<u>369</u>	<u>1,345</u>
Total assets		<u>4,502</u>	<u>1</u>	<u>4,503</u>
Current liabilities				
Derivative financial instruments		(14)	-	(14)
Trade and other payables		(1,094)	-	(1,094)
Nuclear provisions	B	-	(1,769)	(1,769)
Other provisions	B	-	(327)	(327)
		<u>(1,108)</u>	<u>(2,096)</u>	<u>(3,204)</u>
Non-current assets less net current liabilities		<u>3,394</u>	<u>(2,095)</u>	<u>1,299</u>
Non-current liabilities				
Trade and other payables		(1,225)	-	(1,225)
Nuclear provisions	B	(44,504)	1,769	(42,735)
Other provisions	B	(2,213)	327	(1,886)
Defined benefit pension scheme deficits	D	(2)	(1)	(3)
		<u>(47,944)</u>	<u>2,095</u>	<u>(45,849)</u>
Net liabilities		<u>(44,550)</u>	<u>-</u>	<u>(44,550)</u>
Taxpayers' equity				
Transfer reserve		(23,074)	-	(23,074)
Revaluation reserve		526	-	526
General reserve		(22,002)	-	(22,002)
Total taxpayers' equity		<u>(44,550)</u>	<u>-</u>	<u>(44,550)</u>

Notes to the reconciliation of taxpayers' equity:

A Reclassification of non-current trade and other receivables

Under UK GAAP non-current trade and other receivables were included under current assets. Under IFRS non-current trade and other receivables are now included under non-current assets.

B Reclassification of nuclear and other provisions

Under UK GAAP provisions are shown as a single line regardless of when they fall due. Under IFRS provisions are required to be split between current and non-current liabilities.

C Assets held for sale

Under UK GAAP assets held for sale are included in property, plant and equipment. Under IFRS such assets are presented separately from other assets in the statement of financial position.

D Defined benefit pension scheme surplus

Surpluses and deficits on defined benefit schemes are not permitted to be netted off in arriving at the assets and liabilities that are disclosed on the face of the statement of financial position.

The transition from UK GAAP to IFRS has not had a material impact on the statement of comprehensive income for the year ended 31 March 2009.

The transition from UK GAAP to IFRS has not had a material impact on the statement of cash flows for the year ended 31 March 2009.

Introduction to the Site Licence Company Reports

The following pages give a brief report on each of the NDA's operating sites grouped by Site Licence Company (SLC).

The reports cover progress towards delivering key milestones and activities outlined in our 2009/2012 three year Business Plan. The reports also include key earned value performance data, income and expenditure and an overview of safety and environmental performance during 2009/2010.

Figure 1. 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

How to read the SLC reports

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 positive variance of 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.

A key tool used by the NDA to help ensure that our contractors deliver work in line with our strategic priorities is portfolio management – that is, the reallocation of funds from one site or site licensee to another in order to bring forward work planned for 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 SLCs provide an overview of the health, safety and environmental incidents reported during 2009/2010.

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 is the maximum 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 at which medals are awarded to organisations that have demonstrated excellent health and safety performance.
- **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 we use to monitor industrial health and safety performance

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 2009/2010 NDA Annual Plan.

- **Completed** – the key milestone or activity has been completed during the financial year (2009/2010).
- **On Schedule** – the key milestone or activity was due for completion after 31 March 2010 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 2010 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 a Site Licence Company (SLC). The Parent Company may form a holding company to hold the shares in that SLC. This Parent Company then appoints 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 the Sellafield (including Windscale), and Capenhurst sites. The Parent Body Organisation of the company is Nuclear Management Partners Limited (NMP).

Key developments in 2009/2010

- reliable vitrification plant performance has ensured that the Highly Active Liquor (HAL) stock remains at a historically low level with the plant processing its 5,000th container of high level waste during the year
- two vitrified residue returns were successfully transported to customers during the year
- encouraging progress has been made on major projects. including Evaporator "D", Sellafield Product and Residue Store (SPRS), Encapsulated Product Store 3 and the Separation Area Ventilation (SAV) project
- Thorp reprocessing exceeded its annual throughput target
- the Sellafield MOX Plant (SMP) completed 9 fuel assemblies against a target of 8
- good progress has been maintained on the Windscale Advanced Gas Cooled Reactor (WAGR) decommissioning project
- however, a lack of available transport flasks during the year together with other operational issues led to a shortfall in Magnox reprocessing throughput.

Safety and Environmental Performance

Issue	2009/2010
Total Recordable Incident Rate	0.62
Days away case rate	0.43
RIDDOR major injury	4
RIDDOR lost time accident	28
RIDDOR dangerous occurrence *	7
RIDDOR reportable illness	1
INES incidents	6
Environmental non-compliance	14



Bill Poulson
Managing Director
Sellafield Limited

"This has been the first full financial year since Nuclear Management Partners (NMP) took charge at Sellafield.

Initially, NMP utilised the expertise of its parent companies through a process called Partner, Assess, Innovate, Sustain (PAIS), which saw personnel from those companies link with staff from Sellafield Ltd, to look in detail at processes across the company and identify improvements.

The recommendations from the PAIS process are now included within Sellafield Ltd's Integrated Change Programme (ICP), an ongoing process which is delivering improvements across Sellafield Ltd including the embedding of disciplined professionalism.

A key element of NMP's leadership to date has been a partnership approach to the running of Sellafield Ltd. The relationship between the company and its customer, the NDA, is strong and the company has also adopted a partnership approach with the workforce. Work on strengthening the relationship between the company and the supply chain has also taken place, with the focus again on partnership.

Overall 2009/2010 has been a positive one for Sellafield Ltd. The plants have delivered well against their targets and good progress has been made on key projects. Sellafield Ltd has demonstrated its ability to generate efficiencies and make good progress towards a more mobile work force. NMP continues to draw on the experience of its parents in the field of nuclear clean-up and decommissioning to support contract delivery across Sellafield Ltd."

Sellafield (including Windscale)



Sellafield is located in Cumbria and is the most complex nuclear site in the UK. Operations associated with the UK's atomic weapons programme began at the site in the late 1940s and in 1956 Calder Hall, the world's first commercial nuclear power station opened on the site. Calder Hall generated electricity until closure in 2003 and is now being decommissioned.

As the UK civil nuclear power programme expanded during the 1960s, Sellafield became the centre for the reprocessing of spent fuel with the site now managing the largest inventory of radioactive material in the UK. With ageing structures, uncertain inventories and difficult working conditions, the legacy ponds and silos facilities at Sellafield represent the greatest decommissioning challenge of the NDA estate.

Currently Sellafield's main challenge is managing the high hazards present on the site whilst also maintaining the infrastructure and capability required to support the ongoing programme of activities including fuel reprocessing, mixed oxide fuel fabrication and the storage of nuclear materials and radioactive wastes. In addition, there are a number of significant capital projects underway including improvements to evaporative capacity, construction of modern storage facilities for plutonium and ILW and the provision of modern standard ventilation facilities for the Separation Area on the site.

Key Activities

2009/2010 Business Plan Activities	Status	Progress Report
Continued delivery of projects to reduce risk by providing buffer storage facilities for legacy sludges	On schedule	Both buffer storage projects, Sludge Packaging Plant 1 (SPP1) and Local Sludge Treatment Plant (LSTP) are progressing to schedule and at or below budgeted costs.
Start the Vitrified Residue Return (VRR) programme of returning High Level Waste (HLW) to its country of origin	Completed	The first Vitrified Residue Return left the Sellafield site in January 2010 and the second left in March 2010.
Continued delivery of retrieval projects for the removal of legacy wastes from historic facilities	Behind schedule	Factors including deteriorating building structures, uncertain material inventories and difficult working conditions have meant that progress has been difficult to sustain.
Retrieval and in-pond consolidation of legacy sludges from the Pile Fuel Storage Pond	Behind schedule	Retrieval plant and equipment commissioned and route for in-pond consolidation of sludges demonstrated. Bulk in-pond consolidation has not yet begun.
Completion of boreholes to support contaminated ground characterisation	Completed	All boreholes were completed.
Receipt, storage and reprocessing of Magnox spent fuel	Behind schedule	Receipt of Magnox fuel has fallen behind this year due to flask availability issues, although customers were not adversely affected. Magnox reprocessing was below target as a result.

Receipt, storage and reprocessing of oxide spent fuel	Behind schedule	Receipt of Oxide fuel has fallen behind schedule this year due to flask availability issues, however, Thorp reprocessing slightly exceeded its planned throughput during the year.
Continued construction and commissioning of key infrastructure projects including the SPRS, SAV and High Active evaporators	On schedule	Good progress has been achieved. Fabrication of the Evaporator "D" vessel has commenced, SPRS construction has been completed enabling commissioning to begin and the SAV and EPS3 projects are both progressing to schedule.
Continued Mixed Oxide fuel manufacturing operations, subject to the outcome of the strategic review of the Sellafield MOX Plant (SMP)	Complete	A total of 9 assemblies were manufactured during the year against a target of 8.
Waste treatment activities to support both commercial operations and decommissioning, covering Low Level Waste (LLW), Intermediate Level Waste (ILW) and High Level Waste (HLW)	On schedule	Waste treatment activities continued successfully throughout the year providing uninterrupted support to commercial operations and decommissioning and clean-up activities.
Completion of Leased Operations Facility Integrated Safety Improvement Programme	Behind schedule	Changing operational priorities has led to the deliberate deferral of this work into 2010/2011.
Placement of contract for the detailed design of equipment to remove fuel and isotope cartridges from Pile 1	Behind schedule	Contract now due to be placed in 2010/2011.
Removal of redundant materials from the Reactor Post Irradiation Examination (PIE) Facility and intrusive survey of the Long Pin Cutting Cell	On schedule	All transfers of material from the Leased Operations facility to the Miscellaneous Beta Gamma Waste Store were achieved during the year.
Continued dismantling of the Windscale Advanced Gas-cooled Reactor (WAGR) pressure vessel including the removal of lower hemisphere steelwork	On schedule	Good progress on this project has been maintained during this financial year.

Regulatory Matters

Windscale remains a separate Licensed Site for regulatory purposes. Integration into the wider Sellafield site continues and it now operates within the site's Decommissioning Directorate.
Progress has continued throughout the year with the Long Term Periodic Reviews in support of continuing operations.
Sustained good operational performance by the Vitrification plants has meant that the Highly Active Liquor stock is at an historically low level.
Work to reduce risk in respect of the Legacy Ponds and Silos facilities in line with regulatory

requirements continues but, as described, progress has been more difficult to achieve in this area.

Due to changes in work prioritisation within the Leased Operations Facility, the decision was taken to defer work associated with the completion of the Integrated Safety Improvement Plan into F/Y 2010/2011.

Key Performance Indicators

Reduction of Highly Active Liquor (HAL) stocks to 904m ³	As a result of sustained good performance from the Vitrification lines the HAL stock was 826m ³ at the end of the financial year.
Retrieval and treatment of 450m ³ of floc from the Medium Active (MA) sludge tanks change controlled to: create 400m ³ ullage in the Medium Active storage tanks in B241	Achieved in Period 9.
Retrieval and treatment of MA liquor from MA storage tank 3 to heel level change controlled to: transfer 140m ³ of historic solvent into STP receipt tank	Achieved in Period 8.
Active commissioning of the First Generation Magnox Storage Pond Skip Handling Machine	Not achieved. Progress was adversely affected by an incident involving the Gantry Refurbishment System (GRS). The situation was exacerbated by the bankruptcy of a key crane supplier.
Removal of 250m ³ of sludge from the Pile Fuel Storage Pond and transferral to interim buffer storage	Not achieved. Plant and equipment has been commissioned and the route demonstrated. Bulk retrievals are yet to commence.
Completion of all characterisation boreholes to support of contaminated ground characterisation	Achieved – borehole drilling was completed in Period 4.
Receipt of 317 flasks of spent AGR fuel by Fuel Handling Plant	Not achieved due to quality issues experienced in the Sellafield Flask Maintenance Facility.
Reprocessing of 200 tonnes of spent oxide fuel through THORP (subject to regulatory approval of the continued use of Evaporator C to support THORP operations)	Achieved – 217 tonnes was reprocessed by the end of the year.
Receipt of 402 flasks of Magnox spent fuel by Magnox Fuel Handling Plant	Not achieved due to flask quality issues.
Reprocessing of 728 tonnes of Magnox spent fuel through the Magnox Reprocessing Plant	Not achieved. Early in the year high discharges led to an unplanned outage. Later in the year flask quality issues (above) led to a shortage of suitable fuel for reprocessing. A total of 450 tonnes was reprocessed in the financial year.
Delivery of MOX fuel assemblies in accordance with customer requirements	9 assemblies were completed by the end of the financial year exceeding the target of 8.

Removal of lower hemisphere steelwork from the WAGR	All pressure vessel steelwork removal was completed in Period 8.
Completion of the Integrated Safety Improvement Plan for the Leased Operations Facility	This has been deferred until 2010/2011.
Placement of contract for the detailed design of fuel and isotope removal equipment	This has been deferred until 2010/2011.

Non Accounting Financial Measures (Earned Value) Sellafield including Windscale

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
1,560.4	1,526.7	1,426.5
The Original BCWS was £1,481.0m.		

Capenhurst



Capenhurst is located near Ellesmere Port in Cheshire. It was home to a uranium enrichment plant and associated facilities that ceased operation in 1982.

Activity during the reporting period focussed on decommissioning the diffusion plant and developing the materials management business and continuing waste disposal operations.

Key Activities

2009/2010 Business Plan Activities	Status	Progress Report
Achievement of end of decommissioning milestone for the diffusion plant	Completed	Decommissioning of the diffusion plant was completed. Meanwhile, plans to develop new facilities for Hex Management are ongoing in line with regulatory expectations.
Development of the new materials management business in support of the NDA strategic objectives	On schedule	The NDA Asset Use Project is looking at potential options for the Capenhurst Site; these will be developed during 2010/2011.

Regulatory Matters

The first draft of the Capenhurst site uranium hexafluoride management policy was submitted to the NII in March 2010.

Key Performance Indicators

Disposal of contaminated waste equivalent to 26 GBq	A total of 25 GBq was disposed of during the year.
Completion of legacy uranium hexafluoride bottles processing	The project is ongoing with 5.8m ³ of liquor generated from 64 bottles washed to date. This has resulted in a reduction of approximately 20% of the uranium hexafluoride inventory.

Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
26.2	26.2	22.6
The Original BCWS was £25.1m.		

Magnox North Limited

Magnox North Limited is the Site Licence Company responsible for the operation of the Chapelcross, Hunterston A, Trawsfynydd, Wylfa and Oldbury sites. The current Parent Body Organisation (PBO) of the company is Energy Solutions Inc.

Key developments in 2009/2010

- target generation output has been exceeded during the year with more than 8TWh generated
- three major planned outages were completed and, by the end of the year all, four reactors were generating electricity
- DECC has endorsed plans to extend generation at Oldbury and Wylfa
- Magnox North's highest hazard, Magnox Depleted Uranium (MDU), has been completely removed from the Chapelcross Site
- 25% of the Heat Exchangers at Chapelcross are now free of asbestos with a significant amount of the waste being disposed of at reduced costs following innovative work by the site
- re-lining of 6kms of the Effluent Line at Chapelcross, the sites only authorised discharge route, was completed and the pipeline is now back in service
- 33% of the bulk sludge has been removed from the ponds at Hunterston
- the Weather Barrier is now in place at Hunterston providing protection for the reactor buildings against the environment and removing the serious hazard of falling glass panels
- the Reactor Charge Face Capping Roofs at Trawsfynydd are now completed reinforcing protection of the reactor cores against the environment
- the Trawsfynydd ILW Store was completed and is now open and receiving waste packages



Neil Baldwin
Managing Director
Magnox North Ltd

“Over the last year we have seen a mounting emphasis from the NDA on the need to get on and safely deliver results. This has been a welcome challenge, and one to which the Magnox North workforce is beginning to respond. Not only did we see tremendous success from our generating sites, but also an unprecedented amount of tangible hazard reduction on our decommissioning sites. As examples, asbestos is being rapidly removed from Chapelcross, the reactor vaults at Trawsfynydd are now empty, and the construction of the new weather barrier on the Hunterston reactors is complete. As a result, I believe the environment around our sites is safer.”

Safety and Environmental Performance

Issue	2009/2010
Total Recordable Incident Rate	0.56
Days away case rate	0.26
RIDDOR major injury	1
RIDDOR lost time accident	5
RIDDOR dangerous occurrence	3
INES incidents	2
Environmental non-compliance	4

Magnox North Support Office (MNSO)

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

2009/10 Business Plan Activities	Status	Progress Report
Support the exploration and planning for extended and optimised generating lives of Oldbury and Wylfa power stations	On schedule	All Business Cases, Safety Cases, engineering and permissions have been achieved as planned meaning there is now high confidence of generation to June 2011 at Oldbury and December 2012 at Wylfa.
Publication of an addendum to the Magnox Operating Programme (MOP) in light of operational experience	On schedule	During the year a review of the MOP was carried out. An update will be provided during 2010/2011 following the revision of the Sellafield LTP and once 2009/2010 delivery performance and proposed recovery measures have been fully understood.
Development of the new Magnox North Limited Board	Complete	Arrangements for Magnox North Board established with Chairman and Non-Executive Directors in position.
Implementation of Magnox North Business Improvement Plan	On schedule	Magnox North Business Improvement Plan re-launched in October 2009 with focus on four strategic themes.
Review of Licence Condition arrangements, authorisations and licensing obligation for Magnox North	Complete	Continuously under review. Status acceptable in line with all Regulatory Licence arrangements.

Regulatory Matters

Regulatory oversight and approval of Magnox North activities and governance arrangements.

Key Performance Indicators

Production of an update to MOP8	The agreed timetable for a revision to MOP 8 is June 2010 following revision of Sellafield LTP.
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Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
50.8	50.8	50.4
The Original BCWS was £22.6m The BCWS includes two significant changes - Pension Deficit Repair payment of £20.6m and Magnox North restructuring costs of £4m.		

Chapelcross



Chapelcross Site is located near Dumfries in South West Scotland. Electricity generation started in 1959 and ceased in June 2004. Defuelling commenced in 2009 and is planned to be complete in 2012. Work continues to prepare the site for entry into Care and Maintenance which is currently planned for 2022.

Activity during the reporting period focussed on completing the heat exchanger weather containment programme, defuelling the reactors, stripping asbestos lagging from the heat exchangers and slip lining the effluent discharge pipeline.

Key Activities

2009/2010 Business Plan Activities	Status	Progress Report
Reactor defuelling in line with Magnox Operating Programme (MOP) requirements	Behind schedule	Availability of transport flasks significantly impacted defuelling rates.
Continued asbestos removal from heat exchangers and turbine hall	On schedule	Four heat exchangers were completely stripped by the end of the year. Innovative approaches to asbestos sampling have resulted in significantly reduced waste disposal costs.
Continued hazard reduction activities	On schedule	Work to dispatch the Magnox Depleted Uranium (MDU) on the site was completed in March 2010. The effluent discharge pipeline re-lining project was completed.

Regulatory Matters

The Periodic Safety Review (PSR) has been completed and the site are working to address the actions and recommendations.

Preparation of the Post Defuelling Safety Case (PDSC) has not yet started.

Key Performance Indicators

Transportation of spent fuel to Sellafield in line with MOP requirements	Defuelling has progressed in line with flask availability with all available flasks filled and despatched during the year. However, only 30 flasks were despatched against an initial target of 61 flasks.
Shipment of 1,800 MDU drums to Capenhurst	Completed with the total remaining inventory of 1792 drums despatched by March 2010. This hazard had the highest Safety and Environmental Detriment score of any of the hazards present across Magnox North.
Transportation of 54 flasks of Intermediate Level Waste (ILW) to Sellafield	Completed with the last shipment despatched in January 2010.

Strip asbestos from two heat exchangers	A total of four heat exchangers were completely stripped by the end of the year.
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Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
60.2	60.0	52.3
<p>The Original BCWS was £53.8m.</p> <p>The BCWS includes a significant change – Re-characterisation and disposal of Asbestos Waste strip from the heat exchangers circa £5m.</p>		

Hunterston A



Hunterston A site is located in Ayrshire in South West Scotland. Electricity generation started in 1964 and ceased in 1989. Work continues to prepare the site for entry into Care and Maintenance which is planned for 2020.

Activity during the reporting period focussed on reduction of site hazards. This has included bulk sludge removal from the ponds and completing the Weather Barrier for the reactor buildings.

Key Activities

2009/2010 Business Plan Activities	Status	Progress Report
Plant Installation and inactive commissioning of ILW solid waste retrieval plant	On schedule	Civil works were completed by March 2010. Plant installation is progressing to schedule and inactive commissioning will continue throughout 2010/2011.
Detailed design and manufacture of ILW solid waste encapsulation plant	On schedule	The revised strategy is being developed to address emerging Scottish Government Policy on waste disposal. The Solid ILW encapsulation plant build has been deferred by two years to allow alternative disposal options to be developed and assessed.
Installation of plant to support retrieval and encapsulation of ILW liquid wastes	On schedule	Civil works are progressing well with Plant and equipment installation on schedule. The Pre-Construction Safety Case Report (PCSR) has been completed and is now available for assessment.
Enabling works for Pond dewatering and decontamination	On schedule	Cartridge Cooling Pond (CCP) bulk de-sludging is progressing. The contract award for installation of additional delay tanks was completed ahead of schedule. The pond demonstration area is providing learning that will be used during the main pond draining and decontamination phase.

Regulatory Matters

The NII issued a Notice of Extension extending the date of the Improvement Notice for passivation of solid ILW operational wastes from December 2013 to November 2016.

Key Performance Indicators

Complete site installation works for the ILW solid waste retrieval project	Civil construction and main equipment installation substantially completed.
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Complete operations in Pond demonstration area	6 separate trials are being undertaken in the demo area. The original scope of three trials was complete by 31 March 2010 with additional trials ongoing to gain continued learning.
Place the contract for ILW solid waste encapsulation civil design & construction	Contract placement for ILW solid waste encapsulation has been deferred for two years to permit disposal options to be considered in the light of evolving Scottish Government policy on waste disposal.

Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
46.4	45.9	44.2
The Original BCWS was £44.7m.		

Oldbury



Oldbury Power Station is located in South Gloucestershire. Electricity generation started in 1967 and approval has been secured to extend its operational life to mid 2011. Work is progressing to prepare the site for defuelling which is due to be carried out between 2011 and 2014, with entry into Care and Maintenance planned for 2027.

Activity during the reporting period focussed on continued generation of electricity and securing an extension to generation beyond December 2010.

Key Activities

2009/2010 Business Plan Activities	Status	Progress Report
Continued generation of electricity	Complete	2.695 TWh generated in 2009/10.
Completion of Reactor 2 statutory outage and Reactor 1 return to service	Complete	Reactor 2 outage was completed on 16.05.09 and Reactor 1 was returned to service on 22.12.09.
Maintaining the case to continue operation subject to Government and regulatory approval	On schedule	Approval from the Regulator for extension of generation of Reactor 2 to a Mean Core Irradiation (MCI) Limit of 33.3 GWd/te* was received on 15.03.10. Further work is ongoing to secure extension of Reactor 2 to an MCI limit of 34 GWd/te*.
Continued preparations for reactor defuelling	On schedule	Preparations for reactor defuelling continue with all the planned fuel route enhancements completed to schedule during the year.
Sludge Tank Retrieval and Processing	Complete	24m ³ of sludge processed.

* Giga Watt Days per tonne

Regulatory Matters

The Reactor 2 Graphite Safety Case is currently with the NII. A letter of 'no objection' has been received for continued operation of Reactor 2 beyond mid March 2010.

The Post Operational Defuelling Safety Case that was previously submitted to the NII will need to be revisited following extension to generation.

Key Performance Indicators

Generate 0.93 TWh of electricity	A total of 2.695 TWh was generated during the year.
Transportation of spent fuel to Sellafield in line with MOP requirements	De-fuelling has progressed in line with flask availability. 11 flasks were dispatched during the year against an initial target of 10.

Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
84.8	84.8	74.7
The Original BCWS was £79.4m. The BCWS includes a significant change – Generation Optimisation circa £5m.		

Trawsfynydd



Trawsfynydd site is located in Gwynedd, North Wales. Electricity generation started in 1965 and ceased in 1991. Reactor defuelling was completed in 1995. The site continues to prepare for entry into Care and Maintenance planned for 2021, with the completion in 2009 of the recovery of bulk material from the Miscellaneous Activated Components (MAC) vaults and the relocation of the boiler sections.

Activity during the reporting period focussed on the reduction of site hazards relating to Fuel Element Debris (FED), MAC, contaminated oil and asbestos.

Key Activities

2009/2010 Business Plan Activities	Status	Progress Report
Continued waste retrieval and plant decontamination to reduce hazards	On schedule	20% of the South FED Retrieval Box 13 was filled. Active Waste Vault orphan wastes were characterised and re-assessed as Waste Requiring Additional Treatment (WRAT). Good progress has been made on the Sludge and Resin project retrieval equipment design.
Construction of Safestore capping roofs	On schedule	Reactor 1 and Reactor 2 Charge Hall civil and concrete works have been completed. There has been good progress on boiler end capping whilst civils and asbestos clean-up is ongoing. The Procurement Strategy review has been completed.
Complete partial relocation of primary circuit components	Complete	Partial relocation of primary circuit components project (PRPCC) completed.
Completion of Miscellaneous Activated Components (MAC) removal from reactor vault	On schedule	All loose solid ILW has been packaged into waste contained from the Reactor building MAC vault.
Preparations for reactor building height reduction	On schedule	The ongoing Deplanting work and Reactor building survey report has been received and an assessment of the resulting scope is underway.
Transferral of waste packages to the Intermediate Level Waste (ILW) store	On schedule	13 of the 3 metre cube ILW boxes have been transferred from the Reactor basements to the UK's first ILW Store.

Regulatory Matters

Approval of Active Commissioning Report for the ILW store.
Approval of the North Fuel Element Debris (FED) Pre-Construction Safety Report (PCSR) Part 2.
Approval of Safety Case addendum for reactor building height reduction.

Key Performance Indicators

Completion of Reactor 1 Charge Hall roof capping	Completed.
Completion of partial relocation of primary circuit components	Completed.
Completion of Reactor 2 MAC project	Completed.

Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
55.1	53.9	49.6
The Original BCWS was £49.1m. The BCWS includes significant changes for Hazard Reduction reprioritisation.		

Wylfa



Wylfa power station is located on Anglesey in North Wales. Electricity generation started in 1971 and following extension approval during 2009, is currently planned to cease in December 2012. Defuelling is planned to take place between 2011 and 2015 with entry to Care and Maintenance planned for 2025.

Activity during the reporting period focussed on continued generation of electricity and enabling works for extension of generation beyond the current plan.

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.

Key Activities

2009/2010 Business Plan Activities	Status	Progress Report
Electricity Generation at Wylfa Power Station and Maentwrog	Complete	Generation for 2009/2010: Wylfa 5.447 TWh Maentwrog 0.054 TWh.
Completion of Reactor 1 statutory outage and return to service	Complete	The outage was completed and the reactor returned to service by early September 2009.
Exploring Options to extend generating life subject to Government and regulatory approval	On schedule	All milestones have been met to date and DECC approval to change planning assumptions has been received.
Design of recovery equipment for the removal of damaged fuel from Dry Store Cell (DSC) 4	Complete	The design is complete and progress is being made with the recovery of damaged elements.

Regulatory Matters

Post Generation Defuelling Safety Case (PGDSC) is to be submitted as two papers first to the Nuclear Safety Committee and then to the Nuclear Installations Inspectorate (NII) in March 2011. The decision to defer submission of the PGDSC was taken based on progress of the Generation Optimisation Project.
Safety case approvals for DSC 4 damaged fuel removal were approved.

Key Performance Indicators

Generate 4.96 TWh of electricity	5.447 TWh was generated at Wylfa during the year.
Transportation of spent fuel to Sellafield in line with MOP requirements	Due to a lack of available flasks, only 67 flasks were despatched against an initial target of 112 flasks.

Completion of Reactor 1 statutory outage to programme	Reactor 1 Outage completed. Reactor returned to service on 05/09/09.
Delivery of recovery equipment for the removal of damaged fuel from DSC 4	Design equipment was installed and 12 damaged fuel elements recovered, remaining elements to be recovered in 10/11.

* Tonnes equivalent uranium (TeU) is the current metric used for Magnox spent fuel. 10 TeU equates to one container of vitrified waste.

Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
111.2	109.7	101.9
The Original BCWS was £97.5m. The BCWS includes significant changes – Generation Optimisation circa £7m and Increased DRS Costs circa £2m.		

Magnox South Limited

Magnox South Limited is 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. Magnox South is owned by Energy Solutions Inc.

Key developments in 2009/2010

- bulk defuelling of Reactor 1 at Sizewell A commenced
- final fuel fragments from the reactor ponds at Hinkley A have been dispatched
- the ponds at Bradwell have been successfully drained, treated and cleaned
- dissolution as a means to treat fuel element debris has been incorporated into Bradwell's plan
- restructuring has continued to make the organisation more able to focus resources on safely and efficiently delivering hazard reduction

Safety and Environmental Performance

Issue	2009/2010
Total Recordable Incident Rate	0.19
Days away case rate	0.10
RIDDOR major injury	0
RIDDOR lost time accident	2
RIDDOR dangerous occurrence	1
INES incidents	3
Environmental non-compliance	2



Mark Lesinski
Managing Director
Magnox South Ltd

"This has been an excellent year for Magnox South. I am proud that in November 2009. We completed a 12 month rolling period without a Lost Time Accident (s) across the whole organisation. This is an outstanding achievement and reflects the dedication of our workforce to the safe delivery of our plan. Unfortunately we ended the year with 2 LTAs but continue to maintain a keen focus on the active management of health and safety throughout the estate.

Despite a very challenging funding environment, my team and I have worked with the NDA to deliver £239.5 million of work for £226.4 million cost. This includes an additional £19.5 million of scope added during the year and £5.5 million of "self perform work", which sees the work conventionally delivered by contractors brought in-house.

Magnox South is extremely proud of the many exciting innovations it is introducing to the UK nuclear clean-up market. Several of these ideas have matured in the last year and have the potential to save the UK taxpayer millions of pounds in the future. We will drive these innovations through and build on them during the coming year, while also seeking further opportunities to pioneer and safely accomplish significant achievements in decommissioning."

The 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 within 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, which includes the Berkeley Centre.

Activity during the reporting period focussed on the continued functional and organisational redesign and leadership of the SLC, along with development of the programmisation and implementation of Business Cases for Fuel Element Debris (FED) dissolution and Intermediate Level Waste (ILW) MiniStores initiatives. This work will continue through 2010/2011.

Key Activities

2009/2010 Business Plan Activities	Status	Progress Report
Continued development of decommissioning strategies for Magnox South sites	On schedule	Fuel Element Debris (FED) dissolution was incorporated within the Bradwell Lifetime Plan. Approval (in principle) has been received to move towards the implementation phase of the alternative ILW Management Programme (MiniStores). Ponds Programme Business Case received Approval in Principle.
Facilities and property management on behalf of the NDA	On schedule	Actions required to manage the NDA assets covered by the contract have been completed.
Completion of separation of Berkeley Centre from Berkeley Nuclear Licensed Site	Deferred	All residual scope for the year has been deferred until 2010/2011 whilst a review of the combined Berkeley Site and Berkeley Centre scope is carried out.
Continued development of Magnox South skills and knowledge management	On schedule	The Learning Management System (LMS) went 'live' in July 2009 and additional learning packages are being continually developed to expand its use and effectiveness.

Regulatory Matters

An overall inventory and disposition plan has been produced as part of the Contaminated Metals Workstream within the Decommissioning Strategies project.

The executive team, which forms part of MSSO, continues to liaise with the regulators on an ongoing basis. A review of generic Emergency Scheme arrangements across the SLC has been carried out. The first stage of changes have been agreed that will enable significant staffing efficiencies at both Dungeness A and Sizewell A.

Key Performance Indicators

Key deliverables for Magnox South decommissioning strategies	Approval in Principle complete for ILW MiniStores and FED dissolution and the remaining detailed programme of work is progressing.
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Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
42.0	41.7	39.2
<p>The original BCWS increased from £35.8m to £42.0m. Additional work during the year used funds that were made available through the SLC portfolio management process.</p> <p>The major increases in scope were workforce restructuring (£4.7m), additional ILW MiniStores and FED dissolution programmisation work (£2.0m). The major deferrals were the Berkeley Centre site separation scope (£0.8m) and Cobra work within project controls (£0.3m).</p>		

Berkeley



Berkeley site is located in Gloucestershire. Generation started in 1962 and ceased in 1989 with defuelling completed in 1992. Work continues to prepare the site for entry into Care and Maintenance which is currently planned for 2026.

Activity during the reporting period focussed on the physical works associated with the Periodic Safety Review, reactor preparations for entry into Safestore and preparations for the building of an ILW.

Key Activities

2009/2010 Business Plan Activities	Status	Progress Report
Physical works associated with the Periodic Safety Review (PSR)	On schedule	<p>Shielded Area: Zinc bromide has been drained from the Shielded Area windows and disposed of off site. The last pond on site was successfully drained, sealed and capped.</p> <p>The Shielded Area Active Effluent Treatment Plant (AETP) has been de-sludged and the north and south vaults cleaned of loose contamination.</p> <p>A new ventilation system was designed, manufactured and installed for ventilation of the caves and cells only, which will allow the existing ventilation systems to be shut down in 2010/2011.</p> <p>Caesium Removal Plant (CRP) building: Decontamination of the final monitoring delay tanks and fine filter settling tank cells completed.</p> <p>General areas: Repairs to the roofs of 15 buildings has been completed, ensuring that the buildings are weatherproof for the Safestore period.</p>
Reactor preparations for entry into Safestore (Care & Maintenance)	On schedule	The majority of work to put reactors into Safestore has been completed. The remaining work will be completed in 2010/2011 when these reactors will then progress into Safestore phase.
Site separation works from Berkeley Centre	Deferred	Some non discretionary work has been completed. The overall scope of work has been reviewed and recommendations made for the way forward.

Regulatory Matters

There has been positive regulatory engagement on the proposal for the reactors to enter Safestore. Completion of the final report for reactor preparations for entry into Care and Maintenance.

Key Performance Indicators

Modification of Shielded Area ventilation plant	Completed.
Refurbishment of the roofs on the site	The refurbishment of the roofs of 15 buildings was completed. This will ensure that the buildings are weatherproof for the Safestore period.
Pond sludge drum plant operation and decommissioning of retrieval equipment	Deferred while the wet ILW strategy is under review.

Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
41.8	41.4	42.9
<p>The original BCWS was increased from £39.3m to £41.8m. Additional work during the year used funds that were made available through the SLC portfolio management process. The cost over-run was due to the Management of Change process taking longer than anticipated, which led to more people being retained at site than previously scheduled.</p> <p>Additional non-discretionary scope added during the year includes carry over work from 2008/2009 (£2.8m); mobile AETP additional scope following Best Practicable Environmental Option (BPEO) recommendations (£0.4m), additional modifications and enhancements to ensure plant safety as a result of the PSR (£4.9m) and enabling works for ILW MiniStores (£0.5m). This has been partially offset by deferrals to 2010/11 for the new administration building (£1.9m), further PSR works (£3.0m) and site separation (£1.6m).</p>		

Bradwell



Bradwell site is located in Essex. Electricity generation started in 1962 and ceased in 2002 with defuelling completed in 2006. Work continues to prepare the site for entry into Care and Maintenance which is planned for 2027.

Activity during the reporting period focussed on hazard reduction through the draining of the cooling pond water and sealing of the pond walls and floor. Bulk asbestos was also removed from the site.

Key Activities

2009/2010 Business Plan Activities	Status	Progress Report
Completion of the Low Level Waste (LLW) management facility	Complete	The LLW management facility was completed and commissioned and is now in operation.
Complete draining of cooling pond water and sealing the pond walls and floor	Complete	Key hazard reduction milestones were achieved despite the difficult and challenging environment.
Provision of essential electricity supplies to enable disconnection of redundant plant	Complete	The electrical supply is now being routed through the new cabling.
Completion of bulk asbestos removal	Complete	Bulk asbestos removal has been completed and the area has been certified fit for re-occupation.
Development of Fuel Element Debris (FED) dissolution	Complete	All work planned has been completed. The Best Practicable Environmental Option (BPEO) has been implemented and a business case to move to FED dissolution has been approved.
Continued radiological characterisation	Complete	Waste classification has been refined and improvements made to waste hierarchy in support of the UK LLW waste strategy.

Regulatory Matters

Work with the NII and the EA to agree a definition of Care and Maintenance entry state is progressing.

The NII have been notified of a baseline change for ILW strategy for FED dissolution.

Key Performance Indicators

Completion of essential electrical supplies re-wiring	Complete. Electrical supply now being routed through the new cabling.
Contract placement for ILW store design and construction	Deferred in light of improved ILW strategy.

Pond decommissioning	Ponds drain and seal completed.
Completion of asbestos removal	Completed.

Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
33.9	33.7	32.0
<p>The original BCWS was £29.0m. Additional work during the year used funds that were made available through the SLC portfolio management process.</p> <p>Major scope increases include additional ponds decommissioning (£0.9m), general deplanting (£0.8m), performing additional hazard reduction and decommissioning (£0.7m), additional corrective maintenance (£0.6m), waste characterisation and disposal (£0.5m), and ILW MiniStore Pathfinder project (£0.3m).</p>		

Dungeness A



Dungeness A site is located in Kent. Electricity generating started in 1965 and ceased in December 2006. Reactor defuelling commenced in 2007 and is scheduled to be completed by 2012 with entry to Care and Maintenance planned for 2034.

Activity during the reporting period focussed on continuing defuelling and fuel dispatch and reducing hazards through the use of rigorous characterisation. In addition, the site has been involved in pathfinder projects utilising MiniStore containers for ILW resin storage and nimonic springs.

Key Activities

2009/2010 Business Plan Activities	Status	Progress Report
Continued removal of spent fuel from reactor cores and fuel cooling ponds in line with the Magnox Operating Programme (MOP)	Behind schedule	Removal of spent fuel from both reactor cores has continued. However, due to the lack of available fuel transport flasks from Sellafield, only 38 flasks were despatched against an initial target of 91 flasks.
Continued dissolution of Fuel Element Debris (FED) through the Magnox Dissolution Plant (MXD)	On schedule	Processing of FED has continued and the full year target was met in February 2010.
Radiological characterisation of the site	On schedule	A programme of work has been started to validate the waste types previously identified, check the inventory and refine the estimates. All sludges and resins have now been characterised.

Regulatory Matters

Regulatory oversight during the year has included approval of authorisations for defuelling, environmental discharges and decommissioning activities. In addition, the Management of Change for the revised structure has been agreed.

Key Performance Indicators

Reactor defuelling in line with Magnox Operating Programme (MOP) requirements	Due to the lack of available flasks, only 38 flasks were dispatched to Sellafield for reprocessing against an initial target of 91 flasks.
Processing of 7.5 tonnes of FED	Achieved ahead of plan in February 2010.

Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
43.3	43.1	37.6
<p>The original BCWS was £37.2m. Additional work during the year used funds that were made available through the SLC portfolio management process.</p> <p>The increased scope included repairs to reactor roof (£1.3m), blower hall waste (£1.5m), asbestos removal (£0.5m), electrical overlay (£1.0m), infrastructure repairs and seismic assessments (£0.9m) and optimisation of workforce to deliver additional scope in a number of areas (£0.3m).</p>		

Hinkley Point A



Hinkley Point A site is located in Somerset. Electricity generation started in 1965 and ceased in 2000, with defuelling completed in 2004. Entry to Care and Maintenance is currently planned for 2031.

Activity during the reporting period focussed on working towards verifying the cooling ponds are free from fuel, processing Intermediate Level Waste (ILW) pond skips, asbestos removal, asset management and wet ILW treatment trials.

Key Activities

2009/2010 Business Plan Activities	Status	Progress Report
Removal, packaging and disposal of asbestos	On schedule	Project continues to remove asbestos insulation and clean asbestos contaminated areas.
Decontamination of Intermediate Level Waste (ILW) pond skips	On schedule	Challenges encountered during optioneering phase were overcome and plant reliability issues during the start of the processing phase addressed. Another 30 skips were processed in addition to the 135 included in the baseline plan.
Continued decommissioning of cooling ponds	On schedule	Work towards verifying the pond is free from fuel is on schedule for completion in 2010/2011 (revised plan).
Completion of sludge retrieval from cooling ponds	On schedule	Reactor 2 pond desludging is complete. Reactor 1 pond desludging is continuing in line with the revised plan.
Conceptual design work for ILW treatment facilities	On schedule	Wet ILW treatment trial programme is complete. Conceptual design has been deferred as the project aligns with revised SLC strategy for ILW projects.

Regulatory Matters

The site is currently on schedule to meet near term Licence Condition 35 milestones.
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Key Performance Indicators

Continuing skip decontamination	165 skips decontaminated.
Completion of sludge retrieval from cooling ponds and fuel-free verification	Reactor 2 pond desludged and remaining fuel removed and despatched from site. Reactor 1 pond on schedule against revised baseline.

Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
37.6	37.1	34.3
<p>Original BCWS has increased during the year from £35.2m to £37.6m. Additional work during the year used funds that were made available through the SLC portfolio management process.</p> <p>Additional work has been approved and delivered in the areas of asset management (systems, structures, plant and equipment), asbestos removal and site separation activities (£3.2m). Scope has been deferred across ILW projects and ponds decommissioning as the site aligns with revised SLC delivery strategies (£1m).</p>		

Sizewell A



Sizewell A site is located in Suffolk. Electricity generation started in 1966 and ceased in December 2006. Defuelling commenced in 2007 and is planned to be completed in 2013, with entry to Care and Maintenance planned for 2034.

Activity during the reporting period focussed on defuelling and fuel dispatch, completing the removal of a pipe-bridge enabling works to allow for future asbestos removal and planning activities for the electrical overlay scheme.

Key Activities

2009/2010 Business Plan Activities	Status	Progress Report
Start removal of spent fuel from reactor cores and cooling ponds in accordance with the Magnox Operating Programme (MOP)	On schedule	Reactor de-fuelling has progressed in line with MOP requirements. These have been subject to the availability of flasks from Sellafield but during the year 8 flasks were despatched in line with the quarterly flask allocation. This was against an initial target of 0.
Characterisation, removal, packaging and disposal of asbestos	On schedule	Installation activities for a Bag Monitoring facility are complete and scaffolds have been erected to enable 2010/2011 asbestos removal activities.
Electrical overlay and Control and Instrumentation (C&I) enhancements	On schedule	Essential diesel generators require replacement due to ageing plant. Planning for this work is underway. C&I overlay project has progressed detailed design activities as planned.

Regulatory Matters

Regulatory oversight and approval of defuelling and decommissioning activities.

Key Performance Indicators

Reactor defuelling in line with MOP requirements	Work is progressing in line with MOP requirements.
Continued disposal of asbestos and hazard reduction activities	2009/2010 scope of work was predominantly enabling works in preparation for activities in 2010/2011. All scope of work planned has been delivered.

Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
42.4	42.4	40.3
The original BCWS increased from £39.9m to £42.4m. Additional work during the year used funds that were made available through the SLC portfolio management process. These included asbestos (£1.6m), repairs to tank linings (£0.2m) and extending the life of the pile cap crane (£0.2m).		

Dounreay Site Restoration Limited

Dounreay Site Restoration Limited (DSRL) is the Site Licence Company (SLC) responsible for safe operations of the Dounreay site. The current Parent Body Organisation (PBO) of the company is UKAEA Ltd.

Key developments in 2009/2010

- completed Phase 4 design and submitted Pre-Construction Safety Case Report (PCSR) for the Remote Handled Intermediate Level Waste (RHILW) encapsulation facility to the NII
- secured planning permission and authorisation for the new Low Level Waste (LLW) disposal facility
- continued destruction of Dounreay Fast Reactor (DFR) bulk sodium potassium achieving 23% completion
- completed demolition and area reinstatement of the Category 1 plutonium criticality facility
- completed decommissioning and reclassification of the amber area for the former billet production plant
- completed the construction of the Fuel Cycle Area (FCA) ventilation upgrade project and inactively commissioned the facility
- continued transferring, batch processing and cementation of raffinates through the Dounreay Cementation Plant (DCP) completing 100m³
- reactor amalgamation programme continued, including optimisation and fine screening of a revised reactors strategy
- completed Phases 1, 2 and 3 Environmental Support Files (ESFs) for all designated facilities
- completion of Prototype Fast Reactor (PFR) primary sodium destruction.



Simon Middlemas
Site Director
Dounreay Site Restoration Limited

“DSRL continues to make significant progress in hazard reduction with safety and the environment at the forefront of all our thinking. Decommissioning is being delivered cost effectively and site wide performance continues to improve. DSRL are fully engaged in the various NDA national strategies and have formulated detailed plans to optimise efficiency and deliver best value.”

Safety and Environmental Performance

Issue	2009/2010
Total Recordable Incident Rate	0.32
Days away case rate	0.16
RIDDOR major injury	0
RIDDOR lost time accident	0
RIDDOR dangerous occurrence	0
INES incidents	1
Environmental non-compliance	5

Dounreay



Dounreay is located in Caithness on the north coast of Scotland. It was established as a research site in the mid-1950s with fuel production and processing facilities. There were three reactors, the last of which ceased operation in 1994.

Radioactive sodium potassium (NaK) liquid metal is the most hazardous material present on the site. The destruction of this material began in 2008 and is scheduled to be completed by 2013. Activity during the reporting period was focussed on site decommissioning and hazard reduction.

Key Activities

2009/2010 Business Plan Activities	Status	Progress Reports
Complete operations in existing Remote Handled Intermediate Level Waste (RHILW) store	On schedule	In year scope of 225 drums completed (88% of inventory). Operations will be completed in July 2010 as per Lifetime Plan.
Continue bulk NaK destruction at DFR	On schedule	Improved plant performance and steady state operations continue. The stretch target of 84 batches was achieved, which is 25 batches more than the annual target. Forecast to be completed by March 2013.
Inactive testing of DFR Breeder Fuel removal equipment	On schedule (Re-baselined)	A failure at the Sodium Potassium Destruction Plant had a direct impact on this activity. A recovery schedule has been implemented to support the start of Breeder Fuel removal in 2013.
Immobilisation of wastes through the DCP	On schedule	The annual target to process 100m ³ of cemented liquid waste completed.
Complete decommissioning of a pond in the Fuel Cycle Area (FCA)	On schedule (Re-baselined)	Resource was re-prioritised in the fuel cycle area and an approved change was uplifted to the baseline. Good progress is being made to this and the forecast completion date is 31 March 2011.
Active sludge removed from Dounreay Materials Test Reactor (DMTR) sentencing tanks	On schedule (Re-baselined)	Sludge sampling revealed that the particulate is ILW not LLW as assumed, leading to a significant change in scope.
Complete concept design for Shaft and Silo Waste Treatment plant	Completed	Concept Design completed. Scheme design commenced and ongoing.
Start construction of a mock-up for PFR reactor dismantling	Deferred	The strategy for reactor dismantling is being revised and the mock-up may not be required.

Regulatory Matters

Regulatory oversight and approval for decommissioning activities continue:
<p>New LLW Facilities :</p> <ul style="list-style-type: none"> - Site Licence – approval of the proposal is being sought from NII and SEPA - Consent for Construction – The Highland Council have granted permission for the new facility - Disposal Authorisation (Under Radioactive Substance Act 1993) – dialogue and consultation continues with stakeholders.
Euratom Article 37 for LLW facilities and site on nuclear material limits continues.
Submission to NII of the Pre-Construction Safety Report for RHILW Immobilisation, encapsulation and storage facility has been made however this will be evaluated following ILW strategic review and LTP development.
<p>Approval to construct RHILW Immobilisation, Encapsulation and Storage Facilities :</p> <ul style="list-style-type: none"> - Main Plant and Active Transfer Line (ATL) – Highland Council granted permission for the new facility and transfer system.

Key Performance Indicators

Complete concept design for Shaft and Silo Waste Treatment Plant	Completed.
Liquor drained from FCA sentencing tanks and processed through the Ion Exchange Plant (IXP), tanks removed and area reinstated	Good progress is being made with a forecast completion date of 31 March 2011.
Install new Low Active Drain (LAD) as part of enabling works for Shaft and Silo Waste Treatment Plant	A conscious decision was made by the project to delay the start of the works to enable cheaper resources to be utilised. The forecast date to complete is now September 2010.
Complete operations in existing Remote Handled Intermediate Level Waste (RHILW) store	In year scope of 225 drums completed. Operations will be completed in July 2010 as per Lifetime Plan.

Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
173.0	171.0	154.2
The Original BCWS was £156.7m.		

Research Sites Restoration Limited

Research Sites Restoration Limited (RSRL) is the Site Licence Company responsible for the operation of the Harwell and Winfrith sites. The current Parent Body Organisation (PBO) of the company is UKAEA Ltd.

Key developments in 2009/2010

- remediation work at the east end of the Harwell site has been completed and the case to remove the nuclear licence from this part of the site has been submitted to the NII. This is an essential precursor to removing the designation under the Energy Act
- the External Active Sludge Tanks (EAST) for the Steam Generating Water Reactor at Winfrith have been emptied and decontaminated
- the recovery and repacking of the historic Intermediate Level Waste (ILW) cans at Harwell has gone well and more cans than planned have been recovered
- Post Operational Clean Out (POCO) of the B459 facility at Harwell has been completed and the facility will be moved into a care and maintenance regime
- sludge wastes at the Liquid Effluent Treatment Plant (LETP) at Harwell have continued to be recovered and encapsulated for disposal.

Safety and Environmental Performance

Issue	2009/2010
Total Recordable Incident Rate	0.76
Days away case rate	0.76
RIDDOR major injury	0
RIDDOR lost time accident	3
RIDDOR dangerous occurrence	0
INES incidents	0
Environmental non-compliance	0



Alan Neal
Managing Director
Research Sites Restoration Limited

“2009/2010 was the first full year of operation as RSRL, having been formally established in February 2009. During the year there have been no major safety incidents or damage to the environment. I'm particularly pleased with the active involvement by all our staff in the behavioural safety programme, with over 1000 observations being recorded - all of which help to improve our safety performance. We have made excellent progress on the delivery of the decommissioning programme and have delivered about £2m worth more work than was in the original plan for the year and all at less cost than was estimated. Visitors, particularly to the Harwell site, will notice major skyline changes carried out this year, with the demolition of a number of major buildings including one of the tallest buildings on the Harwell site. This work provides a very visible measure of the progress RSRL is making in completing the safe and efficient clean up of our sites on behalf of the NDA.”

Research Sites Restoration Limited (RSRL) Support Office

The RSRL 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)
24.0	24.0	21.6
The Original BCWS was £23.0m.		

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.

Activity during the reporting period focussed on the recovery and repackaging of legacy wastes held in the solid ILW facility, the radio-chemistry facility and the liquid effluent treatment plant.

Key Activities

2009/2010 Business Plan Activities	Status	Progress Report
Recovering, processing and packaging solid Intermediate Level Waste (ILW)	On Schedule	The schedule was revised as a result of funding reductions. The revised target for the recovery and processing of ILW was exceeded.
Care and maintenance of redundant reactors and other facilities	Completed	All relevant activities were completed, including those for the DIDI, PLUTO and BEPO reactors.
Commissioning of the Waste Encapsulation Plant (WEP)	Deferred	This activity was removed from the programme as a consequence of the reduction in funding which meant that the commissioning of WEP was no longer on the programme's critical path.

Regulatory Matters

The case for removing the nuclear licence from the east end of the site has been presented to the NII.
Safety cases have been approved as required by the programme.

Key Performance Indicators

Completion of WEP active commissioning	This activity was removed from the programme as a consequence of the reduction in funding.
Recovery of 594 cans of legacy waste from the tube stores (target amended to 570 as a result of funding reductions)	Programme exceeded with a total of 642 cans recovered.

Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
32.6	32.0	27.1
The Original BCWS was £30.5m.		

Winfrith



Winfrith is located near Poole in Dorset. It was established by UKAEA in 1957 as an experimental reactor research and development site. Decommissioning activities began in the early 1990s and the last reactor was shut down in 1995. All the nuclear fuel and the majority of hazards have now been removed from the site. Activity during the reporting period focussed on the recovery and cementation of sludge wastes associated with the historic operation of the Steam Generating Heavy Water Reactor.

Key Activities

2009/2010 Business Plan Activities	Status	Progress Report
Immobilisation of thorium metal	Deferred	This activity was removed from the programme as a more cost effective process has been identified.
Demolition of the external active sludge tanks	On Schedule	Due to funding reductions, this activity was revised to decontamination of the tanks. Three out of the four tanks were successfully decontaminated.
Care and maintenance of redundant reactors and facilities	Complete	All relevant activities were completed including those for SGHWR and DRAGON.

Regulatory Matters

Safety cases have been approved as required by the programme.

Key Performance Indicators

Completion of thorium metal immobilisation	This activity was removed from the programme as a more cost effective process has been identified.
Completion of demolition of the external active sludge tanks This was revised to: Decontamination of the tanks	Behind schedule at the end of the year with three out of the four tanks decontaminated.

Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
11.4	9.8	7.5
The Original BCWS was £10.3m.		

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 (PBO) of the company is UK Nuclear Waste Management Limited.

Key developments in 2009/2010

- **Vault 9 Construction** – significant progress has been made towards the completion of Vault 9. Despite the wettest November on record and extended sub-zero temperatures during December and January, Vault 9 is largely complete. This will ensure that LLW storage needs are met for years to come. During the year the “short term capacity gap” was solved by an accelerated transfer of Vault 9 pad space
- **National LLW Strategy** – we have provided assistance to the NDA in developing the UK’s new LLW Management Strategy; consultation is complete and received Government approval
- **ACCELS (Accelerated Element 2 Strategy)** – this programme has been initiated with the aim of bringing together a variety of ongoing work-streams that are focussed on waste forecast improvements and implementation of the LLW Strategy
- **New Consignor Contracts and Waste Treatment Services** - the first elements of the Segregated Waste Services to the UK LLW generators have been implemented. These services include Metal Recycling and Segregated Waste Storage. Combustible waste treatment will follow soon
- **Environmental Safety Case** – the draft Environmental Safety Case has been submitted to the Environment Agency (EA) on schedule. This document serves as a forerunner to the full safety case to be submitted in 2011 and was fully accepted by the EA.



Richard Raaz
Managing Director
Low Level Waste Repository Limited

“LLWR is helping to lead the way towards a new scheme of managing radioactive waste in the UK. This scheme supports the National Policy published in 2007 and implements a sophisticated waste management hierarchy. This is an environmentally responsible approach to sustainable LLW management. Furthermore, we believe, with careful planning, we can manage these materials at a lower cost than the old “business as usual” approach. We and our NDA customer have an unwavering focus on doing the job right the first time and bringing the total tax payer liability down. We made a lot of progress toward this goal in 2009/2010 and will not let up in the year to come.”

Safety and Environmental Performance

Issue	2009/2010
Total Recordable Incident Rate	1.99
Days away case rate	0.79
RIDDOR major injury	0
RIDDOR lost time accident	1
RIDDOR dangerous occurrence	0
INES incidents	0
Environmental non-compliance	0

Low Level Waste Repository



The Low Level Waste Repository (LLWR) is located near Drigg in West Cumbria. The site has operated as a disposal facility since 1959 and remains of strategic importance to all producers of low level nuclear waste (including hospitals and research laboratories) across the UK.

Activity during the reporting period focussed on dealing with a number of urgent and important risks and developing, consulting and publishing the LLW Strategy.

Key Activities

2009/2010 Business Plan Activities	Status	Progress Report
Completion of Vault 9 construction and commissioning	Behind schedule	Despite weather related delays throughout the construction phase, the project was 90% complete by the end of the year and all remaining work was completed by mid-May 2010. The project mitigated a major NDA strategic risk by achieving partial handover of Vault 9 to the operations team. This ensured continued disposal capacity for the UK once Vault 8 was filled to its capacity in August 2009.
Progress Environmental Agency (EA) Schedule 9 requirements to support satisfactory development of the overarching Environmental Safety Case (ESC)	On schedule	All project milestones have been delivered. The project remains on schedule to submit the ESC to the EA in May 2011.
Site monitoring in support of the ESC and ongoing Vault programme	On schedule	All site monitoring progress in line with schedule.
Post Operational Clean Out (POCO) and commencement of former Plutonium Contaminated Materials (PCM) facility and demolition activities	Behind schedule	POCO and initial Decommissioning have been completed in two magazines. The focus remains on radiological mapping to inform the future decommissioning strategy.
Continued monitoring of trench caps	On schedule	All site monitoring is progressing in line with schedule.

Regulatory Matters

The SLC continues to maintain a positive working relationship with the EA in progression of the ESC.

The SLC received planning approval for deferred clean-up and demolition of PCM facility during March 2010.

Key Performance Indicators

Submission of the LLW National Strategy to Government	Complete.
Vault 9 Construction & Commissioning	90% complete at the year end.
PCM – Dispose of Magazine 5 Concrete Steel Block, Complete Magazine 4 & 9 POCO and Gross Decontamination	Partially complete – Disposed Concrete Steel Block, Magazine 4 POCO & Gross Decontamination complete, Magazine 9 POCO & Gross Decontamination continues.
Implement new consignor contracts	Complete.

Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
47.3	43.2	43.3
The Original BCWS was £45.9m.		

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 2009/2010

- Business and operating performance during the year has been in line with expectations
- On 1 April 2010, the NDA concluded an agreement with Westinghouse Electric UK Limited transferring Springfields Fuels Limited to Westinghouse; under the deal, the site will be leased on a long-term basis. In addition to providing an income stream to the NDA, the agreement defers site closure and removes significant costs from decommissioning and residues processing.

Safety and Environmental Performance

Issue	2009/2010
Total Recordable Incident Rate	0.68
Days away case rate	0.48
RIDDOR major injury	4
RIDDOR lost time accident	2
RIDDOR dangerous occurrence	1
INES incidents	0
Environmental non-compliance	0



Neil Longfellow
Managing Director
Springfields Fuels Limited

"This has been a very important year for Springfields Fuels Limited. Once again, Springfields has been successful in delivering against NDA targets for the business by safely operating the site and delivering products to our customers to time and quality. In addition, the negotiations have now been concluded for the acquisition of Springfields Fuels Ltd by Westinghouse, and a long term lease of the site. This is an exciting opportunity for the business and the employees. Looking forward, NDA will continue to be a key customer of Springfields Fuels Limited and, as Managing Director, I look forward to continuing and further developing the successful relationship that Springfields has forged with the NDA."

Springfields



Springfields is a nuclear fuel manufacturing site and is located near Preston in Lancashire. The site manufactures a range of fuel products for both UK and international customers.

Key Activities

2009/2010 Business Plan Activities	Status	Progress Report
Continuing the manufacture and supply of Advanced Gas-Cooled Reactor (AGR) fuel, Magnox fuel, and uranium dioxide for UK and overseas customers, in line with contract requirements	On schedule	All AGR and Magnox fuel deliveries were made on time and in full.
Continuing the manufacture and supply of uranium hexafluoride overseas customers, in line with contract requirements	Behind schedule	The planned production of uranium hexafluoride was 88% of target for the year.
Continuing to recover uranium from legacy residues for recycle or safe and secure storage	On schedule	Natural residues recovery was ahead of target.
Completing the programme of Magnox fuel assembly	Completed	All production of Magnox fuel is complete and the site continues to store fuel for Wylfa.
Continuing to clear uranic residues in the residues recovery plants	On schedule	Natural residues recovery is ahead of target; wet route processing and Nitric Acid Wash were finished on target to achieve site DSO targets.
Continuing the Post Operational Clean Out (POCO) and decommissioning of redundant areas of the site	On schedule	Decommissioning work is progressing to plan.

Regulatory Matters

An EA Team Inspection on Environmental Permitting Regulations was carried out in February 2010. There were no major issues and some areas of good practice noted. Additionally, a number of regulatory inspections were carried out as a follow up to the Control Of Major Accident Hazards report submission. A recurring theme from these inspections was the need for best practices noted in some areas of site to be consistently applied throughout all areas. The site is taking appropriate action to address this.

Springfields has been selected to receive a major award in the RoSPA Manufacturing Sector Awards which will be the 10th successive year to have received such an award.

Key Performance Indicators

Fuel Sales to British Energy's UK power stations	Achieved, all customer orders fulfilled.
Fuel Deliveries to Magnox North Ltd power stations	Achieved, all customer orders fulfilled.
Uranium Hexafluoride (Hex) Sales to Cameco	88% achieved – continuing technical issues concerning the plant led to a reduction in sales.
Dirty Residues Processed	92% achieved.
Clean Residues Processed	11% ahead of target.
Soft Wastes Processed	59% achieved, difficulties with the feed material being more problematic than anticipated, reduced the processing rate through the facility.
Hex Cylinders Washed	128% achieved.
Natural Residues Processed	12% ahead of target.
Manpower	95% of the target manning level.
Operating Profit	Operating Profit target exceeded.
Cashflow	Cashflow target exceeded.
Balance Sheet – Provisions	Balance Sheet - Provisions target achieved.

Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
154.1	150.1	146.1
The Original BCWS was £148.6m.		

NDA Owned Subsidiary Reports

Direct Rail Services Limited

Direct Rail Services (DRS) Limited was established in 1995 to provide a rail transport service to British Nuclear Fuels Limited (BNFL), its parent company at the time. The key focus for DRS over the next three years is to grow profitably in all strategically identified markets with particular focus on supplying safe, secure and reliable services to the nuclear transport market.



Key developments in 2009/2010 include:

- DRS has negotiated an extension to the existing agreement with Magnox for the provision of rail transport of spent fuel from Magnox's power stations to Sellafield
- the Low Level Waste Repository (LLWR) at Drigg has recently awarded DRS a contract for the provision of rail operations, siding inspection and maintenance services to ensure effective rail transport operation and associated infrastructure works remain an essential part of the process
- DRS successfully completed the delivery of aggregate for the Vault 9 construction project in May 2010
- DRS received an award in recognition of its contribution to assisting West Cumbrian communities affected by the serious flooding in Dec 2009 by providing a daily passenger shuttle service between Workington and Maryport
- DRS were nationally commended for snow clearance activity during the winter months of 2009 especially in Northern Scotland.

Neil McNicholas Managing Director Direct Rail Services Limited

"DRS had a challenging year in 2009/2010 with the recession and economic downturn playing a pivotal role. However, the company demonstrated its robustness during the recession with innovative rail solutions and implementing efficient methods of operation. This has resulted in the company exceeding virtually all its targets and in particular its financial goals.

With a strong and flexible work force, the company was also able to take on new opportunities that arose at short notice whilst also delivering nationally commended services to the customers."

NDA Owned Subsidiary Reports

International Nuclear Services Limited

International Nuclear Services (INS) Limited manages a large portfolio of UK and international contracts for nuclear fuel recycling and transport services on behalf of the NDA. INS operates its own subsidiary company, Pacific Nuclear Transport Limited (PNTL), the world's leading shipper of nuclear materials.

Over the next three years INS will build on the success of the first two returns of vitrified wastes to their countries of origin and PNTL will bring two new ships into service completing the fleet renewal. In addition INS will continue to provide a service to existing international companies whilst also developing opportunities for new commercial business.



Mark Jervis
Managing Director
International Nuclear Services Ltd

“This has been a very successful year for INS culminating in two returns of vitrified waste and a significant commercial development for the Sellafield Mox Plant (SMP).”

We intend to build on these successes so that we can continue to deliver for our customers and support the NDA mission.

NDA Owned Subsidiary Reports

NDA Properties Limited

NDA Properties Limited is a wholly owned subsidiary of the NDA. The company's primary role is the management of non-operational properties outside the nuclear licensed site boundaries, in accordance with the NDA's Land and Property Management strategy. It is focussed on developing opportunities to increase income from the property portfolio in order to make it more commercial and sustainable whilst disposing any surplus land.

NDA Properties Limited has a portfolio of properties in its ownership and management with a rental income of circa £5.2 million per annum and an asset value of circa £16 million.

In April 2009 the property portfolio was increased by the transfer from BNFL of leasehold accommodation at Daresbury Park, Warrington and 65 Buckingham Gate, London with the latter property becoming the NDA London Office. Currently the company is actively seeking to lease out the Daresbury offices.

Other important properties in the company portfolio include Hinton House, Warrington and DRS Rail Sidings, Carlisle.

The principal aims of the company are to:

- manage the non-nuclear estate commercially in support of the core mission
- develop the portfolio into a set of sustainable assets in order to maximise the contribution of the business
- facilitate private sector investment in Company assets through partnership or divestment.

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 for the taxpayer from the assets.



David Atkinson
Managing Director
NDA Properties Limited

"This year we have continued to develop the company, including the transfer in of additional properties during the year. Our aim is to maximise returns to the NDA from ownership of non-operational properties outside the nuclear site licensed boundaries, and to create a sustainable long-term approach to their management."

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 2009/2010 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 the 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 continuing management action throughout the year with a focus on security of capital against a backdrop of falling interest rates through 2009/2010. The investment strategy has once again involved a significant change in investment instruments which achieved an annualised return of 2.13% in the financial year, against a background of extremely low rates of return being achieved in the market.



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
AETP	Active Effluent Treatment Plant
AGR	Advanced Gas Cooled Reactor
AIR	Accident Incident Rate
ALARP	As Low As Reasonably Practicable
ATL	Active Transfer Line
ATO	Authority to Operate
AVC	Additional 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
BEPO	British Experimental Pile 0
BERR	Department for Business, Enterprise and Regulatory Reform
BETS	British Energy Trading Services Ltd
BNFL	British Nuclear Fuels Limited
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
CEGB	Central Electricity Generating Board
CEO	Chief Executive Officer
CETV	Cash Equivalent Transfer Value
CHP	Chemical Hazard Potential
CIPD	Chartered Institute of Personnel and Development
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
DIDO	Name given to material test reactors at Harwell
DMTR	Dounreay Materials Test Reactor
DFR	Dounreay Fast Reactor
DRAGON	Name given to high temperature gas reactor at Winfrith
DRS	Direct Rail Services Limited
DSC	Dry Store Cell
DSE	Display Screen Equipment
DSO	Departmental Strategic Objectives
DSRL	Dounreay Site Restoration Ltd
EA	Environment Agency
EAST	External Active Storage Tank
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
EPS	Encapsulated Product Store
ESF	Environmental Support Files

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
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
GRS	Gantry Refurbishment System
GWD	Giga Watt Days
HA	Highly Active
HAL	Highly Active Liquor
HALES	Highly Active Liquid Evaporation & Storage
HANO	Highly Active North Outer
HAST	Highly Active Storage Tanks
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

IFRC	International Financial Reporting Council
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
LAD	Low Active Drain
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
LSTP	Local Sludge Treatment Plant
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
MNOFF	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
PAIS	Partner, Assess, Innovate, Sustain
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
PLUTO	Name given to material test reactors at Harwell
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
SAVP	Separation Area Ventilation Project
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
Te	Tonnes
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
TeU	Tonnes Equivalent Uranium
TWh	Tera Watt hours
UK GAAP	United Kingdom Generally Accepted Accounting Practices
UKAEA	United Kingdom Atomic Energy Authority
UKNWM	UK Nuclear Waste Management Limited
UO ₂	Uranium Dioxide
UO ₃	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
WRAT	Waste Requiring Additional Treatment
WSA	Western Storage Area
WSI	Waste Substitution Income
WTP	Waste Treatment Plant
WVP	Waste Vitrification Plant

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