

Annual report and financial statements

Registered Company Number 01002607
Results for the year ended 31 March 2024

Company information

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Directors

(In office at date of this report)

Mr C Train
(Chair)
(appointed 1 July 2024)

Mr E Hutton
(Chief Executive Officer)
(Appointed 19th July 2023)

Mr D G Vineall
(Shareholder Appointed Director)

Mr J P Simcock
(Independent Non-Executive
Director)

Mrs A D Rodwell
Independent Non-Executive
Director
(appointed 1 October 2024)

Sir S Lister
(Independent Non-Executive
Director)

Mr P Vallance
(Shareholder Appointed Director)

Ms J Hodges
(Independent Non-Executive
Director) (Appointed 1 September
2023)

Mr C Jaouen
(Independent Non-Executive
Director)
(appointed 29 April 2024)

Mrs S McMillan (Campbell)
(Independent Non-Executive
Director)
(appointed 1 May 2024)

Secretary

Miss K Smith

Auditors

Forvis Mazars LLP
One St Peter's Square
Manchester
M2 3DE

Bankers

National Westminster Bank plc
3rd Floor
250 Bishopsgate
London
EC2M 4AA

Registered office

Hinton House
Risley
Warrington
Cheshire
WA3 6GR
Company number 01002607

The full listing of directors who held office during the year and to date of this report is included in the Directors Report (page 16).

Strategic report

The directors present their Strategic report for the year ended 31 March 2024.

Principal activities and future developments

These financial statements contain certain forward-looking statements with respect to the financial condition and business of Sellafield Limited (the company). Statements or forecasts relating to events in the future necessarily involve risk and uncertainty and are made by the company in good faith based on the information available at the date of signing this report.

The company undertakes no obligation to update these forward-looking statements. Nothing in these financial statements should be construed as a profit forecast nor should past performances be relied upon as a guide to future performance.

The principal role of the company is to operate the Sellafield nuclear site on behalf of the Nuclear Decommissioning Authority (NDA) under a nuclear site licence issued by the Office for Nuclear Regulation (ONR) in a safe, secure, efficient and cost-effective manner and in accordance with its business plans.

The company's primary site is the Sellafield nuclear site in West Cumbria. The company also has an engineering, design and functional support capability at its Risley office, near Warrington, and several offices in the West Cumbrian community.

The company is delivering against national safety, security and energy needs. In operating, developing, and decommissioning the Sellafield site, it is also delivering the largest environmental restoration project in Europe.

In short, it is solving complex nuclear, engineering, and infrastructure challenges for the UK every single day.

In the past, the company has been responsible for breakthroughs such as the world's first full-scale commercial nuclear power station, and today it is helping to keep lights on across the UK by safely receiving and storing spent nuclear fuel from the UK's fleet of power stations.

Sellafield is also the only site in the country that can safely manage all forms of nuclear waste, with the company finding new ways to ensure it is kept safe until a permanent disposal facility is ready.

The company is also guardian of the UK's largest stockpile of nuclear materials.

All the company's activities are driven by a single purpose: to create a clean and safe environment for future generations.

The company is a wholly owned subsidiary of the NDA. In accordance with the Energy Act 2004, NDA has tasked the company with carrying out activities set out in the NDA Designation of Sellafield.

Review of the business

During the year the company incurred operating costs of £2,673 million (2022/23: £2,522 million). This expenditure is recoverable from the NDA and represents the operational costs of the Sellafield site including expenditure on:

- carrying out the environmental clean-up of the UK's most complex and hazardous nuclear site, Sellafield
- decommissioning nuclear facilities
- receiving and storing used nuclear fuel
- managing the UK's special nuclear materials
- delivering capital projects to support the mission
- asset care and maintenance – some of the facilities at Sellafield are more than 70 years old so significant investment is required to ensure that they remain operational and in a safe state prior to decommissioning
- the safe treatment of low level, intermediate level and high-level waste.

During 2023/24 the company made progress in meeting its targets and milestones set by the NDA, including high hazard reduction, nuclear operations, and safe, secure, sustainable site stewardship.

Progress in 2023/24

The following sections outline the progress we made under each of our strategic themes: safe, secure, sustainable site stewardship, progress at pace, and lifetime value for money.

Safe, secure, sustainable, site stewardship

- Rolled out our safety golden rules, providing clarity of our safety expectations to everyone working on the Sellafield site, regardless of employer.
- Took action to help reduce our carbon footprint, including the introduction of ultra-low emission works vehicles, electric vehicle charge points for work vehicles, and steam flow meters into some of our facilities.
- Surpassed our target for non-radioactive waste recycling, achieving a rate of 95% against a target of 75% and reducing our impact on the environment by diverting waste away from landfill.
- Following Lloyds Register Quality Assurance visits, retained our certification to ISO 9001:2015 (Quality) and ISO 14001:2015 (Environment).

For further detail on safety performance see page 6.

Progress at pace

- Started to retrieve waste from the Pile Fuel Cladding Silo, meaning that we are now actively removing waste from all four of our highest hazard buildings; the legacy ponds and silos.
- Retrieved the first zeolite skip from the First Generation Magnox Storage Pond and transferred it to the Interim Storage Facility.
- Sent the first box of historic nuclear waste to the Box Encapsulation Plant Product Store Direct Import Facility (BEPPS-DIF), paving the way for accelerated decommissioning of the site's oldest buildings.
- Made progress in the post operational clean out of the Magnox Reprocessing Plant following the completion of our reprocessing work and completed work in associated plants. This included completing operations in the Magnox Thermal Denitration and Medium Active Evaporation Plant.
- Continued to receive and store used nuclear fuel from the Advanced Gas-cooled Reactor fleet, enabling them to continue to generate electricity.
- Continued to make progress on the construction of major projects across the Sellafield site that will enable us to empty legacy nuclear facilities, to safely operate the nuclear site, and strengthen our special nuclear material storage capability.
- Continued to invest in robotics, including remotely operated vehicles and unmanned aerial vehicles, to help us clean up legacy facilities while also limiting radiological exposure for our employees.

For further details on the progress made at Sellafield in 2023/24, please see our Review of the Year publication.

Lifetime value for money

- £9.2 million (2022/23: £7.5million) investment through the company's Social Impact, Multiplied (SiX) programme, and the delivery of the Sellafield Ltd Social Impact strategy. Key investments include:
 - BEEP Doctors – helped the Doctors to equip their vehicles with kit such as mechanical ventilators, chest compression devices, and patient monitoring systems; meaning they can respond to a wider variety of emergencies and potentially save more lives across Cumbria.
 - Digital and gaming hub – committed an investment that will help to transform a derelict Whitehaven building into a digital and gaming hub.
- Supply Chain Social Impact alignment – in addition to direct funding, the company continued to work with supply chain partners to align the social impact contribution they make as a result of their work at Sellafield. An in-year example includes the refurbishment of the Frizington Youth and Community Centre by the Decommissioning Delivery Partnership. The partnership brings together the company and six supply chain companies (ADAPT, Cumbria Nuclear Solutions, i3 Decommissioning Partners, IDS, Nexus and The Decommissioning Alliance).
- Recruited 325 new apprentices and graduates across disciplines such as operations, project management, design engineering

and fire fighters.

- Continued to grow employee networks and invested in training aligned to a range of initiatives including promotion of mental health first aiders.

For further details on the progress made at Sellafield in 2023/24, please see the Review of the Year publication.

Safety performance

Nuclear safety

There have been two Nuclear Safety SIR raised during the financial year 2023/24. Although the trend over the last eight years has been low, an increase is disappointing and is taken very seriously by the company.

The number of events raised by employees indicates a healthy reporting culture across the business.

To help continually improve our performance we have created enhanced nuclear safety / nuclear professionalism education and e-learning programme for apprentices and new starters.

Radiological safety

One of the indicators we use to measure radiological safety performance is personal (skin) contamination cases. There were 5 recordable events in 2023/24 which was below the site target of having fewer than 10 events. None of these events led to an internal dose expose.

Environmental safety

Performance against our key environmental metrics in 2023/24 remained positive in terms of the low impact of our discharges, environmental event rate metrics, and environmental permit compliance.

However, we have continued to respond to the leak to ground in the Magnox Swarf Storage Silo. In the last financial year, we added sixteen more boreholes close to the silo to further enhance our monitoring capability. There has been no radiological impact off the site from the leak. Our priority is to empty the waste held inside the silo so that the liquor can be removed and the building demolished.

Highlights from our environmental safety performance in 2023/24:

- Carbon emissions from the Sellafield site have continued to fall and are approximately 44% below our carbon management plan.
- Our first water management plan was approved to ensure sustainable water use on the site.
- We recycled 95% of our non-radioactive waste, reducing our impact on the environment by diverting waste away from landfill.

Conventional safety

At the heart of our conventional safety work is a desire that everyone who comes to work at Sellafield Ltd – whether on the Sellafield site or in our offices – goes home safely at the end of every day or shift. The accidents we have seen across the business this year have included slips, trips and falls, as well as working at height, and manual handling.

Our safety improvements in 2023/24 included:

- 'Be bright and be seen' campaign where we made high-vis clothing available to employees and their families.

- Continuation of 'safety pauses' where everyone in the business steps away from their day-to-day work in order to have team conversations about safety.
- Introduction of four 'Golden safety rules' across the business.
- Creation of a video to promote the benefits of creating psychologically safe spaces.

For further detail on safety performance please see the Safety Performance section on page 6.

Resources

Employees

In 2023/24 the company employed an average of 11,038 employees (2022/23: 10,892).

Accountability for capability development and deployment sits within a network of Enterprise Leads and Heads of Profession in partnership with their executive member. In cases where, temporarily, Enterprise demand for professional staff exceeds immediate supply, the People function will determine the appropriate allocation.

Values and expectations

The company has a range of frameworks to set out and reinforce desired behaviours:

- Our manifesto sets out how we expect people to treat one another.
- Our nuclear professionalism standards and expectations are aligned to the World Association of Nuclear Operators (WANO) standards and sets out the behaviours expected from employees and supply chain partners regarding nuclear safety.
- Our Code of Responsible Business Conduct sets out the minimum standards expected from our employees.

Diversity and Inclusion

The company is committed to creating an environment where everyone feels respected, included and performs at their best.

During 2023/24 the company made significant progress on a broad range of activities, events, campaigns, and training to help develop a culture of respect and inclusion. A key aspect of this is the empowerment of the workforce to be able to bring their whole selves to work and feel respected and included.

The company's successful employee-led support networks and groups were a key part of this. Employee-led support networks come from the workforce, bringing their areas of concern to the attention of the business and driving the changes that are needed. They also provide a high level of peer support to their members, which has wide-reaching positive impacts. One of the key aspects of those networks and groups is how they are structured; employee led, People Function supported, and senior leader sponsored.

Spatial Planning

The nature of the company's mission requires the construction of new waste treatment and storage buildings and supporting infrastructure to support the reduction of hazard and risk in legacy facilities in addition to enabling the effective decommissioning of redundant facilities. However, the nuclear licensed site at Sellafield is heavily congested such that constraints on space and availability of land is increasingly challenging.

Recognising that land is an enterprise asset that is crucial to continued and sustained mission delivery, the SL spatial planning capability has developed an in-depth understanding of the land development constraints to ensure that land-use on the licensed site is strategically optimised to keep the complexity associated with construction of new facilities to a minimum.

Our land use assumptions, which determine how we allocate land, ensure value is maximised by ensuring the optimal use of all land on and off the nuclear licenced site. The land use assumptions are strategically embedded giving consideration to operational efficiency and management of safety and environmental aspects as well as long term liabilities.

Supply chain

The company's supply chain plays an intrinsic role in the delivery of its mission, accounting for almost two thirds of its annual spend; supporting the company with the necessary capacity and capability to allow it to deliver the operating plan. As the company's reliance on its external supply chain continues to grow, it is important to act as a 'client of choice' and put in place commercial strategies that will attract a broad and deep supply chain, drive competition and secure capability and capacity.

With a network of over 1,050 companies engaged on Sellafield business, it is important that effective relationships are maintained with current and future supply chain partners to provide sustainable value for money and improve efficiency and resilience. Throughout 2023/24, the company worked with the external supply chain with the aim to deliver cost savings and efficiencies. In addition to this, managing supply chain risk remains of high importance given the characteristics of the external environment.

The company has long term alliance frameworks that are delivering great benefit in decommissioning, design and infrastructure, building upon learning from other key supply chain partnerships and industry best practice.

The implementation of a three-pillar approach (social, economic, and environmental) as part of driving sustainability and social value in its supply chain has led to these areas being assessed in the submission of tenders and contractual commitments. In the financial year 2023/24 the outturn was 35% of direct and indirect spend with SMEs. This continues to benchmark positively against the HM Government aspiration target of 31%-33%.

Non-Financial and Sustainability Information Statement

Our non-financial and sustainability statement is set out below on environmental matters in Compliance with Companies Act 2006 Section 414CB.

Sustainability

At Sellafield Ltd, we recognise that our commitment to sustainability is fundamental to our operations and long-term mission. In the past year, we have made significant strides in reducing our environmental footprint, promoting responsible sourcing management, and enhancing our social responsibility initiatives. Our dedicated sustainability team has implemented innovative practices that bring us closer to more tangible, sustainability outcomes.

We are proud to have invested in and partnered with local communities to support projects that prioritize ecological balance and social equity. Our goal is not only to meet regulatory requirements but to exceed them, fostering a culture of sustainability within our workforce and extending our positive impact beyond our immediate operations.

Aligned to the NDA's sustainability definition of creating value through nuclear decommissioning – at pace, affordably, with participation and creativity, the company contributes by:

- creating a positive environmental impact through waste recycling, carbon management and work to reduce greenhouse emissions.
- integrating social impact priorities in the tender process, exceeding in most cases the Public Procurement Notice (PPN 06/20) requirements

This is continuing to be developed with processes being put in place to embed and capture the commitments made through collaborative working with the supply chain.

Progress in delivering this task, along with details of its environmental performance and social impact work in 2023/24 is published on the company's website in its Review of the Year publication.

Further details on 2023/24 carbon emissions can be found on page 26.

Climate-related Financial Disclosures

In compiling this section of the annual report, the company has considered the mandatory climate-related financial disclosure requirements under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (the 'Regulations') and HM Treasury's Task Force on Climate-related Disclosure (TCFD).

The company considers climate change to be a principal risk, and has therefore complied with the TCFD recommendations and recommendations disclosures around:

Governance

The company has implemented a formal governance structure for climate resilience. Board oversight is provided by the Audit and Risk Assurance Committee.

Strategic decisions related to climate resilience are managed through the Enterprise Development Committee. An executive-sponsored steering group has been established which includes independent experts to provide support and challenge. The company is actively seeking opportunities to share learning across the NDA group and with other organisations.

Strategy

The company has created a family of climate-related risks and opportunities, owned by the appropriate people throughout the company, with a principal risk to aggregate the totality. Risks have a varying impact across different time-ranges. The company is undertaking specific modelling to assess the timescales against each of the major climate impacts.

The company is in the process of refining and further underpinning its climate related risks and opportunities as part of the risk process, which includes consideration of operational, strategic and financial impacts.

The company is undertaking work on specific climate-related scenario assessments, to consider physical threats to the site. There is already focus on more extreme scenarios, in alignment with guidance from regulators.

The company's approach for risk mitigation is an 'adaptation strategy', whereby it seeks to understand the severity and timing of climate changes.

Risk Management

Climate-related risks and opportunities are identified and owned throughout the enterprise. In accordance with the company's standard enterprise risk management processes, reviews are undertaken quarterly with climate-related risk owners to identify and develop integrated response plans and to address causes and consequences to the business. Regular updates on principal climate risk are provided to the Executive and Board. Climate-related risks are recorded and managed within the company's enterprise risk management database. Risk assessment scoring and progress tracking on the risk mitigation actions inform climate resilience progress and performance reporting across the enterprise.

Metrics and Targets

The company is investigating data available from the Meteorological Office to track the trajectory and forecast(s) for climate impacts at specific locations. External specialists are also utilised to assess the potential severity and timing of impacts over the lifetime of the site.

To view the company's methodologies used for calculating streamlined energy and carbon reporting, see the Appendix on page 60 and its emissions usage data at page 26.

Financial review

Key financial performance indicators

	2024	2023	Change %
	£m	£m	
Operating Costs	(2,673)	(2,522)	6%
Profit after Interest & Tax	-	-	0%
	Number	Number	
Average Number of Employees	11,038	10,892	1%

During the year the company incurred operating costs of £2,673 million (2022/23: £2,522 million). The company must control its expenditure within funding levels agreed with NDA and operate the Sellafield site safely and securely whilst meeting targets and milestones agreed with its owner, the NDA. Management and employee incentivisation schemes are also linked to the achievement of those targets.

In 2023/24 the company spent 98% of the funds available from the NDA (2022/23: 107%). Operating profit before taxation, depreciation, interest and research and development tax credits was £4 million (2022/23: £5 million).

The result for the year, after interest and taxation, amounted to £nil (2022/23: £nil).

The company's operating costs of £2,673 million (2022/23: £2,522 million) included spend of £883 million on value stream activities (including retrieval of nuclear waste and decommissioning nuclear facilities; receiving and storing used nuclear fuel; managing special nuclear materials) and spend of £712 million on delivering major capital projects to NDA. The operating costs of £2,673 million included donations in relation to socio-economic expenditure of £9.2 million (2022/23: £7.5 million), as agreed with the NDA.

For more information on financial performance, please see the annual accounts from page 33.

Resources

During the year, the company employed an average of 11,038 employees (2022/23: 10,892), including executive directors. This incurred a total cost of £910 million (2022/23: £852 million) after taxes and pension costs.

The company's work on the Sellafield site also supports a significant number of supply chain and agency workers. During the year, there was an average 445 agency staff (2022/2023: 560).

For more information on the company's work with the supply chain, see page 8.

At 31 March 2024 both sections of the Combined Nuclear Pension Plan (CNPP), which are defined benefit pension schemes, had an actuarial surplus. The surplus is not shown in the company's statement of financial position but reported as a nil deficit (2022/23: nil deficit) as the company does not have an unconditional right to the surplus and does not recognise an asset.

The surplus has been calculated by the scheme actuary in accordance with International Accounting Standard 19 (R) (IAS 19 (R)). Further disclosures are available in note 16.

The NDA is the principal employer of the CNPP and is ultimately responsible for funding any pension fund deficits for the defined benefit sections of the CNPP. The level of Sellafield Ltd's employer contributions is determined by the CNPP Trustees based on the latest triennial actuarial valuations. The company's employer contributions are included in operating costs and are reimbursed by the NDA.

Research and development

The company is tackling unique challenges at Sellafield. In 2023/24 it invested £78 million on research and development (R&D) (2022/23: £75 million). Most of the R&D was directed at directly supporting the clean-up of legacy facilities, reprocessing and fuel fabrication plants, at waste management facilities and the infrastructure of the site.

Section 172 Statement

The Directors are required to explain how they consider the interests of key stakeholders and the broader matters set out in section 172(1) (a) to (f) of the Companies Act 2006 when performing their duty to promote the success of the company under section 172.

Accordingly this section 172 statement explains how the Directors have had regard to employee interests and the company's need to foster its business relationship with its suppliers and stakeholders. It focuses on matters of strategic importance to the company and the level of information disclosed is consistent with the size and complexity of the business.

When making decisions, each Director ensures that he/she acts in a way he/she considered in good faith would most likely promote the company's success, and in doing so have regard to:

- a) **the likely consequences of any decisions in the long term:** the Directors understand the business and the environment in which the company operates. Consideration is given to using the funding received to achieve the NDA Strategy in the most efficient and effective manner. The nature of the business requires consideration of the long-term impacts that decisions would have on the clean-up and decommissioning of the nuclear legacy at the Sellafield site. See page 5 for a summary of decisions and progress made in the year.
- b) **the interests of the company's employees:** the Directors recognise that employees are fundamental and key to mission delivery and creating and maintaining a safe working environment is essential. As detailed on page 25, an employee engagement survey was conducted during the year to consider the interests of its employees.
- c) **the need to foster the company's business relationships with suppliers, customers and others:** delivering the company's mission requires effective working relationships with our supply chain, our parent & owner, regulators and the government. For more information please see page 8.
- d) **the impact of the company's operations on the community and the environment:** the impact of the company's operations on the community and the environment: the company has long-standing and extensive engagement with the communities around the Sellafield site and Warrington area, including the West Cumbria Sites Stakeholder Group (WCSSG) members of which are drawn from local government and community groups, regulators and unions. There are six meetings per year which are open to the public and held in freely accessible locations. We take our environmental responsibilities very seriously. Please see page 6 for further details of our environmental performance.
- e) **the desirability of the company maintaining a reputation for high standards of business conduct:** the Directors routinely review and approve policies and standards which ensure the maintenance of high standards within the company.

The company is licensed under the Nuclear Installations Act 1965 and is the holder of the Nuclear Site Licence for the Sellafield site. The company is the legal entity responsible for this site, which is owned by the NDA. As the site licence holder, we, the company through its Board, is directly accountable to the relevant Regulators for compliance with the conditions of the nuclear site licence, environmental permits for radioactive waste management and with all other applicable law and regulatory requirements, including compliance with the Companies Act 2006.

The company is responsible for ensuring that the activities on our sites are carried out in the long-term interests of the company, its employees, the local community, and business partners, and for doing so safely, securely, sustainably and with due regard to the environment.

The company's Board of Directors consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of our shareholder (having regard to the matters set out in s172(1) a-f of the Act) in the decisions taken in the year ended 31 March 2024.

Our obligations

In addition to fulfilling the standard requirements of a limited company in the United Kingdom, the company is required to fulfil a range of obligations to several government bodies. These exist because of our status as an 'arm's length' body of the UK government, requirements of the nuclear sector (domestic and international), the legacy of past missions on the Sellafield site, and the scale and scope of our current missions.

The company's key obligations can be categorised as 'direct', where we have a formal relationship with another government body (and are held to account on specific criteria), and broader relationships, such as those where obligations are held by the NDA (as the sole shareholder), which require significant input and support from us to discharge them.

'Direct' obligations

NDA: The company is a wholly owned subsidiary of the NDA and exists, at its discretion, to realise NDA's strategic objectives for the Sellafield site including to support NDA's obligations with third parties such as with the Ministry of Defence (MOD). It is held to account by the NDA for safe, secure sustainable site stewardship, progress at pace and lifetime value for money. Consequently, we work closely with the NDA on matters pertaining to strategy and planning, major investments, commercial contracts, and performance management. The company is also obliged to fulfil NDA requests for independent reporting for assurance purposes.

Employees: The company employs more than 11,000 employees. Its primary obligation to those employees is to help them understand the Sellafield mission, our Enterprise Strategy, and their role in delivering that mission safely. The company's measures for performance in this area includes regular employee surveys.

Environment Agency (EA): The company's primary obligation to the EA is to meet environmental regulation, which is primarily focused on site discharges and radioactive waste disposals.

Office for Nuclear Regulation (ONR): The company's obligations to ONR are focused on ensuring it can operate as a nuclear site licence company. They have a broad remit to regulate what is required of us to preserve safety and security and ensuring that we are compliant with the new UK safeguards regulations. They also check that Sellafield's material is present in the quantities, form, and locations the company has declared and that it is not being diverted to other uses.

Department for Energy Security and Net Zero (DESNZ): Although the company's relationship with DESNZ is formally through the NDA, with regards to communications and public affairs events (that are likely to elicit media interest), we are required to provide input and information directly to them (informing the NDA in parallel).

International Atomic Energy Association (IAEA): Certain areas of the Sellafield site are also subject to inspections from IAEA and we cooperate with these as required.

Planning Authorities: The company's obligation to our local planning authorities is to bring planning applications forward in line with the requirements of planning regulations.

Local Authorities: The company has a close working relationship with the local authorities close to our site, in particular under the Radiation Emergency Preparedness and Public Information Regulations. These relationships are a key component in ensuring the company's social licence to operate. They also facilitate stakeholder input into our work and our understanding of community needs that help shape our social impact programme.

Health and Safety regulators: In addition to their nuclear regulatory duties ONR acts as the Health and Safety regulator in relation to the company's activities on the nuclear licensed site. The Health & Safety at Work Act 1974 and associated regulations such as the Management of Health and Safety at Work Regulations 1999 require that we establish, implement and control an operating model, which is proportionate upon the risk and complexity of the company's activities. This operating model includes our purpose and mandates, the overarching frameworks it use to pursue them, and the key activities it undertakes day to day.

In accordance with the Control of Major Accident Hazards Regulations 2015 (COMAH) the Health & Safety Executive are the

competent authority in relation to the Sellafield site's status as an upper tier site, which was reclassified from lower tier in 2017.

Finally, the company holds a number of standard certifications (e.g., ISO 9001) and works with various assurance and certification organisations to maintain these.

Broader relationships

The company also has key relationships with a broader range of government bodies, primarily associated with governance of business management, and other stakeholders.

His Majesty's Treasury (HMT): The company is funded by the state, and consequently liaise with HMT with respect to forecast spending requirements (including the liabilities related to the Sellafield site). While this activity is led by the NDA, the company is closely involved.

UK Government Investments (UKGI): As the NDA is responsible for discharging significant amounts of public funds to private sector organisations, it receives broad advisory support, challenge, and validation from UKGI. UKGI provides advice and challenge with respect to formal governance arrangements. The company provides support in any way required by UKGI to fulfil its governance mandate for arm's-length government bodies.

Independent Projects Authority (IPA): The NDA also has responsibility for the delivery of major projects at Sellafield, which are subject to oversight by the IPA. The NDA is therefore required to engage in project assurance processes with the IPA and can call upon the company's resources and expertise to support review processes and action recommendations.

World Association of Nuclear Operators (WANO): The company is a member of WANO, an industry body dedicated to improving the safety and reliability of nuclear operations. The company participates in peer reviews and other programmes to enhance nuclear safety both at Sellafield and in other nuclear facilities worldwide.

Local Community: We have a broad range of obligations to the local community, partly stemming from our role as one of the region's largest employers. Through a series of public meetings, we routinely report on work under way at Sellafield and invite questions and dialogue from stakeholders and members of the public.

Supply Chain: The company spends more than £1.7 billion per year with our suppliers.

Governance

The Sellafield Ltd Board has comparable governance arrangements in place which are aligned with the 2018 UK Corporate Governance Code and fulfils the obligations set by our stakeholders.

The Board has a clear set of arrangements for determining the matters within its remit and has approved Terms of Reference for the matters delegated to its committees.

The Sellafield Ltd management system defines the framework for governance across the business.

Further detail on the key mechanisms of Sellafield Ltd's governance can be found on page 18.

Principal risks and uncertainties

As previously stated, the company operates the Sellafield nuclear site under the site licence which includes managing some of the most significant nuclear risks in Europe. As discussed above, the company seeks to apply the underlying principles of the Financial Reporting Council's 2018 UK Corporate Governance Code. The company has comprehensive risk management and risk reporting processes to manage all nuclear, business, safety, security, operational and financial risks related to the Sellafield site.

The risk management processes and controls are routinely reviewed by the Board, Audit Risk and Assurance Committee and Working Committees to maintain effective management of risk.

The Sellafield Principal risk profile covers a series of key themes across the business. These themes are all interlinked and have key interactions with each other to enable full mitigation of our Principal threats and optimisation of Principal Opportunities.

The Key themes are:

Asset Care - maintaining the aging facilities and systems,

Key mitigation activities to these risks include, development of a full asset care and maintenance improvement plan across the business, ensuring the appropriate resources are available when and where required with the appropriate tooling. Ongoing upgrades to our IT infrastructure.

Performance and ensuring everything is in place, including land and waste routes to meet the strategy,

Key mitigation activities to these risks include ensuring we have suitable SQEP resource and the appropriate permissions in place to undertake the works, availability of sufficient land for new requirements and detailed planning processes in place. A number of the key opportunities with the risk profile would also contribute to mitigating these risks from use of Robotics to utilising existing facilities further for waste processing.

Safety from both a Conventional and Nuclear aspect,

Key mitigation activities for this include development of safety improvement plans and working with the regulators to ensure we meet Site Licence conditions, utilising learning from other industries to improve our working.

Security from both a cyber impact or Physical impact,

Mitigated through strengthening of our data centres and ongoing physical security enhancements to the site.

Supply Chain covering contract management and capability / capacity,

Mitigated through ensuring we have appropriate contracts in place at the right time, with suppliers who have the ability to support requirements. There is also Opportunity to enhance supplier experience with SL ensuring a consistent pool of suppliers to work with.

Resource both availability and deployment,

Mitigated through resource campaigns for defined job groups, streamlining our deployment process so creating a more agile workforce.

Climate Change

Plans are currently being developed to increase organisational resilience to reduce the potential negative impact of climate related events and Opportunities have been identified to reduce our carbon footprint and increase energy efficiency which will also contribute to this.

Under the Energy Act 2004, the NDA has a statutory obligation to provide adequate funding to enable the company to manage risks and keep the Sellafield site safe and secure.

The company's liquidity risk is managed through the working capital arrangements with NDA. All expenditure incurred by the company, as subsidiary of the NDA, is reimbursed by the NDA. The company's payments to suppliers, employees and third parties are funded through a cash drawdown agreement with the NDA, and the NDA also provides the company with a working capital facility of £2.5 million so that the company's other liabilities can be met as they fall due.

Supplier risk is managed through effective relationships and a range of contractual arrangements with the supply chain. The company does not have significant credit risk (2022/23: same).

As noted above, the nuclear industry is regulated by bodies such as the Environment Agency and the Office for Nuclear Regulation, and the company has detailed processes, procedures and controls to ensure that it complies with all aspects of this regulatory environment. Any fines arising as a result of the company's non-compliance are reimbursable from the NDA.

Modern slavery and human trafficking statement

The company is committed to integrity in all aspects of its business and operations and provides its services in compliance with legal requirements to high standards of corporate responsibility.

The Board recognises modern slavery, servitude, human trafficking and forced labour as both a crime and a violation of fundamental human rights.

During 2023/24 the company has continued to follow its Modern Slavery and Human Trafficking policy which is available to view on the company's website. The company also published its Modern Slavery and Human Trafficking Annual Statement 2023/24 which is also available on its website.

By order of the Board



Mr Euan Hutton

Chief Executive Officer

Date: 22nd October 2024

Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 March 2024.

Directors

The directors who held office during the year and to the date of this report were as follows:

Mr C Train

(Independent Non-Executive Chair)

(appointed 1 July 2024)

Mr L Haynes

(Independent Non-Executive Chair)

(appointed 2 May 2024, resigned 30 June 2024)

Mr A J M Meggs

(Independent Non-Executive Chair)

(Resigned 1 May 2024)

Mr M J Chown

(Chief Executive Officer)

(Resigned 18th July 2023)

Mr E Hutton

(Chief Executive Officer)

(Appointed 19th July 2023)

Mr W Underwood

(Chief Financial Officer)

(Resigned 1st February 2024)

Mr J Baxter

(Independent Non-Executive Director and Senior Independent Director)

(Resigned 30 September 2024)

Mr D G Vineall

(Shareholder Appointed Director)

Mr J P Simcock

(Independent Non-Executive Director)

Mrs R McLean

(Independent Non-Executive Director)

(Resigned 30th September 2024)

Sir S Lister

(Independent Non-Executive Director)

Mr P Vallance

(Shareholder Appointed Director)

Ms J Hodges
(Independent Non-Executive Director) (Appointed 1 September 2023)

Mr C Jaouen
(Independent Non-Executive Director) (appointed 29 April 2024)

Mrs S McMillan (Campbell)
(Independent Non-Executive Director) (appointed 1 May 2024)

Mrs A D Rodwell
(Independent Non-Executive Director) (appointed 1 October 2024)

Secretary

Miss K Smith

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of Sellafield Limited (2022/23: same). According to the register of directors' interests, no rights to subscribe for shares in or debentures of Sellafield Ltd were granted to any of the directors or their immediate families, or exercised by them, during the financial year (2022/23: same).

Directors' and officers' liability insurance

Directors' and officers' liability insurance is provided, covering inter alia the defence costs of civil legal proceedings and the damages resulting from the unsuccessful defence of such proceedings except, in each case, to the extent that a Director or Officer acted fraudulently or dishonestly (2022/23: same).

Directors' indemnities

As at the date of this report, we entered Deeds of Indemnity with certain of the directors (2022/23: same). These indemnities are qualifying third party indemnity provisions for the purposes of the Companies Act 2006 (UK).

Going concern

Under the Energy Act 2004, the NDA has a statutory obligation to provide adequate funding to enable the company to manage risks and keep the Sellafield site safe and secure.

The company does not have major working capital requirements. Working capital requirements are met by the NDA with all expenditure incurred by the company as subsidiary of the NDA. Payments to suppliers, employees and third parties are funded through a cash drawdown agreement with the NDA, and the NDA also provides a working capital facility of £2.5 million so that other liabilities can be met as they fall due.

Agreed funding levels are set annually by NDA. As in previous years, the company will work collaboratively with NDA to manage use of funding across the NDA's estate. All costs incurred by Sellafield will be reimbursed by NDA.

Having reviewed the cash flow forecasts against agreed funding levels, and working capital availability from the NDA, the directors have concluded that the use of the going concern basis of accounting is appropriate and that there are no material uncertainties related to events or conditions that may cast doubt about the ability of the company to continue as a going concern.

Research and development (R&D) expenditure

Activities and expenditure in respect of R&D are discussed in the Strategic report.

Political and charitable donations

The company made no political contributions during the year (2022/23: £nil). Charitable donations are discussed in the Strategic report on page 4.

Financial instruments

All treasury activities are carried out under policies approved by the Board.

If required, the company uses forward foreign currency contracts and currency options to reduce foreign exchange rate exposure on certain assets, liabilities and firm commitments. During the year the company did not engage in such activities (2022/23: same). The company does not engage in speculative treasury arrangements, and all its activities are designed to support underlying business activities.

Policy and practice on payment of creditors

The company has continued its commitment to the Prompt Payers Code of Practice drawn up by the Confederation of British Industry (CBI), with rigorous monitoring of payment performance. Copies of the Code are available from CBI, Centre Point, 103 New Oxford Street, London, WC1A 1DU. Over the year 99% (2022/23 : 99%) of invoices submitted against the standard payment terms were paid on time.

Customer and supplier engagement and interests

The section 172 Statement on page 11 sets out how the company works with the NDA, supply chain, and other stakeholders.

Events since the balance sheet date

Overpayment of employee bonus

As reported last year, the bonus payment to eligible employees for the 2022/23 financial year was increased by approximately £200 per employee. This was against a target outcome that didn't have all levels of approval in place and was therefore referred to as an overpayment.

Being mindful of its duty to responsibly manage public funds, the Company has been seeking to resolve the situation with the support of its Union colleagues and has been discussing the issue with the Government, and the NDA.

The decision was made to submit a formal request to Government to allow the Company not to recover the overpayment, which has now been confirmed. There will therefore not be any recovery of the overpayment.

The Company has put in place the necessary arrangements to make sure that this situation cannot happen again. This includes the target payment date of the bonus scheme moving to June to allow additional time for review of the Company performance and to ensure all approvals are in place.

Cyber prosecution

In June 2024 Sellafield Ltd pleaded guilty to charges brought by the Office of Nuclear Regulation (ONR) relating to past nuclear industry security regulations compliance. There is no suggestion that public safety was compromised.

A sentencing hearing took place 7in August 2024, the outcome of which resulted in the Company being fined £332,500 and ordered to pay £53,253.20 in costs. No provision was made in the 2023/24 Financial Statements.

Corporate Governance

The Board of Directors has a clear framework for determining matters within its remit and has approved Terms of Reference for the matters delegated to its Committees. The company's management system defines the framework for governance within the business.

The Board (corporate) governance arrangements align with the 2018 UK Corporate Governance Code and fulfils the obligations set by our stakeholders.

The structure enables direction and control of the company in a legally compliant, effective, and efficient manner. The key mechanisms which comprise our corporate governance are discussed below.

Role of the Sellafield Ltd Board

The Sellafield Ltd Board sets the strategic framework and direction for the company's operations, in alignment with the NDA's strategy for the Sellafield site. Amongst other obligations, it is responsible for agreeing plans by which the company's performance is measured, 18 Sellafield Ltd Annual Report and Financial Statements 2023/24

holding the executive team to account, setting corporate policies, and overarching risk management and controls.

The Board provides leadership to the company within a framework of prudent and effective controls which enable risk to be assessed and managed. It is accountable to the Shareholder and Regulators for compliance with the conditions of the nuclear site licence, environmental permits and other applicable Law and Regulatory Requirements. Its authority is derived from the Articles of Association and the Scheme of Delegations and is subject to the conditions within the Remuneration Framework.

The role of a director is separate and distinct from the role of an executive or senior manager, even if (as is the case of certain directors who are also members of the executive committee) the roles are held by the same person.

Each executive director's role is to put aside the interests they may have in an executive capacity and act in a way which meets the duties of a director.

Non-executive directors are recognised as playing a key part in good governance in terms of independent oversight of Board decision making.

Non-executive directors' roles are developed to ensure that they provide the appropriate level of oversight and challenge to the decisions of the Board and they are provided with suitable and sufficient information and briefings to enable them to fulfil this role in full.

It is for these reasons that the company requires its directors to undertake formal training with regards to the role of a director, either through the Institute of Directors or other equivalent body.

Directors' interests

Members of the Board must declare any personal, private or commercial interests which may conflict with their management responsibilities. A register of such interests is maintained by the company.

Martin Chown declared an interest arising from appointment as non-executive director of NG Bailey Group with effect from 1 June 2023.

No other members have declared interests which present a significant interest or conflict with their role as a member of the Board.

The company's system of internal control

The Directors are responsible for the company's system of internal control and reviewing its effectiveness. The Board has reviewed the effectiveness of the company's systems of risk management and internal controls during the year. The system of control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

Personal Data related incidents

The company is required to include information on personal data related incidents which have been formally reported to the Information Commissioner's Office (ICO).

There have been no personal data related incidents formally reported to the ICO in the period 1 April 2023 to 31 March 2024.

Board membership as at 31 March 2024:

1 x non-executive Chair

1 x executive directors (CEO)

5 x independent non-executive directors

2 x shareholder appointed non-executive directors

Board committee membership

As at 31 March 2024, the Board of Directors comprised six independent non-executive directors, including the independent non-executive Chair, two NDA appointed non-executive directors and two executive directors, including the Chief Executive Officer.

The table below sets out the Board members during the period 1 April 2023 to 31 March 2024 and their membership of Board committees:

Name	A&RAC	P&RC	EHS&S	P&PC	NomCo	SIC
Mr A J M Meggs		*		*	Ch	*
Mr J Baxter		Ch	Ch		*	
Mr J P Simcock	*			Ch		Ch
Mrs R McLean	Ch					
Sir S Lister			*			
Mr D G Vineall	*	*			*	
Mr P Vallance			*	*		*
Ms J Hodges	*	*	*			

Ch = Chair

The following table provides details of each Director's attendance at Board and committee meetings for the period they were a member during the period 1 April 2023 to 31 March 2024:

Total Number of Meetings	Board (12)	A&RAC (5)	EHS&S (3)	P&PC (3)	P&RC (9)	NomCo (6)	SIC (4)
Mr A J M Meggs	12	5	3	2	7	6	4
Mr J Baxter	9		1		9	1	1
Mr J P Simcock	9	5			3	5	4
Mrs R McLean	6	4				1	
Sir S Lister	9		3			1	
Mr M J Chown	5				4		
(Resigned 18 th July 2023)							
Mr E Hutton	11				4	1	1
(Appointed 19 th July 2023)							
Mr W Underwood	6	2			1		
(Resigned 1 st February 2024)							
Mr D G Vineall	11	2			8	6	
Mr P Vallance	10		3	3		1	4
Ms J Hodges	5	3	2		5		
(Appointed 1 st September 2023)							

Note: Where attendance is below the number of meetings it is due to attendance/resignations during the year.

UK Corporate Governance Code

The controls and requirements of the 2021 BEIS Framework Document, issued to NDA, apply to Sellafield Ltd as a subsidiary of NDA unless specifically agreed with the Department for Energy Security and Net Zero (DESNZ) Cabinet Office and Treasury. These requirements include benchmarking performance against the UK Corporate Governance Code (the Code) which is part of the Board's annual performance review. This report therefore complies with the Government Financial Reporting Manual (FRM) which incorporates the Code.

It is the company's stated position that it seeks to apply the underlying principles of the Code to the maximum extent to which it is applicable, without formally adopting the Code. The first two exceptions, detailed below, are features of the operating model for the NDA and Sellafield Limited, whereby the NDA is the sole shareholder and as such determines the appointment of the Chair.

Departures from the Code

The company follows the principles of the Code with the following exceptions:

- The company is wholly owned by NDA, so principles and provisions related to multiple shareholders are not applicable.
- The company does not follow all the principles in respect of board appointments. Under the Articles of Association, Sellafield

Limited's Non-Executive Chairman is selected by the NDA, NDA also selects Shareholder Appointed Directors, and NDA must approve all appointments to (or removals from) the Sellafeld Board. Also due to the long-term nature of the company's business, non-executive directors are generally appointed for 3-4 years rather than re-elected annually; and

The company has an Audit and Risk Assurance Committee (A&RAC) that follows the principles of the Code.

The company has comprehensive risk management and risk reporting processes to manage all nuclear, business, safety, security, operational and financial risks related to the Sellafeld site. The Code adopts a principles-based approach to provide guidance on good corporate governance. It places greater emphasis on relationships between companies, shareholders and stakeholders. It also promotes the importance of establishing a corporate culture that is aligned with the company purpose, business strategy, promotes integrity and values diversity.

Accountability for the day-to-day management of the business is held by the Chief Executive Officer (CEO), supported by the Executive Team.

The Directors have considered the disclosures included within the Annual report and financial statements and are satisfied that the Annual report and financial statements are fair, balanced and understandable, and provide the information necessary for the shareholder to assess the company's position, performance, business model and strategy.

The company follows the five principles of board leadership and company purpose, which are:

- A. A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society;
- B. The Board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All Directors must act with integrity, lead by example and promote the desired culture;
- C. The Board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The Board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed;
- D. In order for the company to meet its responsibilities to shareholders and stakeholders, the Board should ensure effective engagement with, and encourage participation from, these parties; and
- E. The Board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.

Accountability for the day-to-day management of the business is held by the Chief Executive Officer (CEO), supported by the Executive Team.

Visit Page 13 to read more about principal risks and uncertainties.

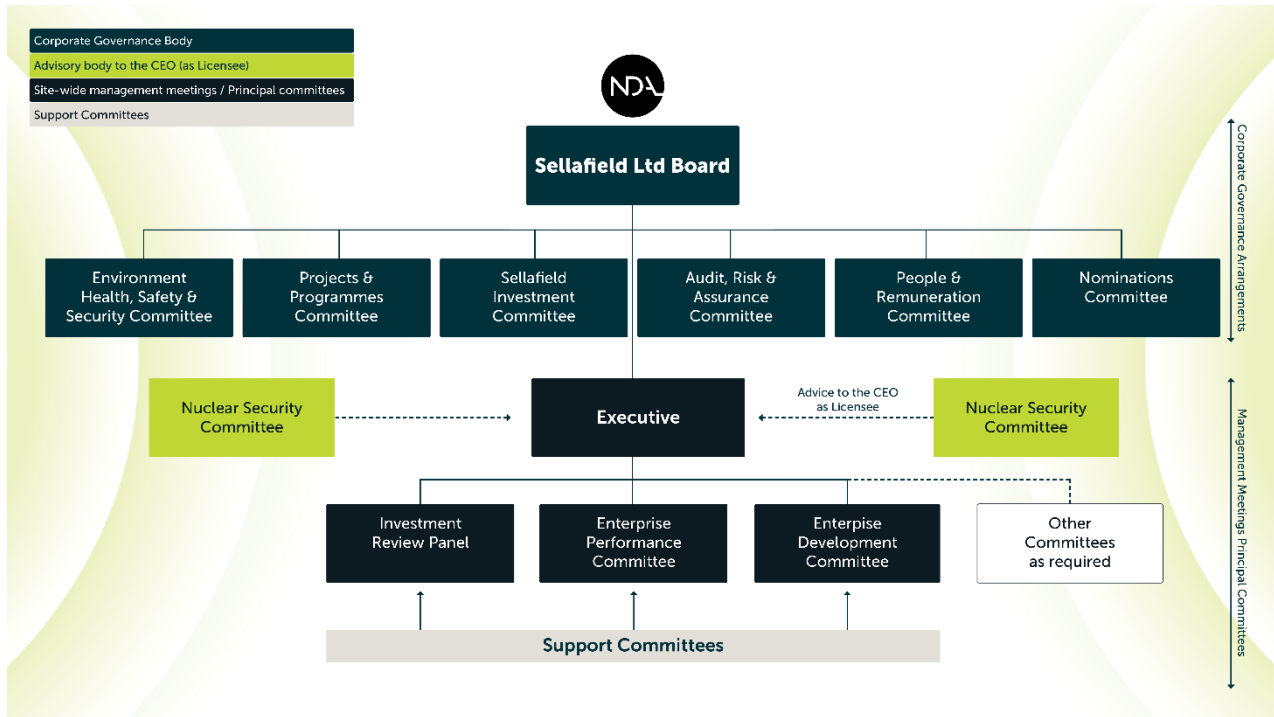
Board effectiveness review

The company complies with the 2018 Corporate Governance Code by means of an annual self-assessment of the Board and Board Committees and a three yearly independent external review of effectiveness.

Following an independent review in 2022/23 an annual self-assessment was carried out during 2023/24.

Board and Committee Structure

The Corporate Governance structure for the company is shown below.



As shown above, the structure comprises six formally constituted committees of the company's Board, each of which is central to assisting the Board in maintaining good governance and assurance/oversight.

Although other committees will support the work of these committees, final accountability and responsibility for the operation and management of the company rests directly with the Board. Decisions may be taken by these committees in line with their delegated authority as set out in their terms of reference (otherwise it is their responsibility to make recommendations to the Board).

The Board of Directors of the company: The Board has the sole decision-making authority, except where the Board delegates its authority to the CEO or to Board Committees, in each case in accordance with the terms of the Corporate Governance documents. In such instances the Board remains accountable to the Shareholder for those decisions and as such requires oversight and assurance of the systems put in place to deliver day-to-day management of the organisation.

The Audit and Risk Assurance Committee (A&RAC): Its purpose is to ensure effective oversight of the company's statutory reporting, corporate governance (leading the assessment of the annual Governance Statement), risk management process and internal control. The Committee also has oversight of the Internal Audit function of the company and the External Auditor on behalf of the Board.

During 2023/24 the A&RAC has focused its support to the successful embedding of risk management arrangements across the company by conducting 'deep dive' reviews in key areas of the enterprise and supporting the development of a revised risk appetite statement. The Committee has also continued its oversight of the development of the company's Integrated Assurance Framework. The Committee's priority remains on maintaining, through effective oversight, an aggregated view of risk and assurance throughout the business.

The People and Remuneration Committee (P&RC): Its purpose is to consider, oversee, evaluate, and provide guidance to the Board on the strategy and implementation plans adopted by the company in relation to its workforce and people. The committee provides the means by which the voice of employees is heard by the Board and the Chair of the Committee ensures that the Board takes into account the interests of employees when making its decisions. The Committee has delegated authority, subject to the Remuneration

Framework, for setting the remuneration of all executive directors, including pension rights and any additional payments or bonuses, and for considering the overall effectiveness of the remuneration strategy within the company.

During 2023/24 the P&RC focussed on reviewing and strengthening the arrangements by which bonus payments are reported and approved in addition to review and approval of the 2024/25 incentive arrangements, endorsement for Board approval of the 2023 pay mandate and review and approval of executive remuneration and incentive arrangements.

The Environment, Health, Safety and Security Committee (EHS&S): Its purpose is to provide the Board with assurance in respect of policy implementation, statutory and regulatory requirements, internal controls (including environmental matters such as discharges and disposals, the Nuclear Intelligence and Independent Oversight and EHS&S Assurance) and risk mitigation.

The Nominations Committee (NomCo): Its purpose is to provide the Board with advice and recommendations in respect of the Board composition, skills, experience, diversity, and succession planning, as well as oversight and input to the executive management team succession planning.

The NomCo met 6 times during 2023/24 and during this period focussed upon CEO and Chair succession as well as reviewing the Board Director Skills Matrix, making recommendations to the Board on the skills required for the next NED recruitment, and overseeing executive succession planning and supporting executive recruitment.

Advisory Bodies

The Nuclear Safety Committee: Whilst each Director and Executive Committee member has responsibility for nuclear safety, there is also a Nuclear Safety Committee constituted in accordance with the nuclear site licence requirements. The committee includes the company's Chief Nuclear Officer as well as members external to the company. It reports directly to the CEO and through him provides advice to the Licensee ensuring that matters of nuclear safety are given the highest visibility across the business. Any advice given by the committee but not accepted by the CEO must be reported to ONR under Nuclear Site Licence Condition 13.

The Nuclear Security Committee: Whilst each Director and Executive Committee member has responsibility for nuclear security, there is also a Nuclear Security Committee. The committee includes the company's Chief Nuclear Officer as well as members external to the company. It reports directly to the CEO and through him provides advice to the Licensee ensuring that matters of nuclear security are given the highest visibility across the business.

Role of the CEO and Executive team

The CEO is accountable to the Board for all aspects of operating the Sellafield site and delivers this through delegation of accountabilities to the Executive team.

The CEO provides assurance to the Board that the business is being managed in accordance with the Board's requirements and authorities. The Executive Committee provides a forum for executives to give advice as a collective to the CEO in support of the CEO delivering the accountabilities to the Enterprise and its Board and Shareholder.

The Executive team is collectively accountable for managing Sellafield Limited, which includes (but is not limited to):

- Maximising value for the Enterprise in a sustainable manner by making trade-offs around resource allocation to balance near-term and longer-term delivery objectives.
- Taking and overseeing the implementation of medium to long-term strategic decisions for the business.
- Providing assurance to our Board that the business is being managed in accordance with the Board's requirements and delegations.
- Fostering a positive environmental protection, safety, and security culture across the Enterprise; and
- Creating alignment with our owner on business priorities.

Employees and employee engagement

The company has continued its previous practice of keeping employees informed on matters affecting them as employees and on topics affecting company performance.

Employee representatives are consulted regularly on a wide range of matters affecting the current and future interests of the employees. Employee involvement in the performance of the company is encouraged through various bonus and remuneration schemes.

Equal opportunities

The company committed to a policy of equal opportunities for all employees. Great care is exercised in recruitment and selection procedures to ensure that there is no discrimination, and that training is given to meet individual needs. Applications by people with disabilities are given full and fair consideration and wherever practical, provision is made for their special needs. The same criteria for training and promotion apply to people with disabilities as to any other employee. If an employee becomes disabled, every effort is made to ensure their continued employment.

Employee voice at Board level

The Board's Remuneration Committee provides the means by which the voice of employees is heard by the Board and the Chair of the Committee ensures that the Board takes into account the interests of employees when making its decisions.

The employee engagement survey for 2023/24 resulted in the highest ever participation rate (68% - over 7750 colleagues) and showed a positive increase in engagement, diversity and inclusion and health and wellbeing scores.

There was a significant increase in active participation rates from plant and facility based employees. The increase in their levels of engagement, focused on key topics such as line manager support, how the company deals with poor behaviour and the support provided for mental health and wellbeing.

Areas for improvement and action plans are in place, particularly focused around improving the work environment and sense of accomplishment, with all senior leaders having a personal performance objective on engagement.

Streamlined energy and carbon reporting

The company's annual carbon emissions are quantified in-line with the Greenhouse Gas Reporting Protocol and ISO 14064-1:2018 and have been independently verified in accordance with ISO 14064-3:2019.

Greenhouse gas (GHG) emissions and energy usage data for the period 1 April 2023 to 31 March 2024 is as follows:

	Current reporting year 2023/24	Comparison reporting year 2022/23
Energy consumption used to calculate emissions: kWh total (000 kWh)	880,000	890,000
Breakdown by fuel (000 kWh)		
Electricity	130,000	167,000
Natural gas	720,000	704,000
Other fuels	30,000	13,000
Transport	6,000	6,000
Scope 1 (tCO₂e)		
Emissions from combustion of gas	130,000	129,000
Emissions from combustion of fuel oils	7,600	3,000
Emissions from combustion of fuel for transport	700	800
Scope 2 (tCO₂e)		
Emissions from purchased electricity (location-based)	26,000	32,000
Emissions from purchased electricity (market-based)	26,000	32,000
Scope 3 (tCO₂e)		
Emissions from business travel: hire or employee-owned vehicles where company is responsible for fuel	800	800
Total gross CO₂e based on above: tCO₂e total	167,900	165,600
Intensity ratio: tCO₂e/£1 million	63	66

To view the company's methodologies used for calculating streamlined energy and carbon reporting, see Appendix on page 60.

Summary of performance in the reporting period

The company continues to reduce its carbon emissions in-line with the Nuclear Decommissioning Authority (NDA) commitment to being carbon net zero by 2050.

To support this aim, the company has set challenging carbon reduction targets for Scopes 1, 2 (direct) and 3 (indirect emissions). It continues to work with people across the business, and with its delivery partners and supply chain to implement the Carbon Management Transition Plan, published this year, outlining the key activities the business has committed to and tracking progress against detailed actions.

In tandem, the business has continued to develop the Utilities & Future Energy Programme in response to the aims of the Sellafield Integrated Energy Strategy (IES), with an outcome to deliver low carbon and resilient energy whilst also focusing on driving down demand and usage.

The company's carbon emissions are measured annually and externally verified to support its understanding of progress against long-term carbon reduction targets. Recognising the complexity of the business and the diverse range of activities with associated carbon impacts that are undertaken, a Carbon Management Centre of Expertise (CoE) has been established. This brings in expertise from across the business and is helping to instil consistency and rigor to the management of carbon emissions across the enterprise through the provision of advice, guidance, and a cohesive set of processes.

The organisation's direct emissions (Scope 1 and 2) continue to track approximately 40% less than the 2018/19 baseline, however it is anticipated that there will be an increase in direct emissions in the next period, whilst still tracking below the baseline. Most energy related carbon emissions are from electricity and steam generation, supply, and consumption on the Sellafield site. A large proportion of the reduction in emissions can be attributed to efficiencies in the operation of the Sellafield Combined Heat and Power Plant (CHPP) and whether electricity is supplied from National Grid or the CHPP gas turbine.

Other energy efficiency opportunities within the period have included:

- A new Nitrogen Generation Plant has exploited an opportunity to save operational carbon by reducing reliance on liquid nitrogen that had previously been transported to Sellafield – with an average of five tankers per week coming onto site. This has now been reduced to seven trips per year, resulting in associated fuel and carbon savings from the reduction in transportation.
- Repair of two major steam leaks in the 19km site steam network have saved an equivalent of 2,250 tonnes of CO₂e per year.
- The Carbon Management CoE has developed a Whole Life Carbon Assessment (WLCA) tool to determine which decisions, or which parts of a programme or project are more significant in terms of carbon reduction. Creating a consistent approach to assessing future operational emissions ensures that we can optimise future energy demand.
- Remediation Accelerated Decommissioning (RAD) is a trial of a new approach to optimise decommissioning and demolition of buildings on the site. Benefits include reducing energy and material use. Work has progressed in three pilot areas and is expected to be complete by mid-2025.
- Investment in several community initiatives to help them become more energy efficient and source their energy from renewable alternatives, which has seen one organisation reduce their bills by 30-40% per annum. These initiatives have the dual benefits of helping organisations increase their energy efficiency and reduce their energy bills, ensuring that they have more funds available to deliver their core services.

By order of the Board

Mr Euan Hutton

Chief Executive Officer

Date: 22nd October 2024



Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, Directors' report and our financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they present fairly the financial position and financial performance of our company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain our transactions and disclose with reasonable accuracy at any time our financial position and enable them to ensure that our financial statements comply with the Companies Act 2006. They are also responsible for safeguarding our assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors have considered the disclosures included within the annual report and financial statements and are satisfied that they as a whole are fair, balanced and understandable, and provide the information necessary for the shareholder to assess our position, performance, business model and strategy.

Directors' statement regarding information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Annual General Meeting and Auditors

In accordance with the requirements of the Companies Act 2006 we are not required to hold an Annual General Meeting or to re-appoint the Auditors on an annual basis.

By order of the Board



Mr Euan Hutton

Chief Executive Officer

Date: 22nd October 2024

Registered Company Number: 01002607

Independent auditor's report to the members of Sellafield Limited

Opinion

We have audited the financial statements of Sellafield Limited (the 'company') for the year ended 31 March 2024 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our audit procedures to evaluate the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Reviewing the directors' going concern assessment and the underlying assumptions;
- Reviewing funding confirmation from the parent company, Nuclear Decommissioning Authority, to support the directors' use of the going concern assumption; and
- Reviewing the appropriateness of the financial statements disclosures.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 28 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as

the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: The Energy Act 2004, employment regulation, health and safety regulation, anti-bribery, corruption and fraud and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as UK tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks are related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, valuation of manual accruals and cut-off of operating costs.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged

fraud;

- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing.
- Challenging the assumptions underpinning the valuation of manual accruals; and
- Addressing cut-off risk on operating costs by testing a sample of period end transaction.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



Tim Hudson

(Senior Statutory Auditor)

for and on behalf of Forvis Mazars LLP

Chartered Accountants and Statutory Auditor

One St Peters Square

Manchester

M2 3DE

22nd October 2024

Financial Statements

Income statement

For the 12 months ended 31 March 2024

	Note	2024 £m	2023 £m
Revenue	4	2,677	2,527
Operating costs	5	(2,673)	(2,522)
Operating profit from continuing operations before depreciation and research and development (R&D) tax credits		4	5
Depreciation on right-of-use assets	15	(4)	(4)
R&D tax credits		17	8
NDA share of R&D tax credits		(12)	(6)
Profit on continuing operations before interest and taxation		5	3
Interest expense on the lease liability	15	(1)	(1)
NDA credit in respect of IFRS 16	15	-	-
Profit before Tax		4	2
Tax expense	9	(4)	(2)
Profit for the year		-	-
Profit attributable to:			
Equity holders of the Company		-	-

All of the Company's operations in both 2024 and 2023 are continuing.

The notes on pages 37 - 59 form part of these financial statements.

Statement of comprehensive income

For the 12 months ended 31 March 2024

	Note	2024 £m	2023 £m
Profit for the year		-	-
Other comprehensive income items that will not be reclassified to profit or loss:			
Actuarial gains and losses on the GPS and Sellafield sections of the CNPP defined benefit pension plan, offset by movements in the fair value of the corresponding NDA asset		-	-
Total other comprehensive income items that will not be reclassified to profit or loss for the year, net of tax		-	-
Total comprehensive income for the year		-	-
Total comprehensive income attributable to:			
Equity holders of the Company		-	-

The notes on pages 37 - 59 form part of these financial statements.

Statement of financial position

At 31 March 2024

	Note	31 March 2024 £m	31 March 2023 £m
Assets			
Non-current assets			
Right-of-use assets	15	32	34
NDA receivable in respect of lease liabilities	15	1	1
NDA receivable in respect of pension liability	16	-	-
Total non-current assets		33	35
Current assets			
Trade and other receivables	10	557	529
Cash and cash equivalents	11	6	6
Total current assets		563	535
Total assets		596	570
Current liabilities			
Trade and other payables	12	(566)	(538)
Non-current liabilities			
Lease liabilities	15	(30)	(32)
Pension liability	16	-	-
Total liabilities		(596)	570
Net assets		-	-
Capital and reserves			
Equity share capital	13	-	-
Retained earnings		-	-
Total equity		-	-

These financial statements were approved by the Board of Directors on 18th October 2024 and were signed on its behalf on 22nd October 2024 by:



Mr Euan Hutton

Chief Executive Officer

Registered Company Number: 01002607

The notes on pages 37 - 59 form part of these financial statements.

Statement of changes in equity

For the year ended 31 March 2024

	Share capital £m	Retained earnings £m	Total equity £m
Shareholders' funds at 1 April 2022	-	-	-
Total comprehensive income for the year	-	-	-
Changes in equity for year ended 31 March 2023	-	-	-
Shareholders' funds at 31 March 2023	-	-	-
Total comprehensive income for the year	-	-	-
Changes in equity for year ended 31 March 2024	-	-	-
At 31 March 2024	-	-	-

The notes on pages 37 – 59 form part of these financial statements.

Notes to the financial statements

1 Corporate information

The financial statements of the Company for the year ended 31 March 2024 were authorised for issue in accordance with a resolution of the directors on 18 October 2024. The Company is a limited Company incorporated and domiciled in England. The registered office is located at Hinton House, Risley, Warrington, Cheshire WA3 6GR in the UK.

The immediate parent undertaking is the Nuclear Decommissioning Authority (NDA). The consolidated financial statements of the NDA are available to the public and may be obtained from its headquarters at Herdus House, Westlakes Science & Technology Park, Moor Row, Cumbria, CA24 3HU.

The Company's shareholder, NDA, is a Non-Departmental Public Body sponsored by the Department for Energy Security and Net Zero. As a result, in the Directors' opinion, the Company's ultimate controlling party is His Majesty's Government.

The principal activity of the Company is to operate the nuclear site under the site license and a Services Agreement with the NDA. The Company operates under the Services Agreement between the Company and NDA, as a wholly owned subsidiary of NDA. In accordance with the Energy Act 2004, NDA has tasked the Company with carrying out activities set out in the NDA Designation of Sellafield including the receipt and treatment of spent fuel, the storage of hazardous materials, the decommissioning and clean-up of installations and the maintenance of laboratory and other facilities.

Under the Services Agreement between the Company and NDA, the Company has to control its expenditure within agreed funding limits and operate the Sellafield site safely and securely whilst meeting targets and milestones agreed with its shareholder, NDA. Management and employee incentivisation schemes are linked to their achievement.

Revenue represents the reimbursement of costs incurred under the Services Agreement in accordance with the principal activities of the Company. The reimbursement of costs is not limited to those contained within the agreed funding limits. Under the Services Agreement, all costs incurred by the Company are reimbursed by the NDA.

2.1 Basis of preparation and statement of compliance

The Company's financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced disclosure Framework' (FRS 101). The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2023.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which a party to the transaction is wholly owned by such a member;
- the requirements of IAS 24 Related Party Disclosures to disclose the costs of the Key Management Personnel of the Company;
- the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose details of new IFRS's which have been issued but are not yet effective or have not yet been applied;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements; and
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

Equivalent disclosures are given in the group accounts of the NDA, which are available to the public and can be obtained as set out above. The financial statements are presented in Sterling and all values are rounded to the nearest million pounds (£ million) except where otherwise indicated.

The Company's financial assets include cash and cash equivalents and trade and other receivables, the measurement of which are described in notes 2.2m and 2.2j respectively. The Company's financial liabilities comprise trade and other payables (note 2.2p), leases (note 2.2d) and loans and borrowings (note 2.2n).

Notes to the financial statements

Continued

2.1 Basis of preparation and statement of compliance (continued)

Adoption of new and revised Standards and Interpretations

The following new and amended standards and interpretations have been adopted for this financial year:

- IAS1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements: Disclosure of Accounting Policies (Issued February 2021)
- IAS8 Accounting Policies, Changes in Accounting Estimates and Errors Definition of Accounting Estimates (Issued February 2021)

The adoption of these revised standards did not have any material impact on the accounts and disclosures presented in these financial statements.

2.2 Summary of material accounting policies

a Property, plant and equipment

The Company does not own any property, plant and equipment. Under the Energy Act 2004, all assets previously owned by the Company were transferred on 1 April 2005, with the majority being transferred to the NDA. The Company utilises the NDA's assets as provided for within the Services Agreement between the NDA and the Company.

b Foreign currencies

The Company's functional currency and presentation currency is pounds Sterling. Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the Income statement.

c Revenue recognition

The Company operates under the Services Agreement between the Company and NDA, as a wholly owned subsidiary of NDA.

The principal role of the Company is to operate nuclear sites under the site licence and a Services Agreement between itself and the NDA in a safe, secure, efficient and cost-effective manner and in accordance with its business plans.

Seventy-five years ago, the Company helped to create the nation's nuclear deterrent. Today, it is using its unrivalled knowledge of nuclear to create a clean and safe environment for future generations. The Company is responsible for the safe, secure and sustainable stewardship of the Sellafield site and the nuclear materials, fuel and wastes stored there, for making progress in the clean-up of redundant facilities that pose a threat to the environment, and for delivering lifetime value for money through the investment made in the nuclear site.

The Company only has one contract with the NDA, which is its only customer. Under the Services Agreement, the costs incurred by the Company are reimbursed by the NDA as incurred, on an accrual basis. NDA reimburses the Company in line with an agreed cash drawdown process and working capital arrangement.

There is no concept of disallowable costs under the Services Agreement and cost reimbursement by the NDA is not linked to the delivery of specific services or milestones, or the achievement of targets and success criteria, although the Company's management and employee incentivisation schemes are linked to their achievement.

Management considers that in respect of IFRS 15, there is only one performance obligation within the Services Agreement between the Company and NDA, and that this obligation is delivered over time as the Company is reimbursed for costs incurred, and control is passed over time to its customer, the NDA.

IFRS 15 states that an entity recognises revenue over time if one of the following criteria is met:

- The customer simultaneously receives and consumes all of the benefits provided by the entity as the entity performs;
- The entity's performance creates or enhances an asset that the customer controls as the asset is created; or
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for the performance completed to date

Notes to the financial statements

Continued

2.2 Summary of material accounting policies (continued)

In the case of the Services Agreement, all three of the criteria above apply.

Revenue represents the reimbursement of operating costs incurred by the Company under the Services Agreement in accordance with the principal activity of the Company. Revenue is shown net of VAT.

In 2023/24, the Company received miscellaneous revenue (Category 2 income) of £6m (2022/23: £7m) in respect of rental income and services provided to NDA affiliates and other third parties who are resident on the Sellafield site, and sales of NDA assets. Under the terms of the Services Agreement, income received by the Company is transferred to the NDA, with NDA bearing any credit risks.

As a result, the Company considers that it is acting as the agent of NDA in respect of Category 2 income, rather than the principal, and the revenue shown in the Income statement excludes Category 2 income.

d Leased assets

Company as a lessee

For any new contracts entered into on or after 1 April 2019, the Company considers whether a contract is, or contains a lease.

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time, in exchange for consideration'. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- The Company has the right to direct the use of the identified asset throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the Statement of financial position.

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate as dictated by HM Treasury. The liability is split into current and non-current elements on the Statement of Financial position. The current lease liability is included in trade and other payables, as shown in note 12.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Company as a lessor

The Company's policy for lessor accounting under IFRS 16 has not substantially changed from the comparative period. As a lessor, the Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and is classified as an operating lease if it does not.

Notes to the financial statements

Continued

2.2 Summary of material accounting policies (continued)

Where the Company enters into a sublease arrangement and becomes the intermediate lessor, an assessment of the right of use asset rather than the underlying asset is made when determining whether a finance or operating lease exists.

e Post-retirement benefits

The Company provides pension plans for the benefit of all of its employees. The schemes are funded by contributions partly from the employees and partly from the Company. These payments are made to separately administered funds for the Sellafeld section of the Combined Nuclear Pension Plan (CNPP), the Group Pension Scheme (GPS) section of the CNPP and the Electricity Supply Pension Scheme (ESPS). The CNPP defined benefit pension plan was closed to new employees with effect from 24 November 2008, from which time membership of a CNPP defined contribution plan is available.

The NDA is the principal employer of the CNPP and is ultimately responsible for funding any pension fund deficits for the defined benefit sections of the CNPP. The level of employer contributions paid by the Company is determined by the CNPP Trustees based on the latest triennial actuarial valuations. Under the Services Agreement between the Company and NDA, the employer contributions paid by the Company are included in operating costs shown in the Income statement and are reimbursed by the NDA.

Amounts relating to the current and past service costs and net interest on the net defined benefit liability are shown in note 16 but are not shown in the Income statement. This reflects the fact that any overall pension surplus or deficit is for the benefit of, or to be funded by, the NDA, and therefore there are offsetting amounts to or from the NDA, which the Company has disaggregated under paragraph 116 of IAS 19.

Paragraph 116 of IAS 19, states that when it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, an entity shall disaggregate and recognise changes in the fair value of its right to reimbursement in the same way as for changes in the fair value of plan assets. The components of defined benefit cost recognised in accordance with paragraph 120 of IAS 19 may be recognised net of amounts relating to changes in the carrying amount of the right to reimbursement.

Under IAS 19 (and IFRIC 14 'Limit on Defined Benefit Asset'), actuarial deficits are recognised on the Company's Statement of financial position with an equal and opposite NDA debtor. This recognises that as the principal employer of the CNPP, the NDA is ultimately responsible for funding any deficit.

If either section of the CNPP has an actuarial surplus this is not shown on the Company's Statement of financial position. IFRIC 14 considers the general requirements concerning the limit on a defined benefit asset, and states that if the right to a refund of a surplus depends on the occurrence or non-occurrence of one or more uncertain future events not wholly within an entity's control, the entity does not have an unconditional right and should not recognise an asset.

Under the terms of the CNPP's trust deed, the Company does not have an unconditional right to a surplus of either section, and as result any actuarial surpluses (and equal and opposite NDA creditor) are not recognised and not included on the Company's Statement of financial position.

In accordance with paragraphs 116 and 120 of IAS 19, re-measurements of the defined benefit liabilities and assets are recognised in the Statement of comprehensive income, offset by movements in the fair value of the corresponding asset from the NDA. As a result, the Company has disaggregated these offsetting movements in the Statement of comprehensive income.

The defined benefit pension asset or liability comprises the total for each plan of the present value of the defined benefit obligations (using a discount rate based on high quality corporate bonds), less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price.

The Company is unable to identify its share of the underlying assets and liabilities included in The Magnox Electric Group of the ESPS (MEG ESPS) on a consistent and reasonable basis and therefore, accounts for the scheme as if it were a defined contribution scheme.

Contributions to defined contribution schemes are recognised in the Income statement in the period in which they become payable.

Notes to the financial statements

Continued

2.2 Summary of material accounting policies (continued)

f Inventories

Inventories and work in progress were transferred to the NDA with effect from 1 April 2005 under the Energy Act 2004. Inventories transferred to NDA were valued at weighted average cost. Raw material and consumable costs are directly recoverable from the NDA under the terms of the Services Agreement.

h Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance policy, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the Income statement net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

The Company's accounts historically included provisions for the Company's obligations in respect of nuclear liabilities, being liabilities in respect of the costs associated with nuclear decommissioning, waste management, and reprocessing of fuel from reactors. Following the restructuring under the Energy Act 2004, on 1 April 2005 the nuclear assets and liabilities on the Company's sites transferred to the NDA, which now has full financial responsibility for discharging the nuclear liabilities on these sites.

i Trade and other receivables

Other receivables principally comprise Company operating costs recoverable from NDA, which are considered to be contract assets under IFRS 15 under the terms set out in note 10 and recoverable under the terms of the Services Agreement. Company operating costs recoverable from NDA generally have 30-90-day terms, and the directors consider the risk of financial loss to be remote.

Other debtors are initially recognised at fair value, which in most cases approximates to the nominal value. They are subsequently re-measured at amortised cost using the effective interest rate method. They are reviewed for impairment by applying the expected credit loss model, in accordance with IFRS9. Any difference between the carrying value and the impaired value (net realisable value) is recorded within income from operations. The impairment loss can be reversed if the value is recovered in the future. In that case, the reversal of the impairment loss is reported within income from operations.

In 2023/24, the Company received miscellaneous revenue (Category 2 income) of £6m (2022/23: £7m) in respect of rental income and services provided to NDA affiliates and other third parties who are resident on the Sellafield site, and sales of NDA assets. Under the terms of the Services Agreement, income received by the Company is transferred to the NDA, with NDA bearing any credit risks. As a result, the Company considers that it is acting as the agent of NDA in respect of Category 2 income, rather than the principal, and Trade and other receivables excludes any amounts due in respect of Category 2 income.

j Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise, income tax is recognised in the Income statement.

k Derivatives and commodity contracts

All treasury activities are carried out under policies approved by the Board. If required the Company uses foreign currency contracts, currency options and commodity contracts to reduce foreign exchange rate and commodity price exposure on certain assets, liabilities, and firm commitments. Derivative financial instruments are initially recognised at fair value on the date the contract is entered into and are subsequently re-measured at fair value. Any gains and losses arising from changes in the fair value of derivative contracts are taken to the income statement. During the year the Company did not put in place and did not engage in any activities to manage foreign exchange rate exposure.

Notes to the financial statements

Continued

2.2 Summary of material accounting policies (continued)

l Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

m Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

n De-recognition of financial assets and liabilities

A financial asset or liability is generally de-recognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in the Income statement.

o Trade and other payables

Trade and other payables are non-interest bearing and are initially recognised at fair value. They are subsequently measured at amortised cost using the effective interest rate method.

p Research and Development Expenditure

The capitalisation criteria under IAS 38 is not met for R&D expenditure and all R&D expenditure is expensed to P&L.

q Operating profit

Operating profit is stated before research and development tax credits, depreciation, interest and taxation.

3 Significant accounting judgements, estimates and assumptions

Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Agent v Principal

The role that the Company plays in selection and scoping of supply chain, directing services and the combination or integration of the various different elements that contribute to costs under management supports the position that the Company is principal and therefore gross revenues are presented. In making this judgement, the following factors have been considered :

An entity must obtain control of one of the following:

- A good or another asset from the other party that it then transfers to the customer;
- A right to a service to be performed by the other party, which gives the entity the ability to direct that party to provide the service to the customer on the entity's behalf;
- A good or service from the other party that it then combines with other goods or services in providing the specified good or service to the customer

Notes to the financial statements

Continued

3 Significant accounting judgements, estimates and assumptions (continued)

Pensions

In 2023/24 it was determined that the IAS19 valuations show an actuarial surplus in both sections (Group Pension Scheme and Sellafield Section) of the Combined Nuclear Pension Plan (CNPP). IFRIC 14 considers the general requirements concerning the limit on a defined benefit asset, and states that if the right to a refund of a surplus depends on the occurrence or non-occurrence of one or more uncertain future events not wholly within an entity's control, the entity does not have an unconditional right and should not recognise an asset.

Based on the terms of the CNPP's trust deed, management's judgement is that the Company does not have an unconditional right to a surplus of either section of the CNPP and as result the actuarial surplus of both sections of the CNPP at 31 March 2024 (and equal and opposite NDA creditor) has not been recognised in the statement of financial position 2023/24.

As discussed in note 16, the IAS19 valuation of the CNPP for the prior year at 31 March 2023 also shows a surplus for both sections of the CNPP and the same consistent methodology was applied last financial year.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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.

Operating costs

The operating costs, which are recoverable from the NDA under the Services Agreement, include accruals for management estimates for any known risks such as sub-contractor and supplier claims.

The operating costs, which are recoverable from the NDA under the Services Agreement, include manual accruals for which management uses assumptions in estimating possible risks such as sub-contractor and supplier claims. Total manual accruals at year end included in trade and other receivables amounted to £57 million (2023 : £45 million)

It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumption could require a material adjustment to the carrying amount of these manual accruals. It is impracticable to disclose the extent of the possible effects of sub-contractor and supplier claims.

Pension benefits

The cost of defined benefit pension plans and the present value of pension obligations are determined using actuarial valuations. All actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. The key assumptions are discount rate and future salary increases. Due to the complexity of the valuation, the underlying assumptions, and long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rates are based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates. Further details about the pension benefit assumptions used are given in note 16.

4 Revenue

Geographical segment analysis

In both 2024 and 2023, all revenue relates to the operation of the Services Agreement in the UK.

Notes to the financial statements

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5 Operating profit

This is stated after charging/(crediting):

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Research and development costs	78	75
Sub Contractors costs	1,528	1,403

6 Auditor's remuneration

	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000
Audit fees	216	204
	216	204

7 Remuneration of Directors

	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000
Directors' emoluments	979	1,126
Aggregate amounts receivable under Long Term Incentive Plans	128	118
Post-retirement benefit costs	60	55
Total Directors' remuneration	1,167	1,299

The executive directors are employees of the Company, and the directors' remuneration in the table above includes the cost of their qualifying service as directors, including the fees paid to non-executive directors.

In 2023/24 the highest paid director was employed by the Company and their aggregate emoluments were £348,637 (2022/23 £651,969) which includes employer's pension contributions of £29,328 (2022/23: £37,275), benefits in kind of £0 (2022/23: £1,568) and estimated bonus payments of £94,007 (2022/23: £283,267).

In 2023/24 none of the directors were active members of the Company's defined benefit pension plans discussed in note 16 (2022/23: nil). During 2023/24 three of the directors were active members of the defined contribution section of the Combined Nuclear Pension Plan discussed in note 16 (2022/23: two).

In 2023/24 none of the directors was a deferred member of the Combined Pension Scheme (2022/23: one). The scheme is discussed in note 16.

The Company's executive directors participate in Long Term Incentive Plans which allow the participants to receive bonuses based on the performance of the Company over three-year periods. Remuneration to the executive directors from the Long Term Incentive Plans is accrued on the basis of performance over the three year periods and adjusted in accordance with the contractual entitlement.

Notes to the financial statements

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8 Employee benefits expense

The average monthly number of persons employed by the Company, including executive directors, during the year was made up as follows:

	Year ended 31 March 2024 Number	Year ended 31 March 2023 Number
Staff in support functions	2,233	2,312
Staff engaged in projects and site operations	8,805	8,580
	11,038	10,892

The aggregate employee benefits expense of these persons was as follows:

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Wages and salaries	696	643
Social security costs	81	79
Pension costs	133	130
	910	852

Pension costs disclosed above represent employer contributions paid in respect of defined benefit schemes £91 million (2022/23: £92 million), defined contribution schemes £38 million (2022/23: £33 million) and other pension costs £1 million (2022/23: £1 million). All contributions paid and other pension costs incurred are included in operating costs and under the Services Agreement are recovered from the NDA on a paid basis. Amounts relating to the net benefit expense under IAS 19(R) for the two defined benefit pension schemes are £54 million (2022/23: £161 million) before reimbursement rights, as shown in note 16.

The NDA is the principal employer of the CNPP, and the NDA is ultimately responsible for funding any pension fund deficits for the defined benefit sections of the CNPP. The level of employer contributions paid by the Company is determined by the CNPP Trustees based on the latest triennial actuarial valuations. Under the Services Agreement between the Company and NDA, the employer contributions paid by the Company are included in operating costs shown in the Income statement and are reimbursed by the NDA.

Amounts relating to the current and past service costs and net interest on the net defined benefit liability are shown in note 16 but are not shown in the table above or on the face of the Income statement. This reflects the fact that any overall pension surplus or deficit is for the benefit of, or to be funded by, the NDA, and therefore there are offsetting amounts to or from the NDA, which the Company has disaggregated under paragraph 116 of IAS 19.

Paragraph 116 of IAS 19, states that when it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, an entity shall disaggregate and recognise changes in the fair value of its right to reimbursement in the same way as for changes in the fair value of plan assets. The components of defined benefit cost recognised in accordance with paragraph 120 of IAS 19 may be recognised net of amounts relating to changes in the carrying amount of the right to reimbursement.

Notes to the financial statements

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9 Income tax

The major components of income tax expense for the years ended 31 March 2024 and 2023 are:

Income statement

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
<i>Current income tax:</i>		
UK Corporation Tax	4	2
Income tax expense reported to the Income supported	4	2

The reconciliation between the tax charge and the product of the accounting profit multiplied by the UK's domestic Corporation Tax rate for the years ended 31 March 2024 and 2023 is as follows:

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Profit from continuing operations before taxation	4	2
Accounting profit multiplied by the UK rate of Corporation Tax of 25% (2022/23: 19%)	-	-
<i>Effects of:</i>		
Permanent differences	4	2
Total income tax charge	4	2

Factors affecting the future tax charge

R&D tax credits that arise are wholly to the benefit of the NDA. As a result, the accounts include a creditor that reflects the NDA's interest in the Company's R&D tax credits (note 10).

The Corporation Tax rate has increased to 25% effective from 1 April 2023.

10 Trade and other receivables

	2024 £m	2023 £m
Contract assets – recoverable from the NDA	504	492
R&D tax credits	53	37
	557	529

The contract assets above relate to Company operating costs recoverable from the NDA of £504 million (2022/23: £492 million) are non-interest bearing and are on terms set out in the Services Agreement. Receivables represent monies due from the NDA under the Services Agreement. The NDA reimburse the Company in line with an agreed cash drawdown process and working capital arrangement. The reimbursement of costs by the NDA is not linked to the delivery of milestones and targets.

Notes to the financial statements

Continued

10 Trade and other receivables continued

There are no provisions for impairment of trade and other receivables at 31 March 2024 (31 March 2023: £nil). All trade and other receivables are denominated in Sterling and the carrying value approximates to fair value.

11 Cash and cash equivalents

	2024	2023
	£m	£m
Cash at bank and in hand	6	6
	6	6

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents at 31 March 2024 is £6 million (31 March 2023: £6 million). The Company only deposits cash surpluses with major banks of high-quality credit standing.

The Company does not have major working capital requirements because all expenditure incurred by the Company is reimbursed by the NDA under defined contract terms within the Services Agreement, and the Company's working capital requirements are provided by NDA. In particular the majority of the Company's payments to suppliers, employees and third parties are funded through a cash drawdown agreement with the NDA, and the NDA also provides the Company with a working capital facility of £2.5 million so that the Company's other liabilities can be met as they fall due.

The National Westminster Bank plc (NatWest) provides banking facilities through which the Company manages its working capital and normal treasury activities. Arrangements are in place between NatWest, NDA and the Company which support the Company's use of these banking facilities.

12 Trade and other payables

Current liabilities

	2024	2023
	£m	£m
Trade payables	73	121
Other taxes and social security costs	59	50
Accruals and deferred income (including employee creditors)	378	326
Corporation Tax	11	7
NDA's beneficial interest in the R&D tax credits	42	30
Lease liabilities	3	4
	566	538

Terms and conditions of the above financial liabilities:

The carrying amount approximates to fair value.

Trade payables are non-interest bearing and are predominantly settled on either net monthly terms, within 30 days from invoice validation or within 21 days of the supplier invoice date, depending on the commercial contract in place.

Other payables are non-interest bearing and have an average term of 6 months.

Notes to the financial statements

Continued

	2024 £m	2023 £m
13 Called up share capital		
Authorised		
43,000,000 Ordinary shares of £1 each	43	43
1 B share of £1	-	-
Allotted, called up and fully paid		
1 Ordinary share of £1	-	-
1 B share of £1	-	-

As stated in the Company's Articles of Association, the B shareholder's rights are limited to matters relating to dividend payments and the repayment of capital. At 31 March 2024, both the ordinary share of £1 and the B share of £1 were held by NDA.

14 Contingent liabilities

At 31 March 2024, the Company had contingent liabilities incurred in the ordinary course of business arising out of guarantees and other transactions in respect of which, in the opinion of the Directors, no material losses are expected to arise. Any liabilities that did arise on such matters would ultimately be recovered from the NDA. The Company also has a £2m corporate card facility and was unused at year end.

15 Lease arrangements

The Company accounts for leases in line with IFRS 16, where the Company is a lessee. The Company is unable to enter into new leases for land and buildings without the approval of the NDA, who in turn are subject to restrictions imposed by DESNZ.

The Company has entered into commercial leases for land and buildings, motor vehicles, and plant and equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the Statement of financial position as both a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the assets and lease liability.

The leases for land and buildings have remaining durations of between 1 and 21 years (2022/23: 1 and 22 years). The leases for motor vehicles have durations up to a period of 4 years (2022/23: 4 years) and for plant and equipment of 1 year (2021/22: 1 year). Lease payments for each lease are fixed.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a termination fee. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases of office buildings, the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Furthermore, the Company must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The Company has leases of low value and less than 12 months. The Company applies the 'lease of low-value assets' and less than 12 month recognition exemptions for these leases as permitted by IFRS 16.

The total cash outflow for all leases in 2023/24 is £5.1m (2022/23 : £4.9m)

Notes to the financial statements

Continued

15 Lease arrangements (continued)

The following tables detail the right-of-use asset and lease liability as noted in the Statement of financial position:

Right-of-use assets

	Land and Buildings £000		Vehicles £000		Other £000		Total £000	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening Balance at 1 April	31,985	33,676	1,325	1,043	830	1,868	34,140	36,587
Additions	518	535	629	899	241	-	1,388	1,434
Depreciation	(2,266)	(2,226)	(655)	(578)	(857)	(905)	(3,778)	(3,709)
Impairment	-	-	-	-	-	-	-	-
Disposals	-	-	(26)	(39)	-	(133)	(26)	(172)
Closing Balance as at 31 March	30,237	31,985	1,273	1,325	214	830	31,724	34,140

The right of use assets are included as a separate line item to where the corresponding underlying asset would be presented.

Lease Liability

	Land and Buildings £000		Vehicles £000		Other £000		Total £000	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening Balance at 1 April	33,098	34,536	1,317	1,008	983	2,326	35,398	37,870
Additions	518	535	629	899	241	-	1,388	1,434
Finance charges	606	596	30	13	27	15	663	624
Payments	(2,667)	(2,569)	(684)	(564)	(1,012)	(1,225)	(4,363)	(4,358)
Disposals	-	-	(26)	(39)	-	(133)	(26)	(172)
Closing Balance as at 31 March	31,555	33,098	1,266	1,317	239	983	33,060	35,398

The lease liabilities are presented in the Statement of financial position in the following table. Current liabilities (included in Trade and other payables, page 46)

	31 March 2024 £000	31 March 2023 £000
Current liabilities	2,832	3,534
Non-current liabilities	30,228	31,864
Total lease liability	33,060	35,398

A small difference arises between total amounts charged to the Income statement under IFRS 16 and the sum of accrued lease payments for the year. Under the terms of the Services Agreement, the future lease payments including finance charges will be reimbursed by the NDA. Included within revenue is an amount equivalent to the accrued lease payments. A credit for the small difference is recognised as a finance credit, effectively recognising the reimbursable finance charges with the associated asset included as a non-current receivable from the NDA.

Notes to the financial statements

Continued

15 Lease arrangements (continued)

The undiscounted maturity analysis of lease liabilities as at 31 March 2024, with 1 April 2023 comparatives, is as follows:

	31 March 2024 £000	31 March 2023 £000
Due within one year	3,430	4,124
Due within one to five years	10,543	10,419
Due in five+ years	24,827	27,002
Total	38,800	41,545

Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for leases that are short term or of low value assets. Payments made under such leases are expensed on a straight-line basis. The expenses relating to payments not included in the measurement of the lease liability as follows:

	2024 £000	2023 £000
Expenses relating to leases of low value assets	130	119
Expenses relating to short term leases	2841	2675
Total	2971	2794

The Company as a lessor

The Company acts as lessor for a small number of operating leases to third parties. The rental income from these operating leases, including the effect of any lease incentives, is recognised on a straight-line basis over the lease term. Rental income received from third parties in 2023-24 was £562,000 (2022/23 : £571,000) and is transferred to the NDA.

The future minimum payments expected to be received are as follows:

	2024 £000	2023 £000
Within one year	562	544
After one year but not more than five years	2,120	2,174
More than five years	2,429	2,735
Total minimum lease payments	5,111	5,453

Notes to the financial statements

Continued

16 Pension schemes

Schemes accounted for as defined contribution

The Company accounts for two schemes as if they were defined contribution schemes, the Electricity Supply Pension Scheme (ESPS) and the Combined Pension Scheme (CPS).

The Plans, however, are registered defined benefit final salary schemes with benefits payable on retirement based on reckonable service and pensionable final earnings. The Plans are subject to the UK regulatory framework for pensions, including the Scheme Specific Funding requirements. The Plans are operated under trust and the trustees are responsible for operating the Plans. They have a statutory responsibility to act in accordance with the Plan's Trust Deed and Rules, in the best interest of beneficiaries of the Plans and UK legislation.

Electricity Supply Pension Scheme (ESPS)

On 31 March 2007, the scheme was sectionalised into various sections; however, the Company remains unable to identify its share of the schemes' assets and liabilities included in The Magnox Electric Group of the ESPS (MEG ESPS), on a consistent and reasonable basis as required by IAS 19 (R). Consequently, the scheme has been accounted for as if the scheme was a defined contribution scheme. The pension charge for the period, which represents contributions payable by the Company to the ESPS, amounted to £188,590 (2022/23: £194,889).

At 31 March 2024 the Company had 7 employees (2022/23: 8) who were active members of the ESPS, which has approximately 1,000 active members. The most recent triennial actuarial valuation of the scheme by a qualified independent actuary took place at 31 March 2022. The projected unit method was used. The results of the valuation were market value of scheme assets of £3,416 million (2019 valuation: £3,224 million), which represented a funding level of 100% against technical provisions (2019 valuation: 101%). Employer contributions remained at 33.6%.

The latest actuarial valuation has been updated by a qualified independent actuary to 31 March 2024 on a basis consistent with IAS 19 (R). The results of this IAS 19 (R) valuation are a total fair value of scheme assets of £2,306 million (2022/23: £2,518 million) and a surplus of £174 million (2022/23: Surplus £316 million). There were outstanding employer contributions of £nil at 31 March 2024 (2022/23: £nil).

Combined Pension Scheme (CPS)

Since 24 November 2008, the future pensionable service of employees who were members of the CPS is met from the Combined Nuclear Pension Plan (CNPP). Pensionable service up to 24 November 2008 will be met from the CPS. The Company has no ongoing obligation to make contributions to the CPS. The CPS is a multi-employer scheme which provides defined benefits to its members. In common with other unfunded public sector schemes the CPS does not have the attributes of typical private sector pension schemes. Any surplus of contributions made in excess of benefits paid out in any year is surrendered to the Consolidated Fund and any liabilities are met from the Consolidated Fund via the annual Parliamentary vote. His Majesty's Government does not maintain a separate fund.

The CPS is accounted for as a defined contribution scheme. The pension charge for the period represents contributions payable by the Company to the CPS, which are directly recoverable from the NDA and amounted to £nil (2022/23: £nil). There were outstanding employer contributions of £nil at 31 March 2024 (2022/23: £nil).

Schemes accounted for as defined benefit

The Company accounts for two sections of the Combined Nuclear Pension Plan (CNPP) as defined benefit schemes, the Combined Nuclear Pension Plan (CNPP) – Sellafield section, and the Group Pension Scheme (GPS) section of the CNPP.

The Plans are registered defined benefit final salary schemes with benefits payable on retirement based on reckonable service and pensionable final earnings. The Plans are subject to the UK regulatory framework for pensions, including the Scheme Specific Funding requirements. The Plans are operated under trust and the trustees are responsible for operating the Plans. They have a statutory responsibility to act in accordance with the Plan's Trust Deed and Rules, in the best interest of beneficiaries of the Plans and UK legislation.

Notes to the financial statements

Continued

16 Pension schemes (continued)

Combined Nuclear Pension Plan (CNPP) – Sellafield section

Since 24 November 2008, the future pensionable service of employees who were active members of the CPS is met from the Sellafield section of the CNPP. That arrangement remains in place following the transfer of the Company to become a wholly owned subsidiary of the NDA on 1 April 2016.

The CNPP has separately administered funds and with effect from 24 November 2008 has been funded by contributions partly from employees and partly from the Company. The benefits are identical to the CPS.

The Company contributes to the CNPP at rates recommended by the CNPP's professionally qualified actuary. The employer contribution rate was 32.1% in the year ended 31 March 2024 (2022/23: 32.1%). The principal employer for the CNPP is the NDA.

The CNPP is sectionalised into various sections, and there is a specific section for the Company. These financial statements reflect the Company's share of the IAS 19 (R) assets and liabilities at 31 March 2024 and 31 March 2023 respectively.

The most recent triennial actuarial valuation of the scheme by a qualified independent actuary took place at 31 March 2022. The projected unit method was used. The results of the valuation were market value of scheme assets of £2,010 million (2019 valuation: £1,385 million), which represented a 95% level of funding (2019 valuation: 92%). The employer contribution rate is currently 32.1% which was effective from 1st April 2021 (Previously: 25.2% between 1st April 2019 and 31st March 2021).

An IAS 19 (R) actuarial valuation for the Sellafield section was carried out at 31 March 2024 by a qualified independent actuary. There were outstanding employer contributions of £nil at 31 March 2024 (2022/23: £nil).

New employees joining the Company after 24 November 2008 are eligible to join a defined contribution section of the CNPP. This scheme is funded by contributions from both the employees and the Company. The Company contributes at rates ranging from 8% to 13.5% depending on the level of contributions chosen by each individual employee.

At 31 March 2024 the Company had 6,093 employees (2023: 5,362) who were active members of the defined contribution section of the CNPP. The pension charge for the period, which represents contributions payable by the Company to the CNPP, amounted to £38.4 million (2022/23: £33.3 million).

Group Pension Scheme (GPS) section of the CNPP

The Group Pension Scheme (GPS) is a funded scheme. The Company and other participating employers contribute to the GPS at rates recommended by the GPS's professionally qualified actuary. The employer contribution rate was 25% in the year ended 31 March 2024 (2022/23: 25%).

On 31 March 2007, the GPS was sectionalised into various sections. Following the sectionalisation, these financial statements reflect the Company's share of the IAS 19 (R) assets and liabilities at 31 March 2024 and 31 March 2023 respectively. Of the active members within the section of the GPS relating to the Site Licence Companies (SLC section), the majority are employed by the Company. Consequently, the entire section has been reflected in these accounts.

Following the previous transfer of ownership of the Company to Nuclear Management Partners (NMP) on 24 November 2008, there was no change to the pension arrangements of those employees who are members of the GPS. That arrangement remains in place following the transfer of the Company to become a wholly owned subsidiary of the NDA on 1 April 2016. The NDA has the role of principal employer in respect of the GPS.

The GPS-SLC section was merged into the CNPP from the GPS Pension Scheme with effect from 1 April 2012 and is a separate section of the CNPP. No changes were made to pension and benefit entitlements when the GPS-SLC section was merged into the CNPP.

The most recent triennial actuarial valuation of the scheme by a qualified independent actuary took place at 31 March 2022. The projected unit method was used. The results of the valuation were a market value of scheme assets of £727 million (2019 valuation: £682 million), which represented a 132% level of funding (2019 valuation: 106%). As a result of the valuation, the employer contribution rate will remain at 25% (2019 valuation: 25%). Employer contribution rate is currently 32.1% which was effective from 1st April 2021 (previously 25.2% between 1st April 2019 and 31st March 2021). An IAS 19 (R) actuarial annual valuation for the GPS was carried out at 31 March 2023 by a qualified independent actuary. There were outstanding employer contributions of £nil at 31 March 2023 (2021/22: £nil).

Notes to the financial statements

Continued

16 Pension schemes (continued)

Risks associated with the Company's defined benefit schemes

The defined benefit schemes expose the Company to a number of risks, the most significant of which are:

- the risk that movements in the Plan liabilities are not met by corresponding movements in the Plan's assets;
- lower than expected investment returns;
- higher than expected inflation and salary increases; and
- members living longer than expected.

The following tables summarise the components of net benefit expense and the funded status and amounts recognised in the Statement of financial position for the respective plans:

Net benefit expense, 2024	GPS Section of the CNPP £000	Sellafield Section of the CNPP £000	Total £000
Current service cost	5,393	75,896	81,289
Past service cost	-	20	20
Interest cost / interest income on assets	(8,528)	(19,105)	(27,363)
Net benefit expense	(2,865)	56,811	53,946
Net actuarial gains/(losses) recognised in year	(53,634)	(136,264)	(189,898)

Net benefit expense, 2023	GPS Section of the CNPP £000	Total £000
Current service cost	8,772	147,424
Past service cost	176	281
Interest cost / interest income on assets	(1,933)	13,592
Net benefit expense	7,015	161,297
Net actuarial gains/(losses) recognised in year	105,289	1,123,078

The NDA is the principal employer of the CNPP, and the NDA is ultimately responsible for funding any pension fund deficits for the defined benefit sections of the CNPP. The level of employer contributions paid by the Company is determined by the CNPP Trustees based on the latest triennial actuarial valuations. Under the Services Agreement between the Company and NDA, the employer contributions paid by the Company are included in operating costs shown in the Income statement and are reimbursed by the NDA.

Amounts relating to the current and past service costs and net interest on the net defined benefit liability are shown in the table above but are not shown on the face of the Income statement. This reflects the fact that any overall pension surplus or deficit is for the benefit of, or to be funded by, the NDA, and therefore there are offsetting amounts to or from the NDA, which the Company has disaggregated.

Under paragraph 116 of IAS 19, when it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, an entity shall disaggregate and recognise changes in the fair value of its right to reimbursement in the same way as for changes in the fair value of plan assets. The components of defined benefit cost recognised in accordance with paragraph 120 of IAS 19 may be recognised net of amounts relating to changes in the carrying amount of the right to reimbursement.

Notes to the financial statements

Continued

16 Pension schemes (continued)

Changes in the defined benefit liability are summarised as follows:

Benefit/(liability), 2024	GPS Section	Sellafield	Total
	of the CNPP	Section of the	
	£000	CNPP	£000
Defined benefit obligations	(462,827)	(1,698,152)	(2,160,979)
Fair value of plan assets	594,695	1,997,227	2,591,922
Benefit/(liability)	131,868	299,075	430,943
(Liability) recognised in Statement of financial position	-	-	-

Benefit/(liability), 2023	GPS Section		Total
	of the CNPP		
	£000		£000
Defined benefit obligations	(414,727)	(1,425,963)	(1,840,690)
Fair value of plan assets	592,673	1,831,538	2,424,211
Benefit/(liability)	177,946	405,575	583,521
(Liability) recognised in Statement of financial position	-	-	-

Under paragraph 116 of IAS 19, when it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, an entity shall recognise its right to reimbursement as a separate asset. The entity shall measure the asset at fair value. The NDA is the principal employer of the CNPP and ultimately responsible for funding any deficit.

At the 31 March 2024 both sections of the CNPP had an IAS 19 actuarial surplus. This Surplus is not shown on the Company's Statement of financial position. IFRIC 14 considers the general requirements concerning the limit on a defined benefit asset, and states that if the right to a refund of a surplus depends on the occurrence or non-occurrence of one or more uncertain future events not wholly within an entity's control, the entity does not have an unconditional right and should not recognise an asset.

Under the terms of the CNPP's trust deed, the Company does not have an unconditional right to a surplus of either section, and as result at 31 March 2024, the surplus of the Sellafield section of the CNPP (and equal and opposite NDA creditor) have not been recognized and are not included on the Company's Statement of financial position.

Notes to the financial statements

Continued

16 Pension schemes (continued)

Changes in the present value of the defined benefit pension obligations are analysed as follows:

	GPS Section of the CNPP £000	Sellafield Section of the CNPP £000	Total £000
Defined benefit obligation at 31 March 2022	652,382	2,605,858	3,258,240
Interest on liabilities	17,024	69,012	86,036
Current service cost	8,772	138,652	147,424
Past service cost	176	105	281
Actuarial loss on change in financial assumptions	(250,945)	(1,351,875)	(1,602,820)
Actuarial loss on change in demographic assumptions	(767)	(3,221)	(3,988)
Actuarial (gain) on liabilities	16,774	11,122	27,896
Transfers (paid)	(11,018)	(28,793)	(39,811)
Benefits (paid)	(18,691)	(28,885)	(47,576)
Employee contributions	1,020	13,988	15,008
Defined benefit obligation at 31 March 2023	414,727	1,425,963	1,840,690
Interest on liabilities	18,972	67,402	86,374
Current service cost	5,393	75,896	81,289
Past service cost	-	20	20
Actuarial loss on change in financial assumptions	(10,848)	(34,063)	(44,911)
Actuarial loss on change in demographic assumptions	(8,171)	(23,689)	(31,860)
Actuarial (gain) on liabilities	61,760	214,874	276,634
Transfers (paid)	(34)	(6,283)	(6,317)
Benefits (paid)	(19,984)	(35,837)	(55,821)
Employee contributions	1,012	13,869	14,881
Defined benefit obligation at 31 March 2024	462,827	1,698,152	2,160,979

Changes in the fair value of plan assets are as follows:

	GPS Section of the CNPP £000	Sellafield Section of the CNPP £000	Total £000
Fair value of plan assets at 31 March 2022	727,162	2,010,726	2,737,888
Interest income	18,957	53,487	72,444
Employer contributions	4,892	137,200	142,092
Transfers (paid)	(11,018)	(28,793)	(39,811)
Benefits (paid)	(18,691)	(28,885)	(47,576)
Return on plan assets (excluding amounts included in interest income)	(129,649)	(326,185)	(455,834)
Contributions by employees	1,020	13,988	15,008
Fair value of plan assets at 31 March 2023	592,673	1,831,538	2,424,211
Interest income	27,230	86,507	113,737
Employer contributions	4,691	86,575	91,266
Transfers (paid)	(34)	(6,283)	(6,317)
Benefits (paid)	(19,984)	(35,837)	(55,821)
Return on plan assets (excluding amounts included in interest income)	(10,893)	20,858	9,965
Contributions by employees	1,012	13,869	14,881
Fair value of plan assets at 31 March 2024	594,695	1,997,227	2,591,922

Notes to the financial statements

Continued

16 Pension schemes (continued)

Pension contributions are determined with the advice of independent qualified actuaries on the basis of tri-annual valuations using the projected unit credit method. The projected unit credit method is an accrued benefits valuation method in which the scheme liabilities make allowance for future earnings. Scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets.

Isio Total Reward and Benefits Limited is the CNPP actuary.

At the 31 March 2024 the scheme assets were invested in diversified portfolios that consisted primarily of equity and debt securities. The fair value of the scheme assets as a percentage of total scheme assets are set out below:

	2024	2023
	%	%
Group Pension Scheme Section of the CNPP		
Equities and Diversified Growth Funds	53	53
Bonds and Gilts	37	34
Properties and other	10	13
Sellafield Section of the CNPP		
Equities and Diversified Growth Funds	63	59
Bonds and Gilts	24	24
Properties and other	13	17

The pension schemes have not invested in any of the Company's own financial instruments nor in properties or other assets used by the Company. The overall expected rate of return on assets is determined based on the market expectations prevailing on that date, applicable to the period over which the obligation is to be settled. These are reflected in the principal assumptions below.

The principal assumptions used in determining pension obligations for the Company's plans are shown below:

	GPS Section of the CNPP 2024	GPS Section of the CNPP 2023	Sellafield Section of the CNPP 2024	Sellafield Section of the CNPP 2023
	%	%	%	%
Main assumptions				
Future salary increases: years 1 to 5	2.75	-	2.75	-
Future salary increases: years 1 to 6	-	3	-	2.95
Future salary increases: years 5+	3.25	-	3.25	-
Future salary increases: years 6+	-	3.5	-	3.45
Future pension increases in payment or deferment	3.2	3.2	3.1	3.1
Discount rate	4.75	4.65	4.75	4.65
RPI Inflation assumption CPI	3.2	3.2	3.1	3.1
Inflation assumption	2.75	2.75	2.75	2.7
Post-retirement mortality (in years)				
Current pensioners at 65 – male	20.7	21.3	20.7	21.3
Current pensioners at 65 – female	23.3	23.7	23.3	23.7
Future pensioners at 65 (now 45) – male	22.0	22.6	22.0	22.6
Future pensioners at 65 (now 45) – female	24.7	25.1	24.7	25.1

Notes to the financial statements

Continued

16 Pension schemes (continued)

The UK discount rate is based on published indices for 15-year AA bonds. The assumptions for inflation and for increase in pension are based on the yield gap between long-term index-linked and long-term fixed interest gilt securities. Mortality rates for both the CNPP and GPS are based on SAPS CMI 2022 projections of 1.25% long term trend rate (2021: 1.25%). For both sections, mortality assumptions have been adjusted to allow for expected future improvements in longevity.

Sensitivity analysis

The impact on defined benefit obligations being:

	2024	2023
	%	%
Group Pension Scheme Section of the CNPP		
0.5% change in discount rates: 2024	(37,026)	32,861
0.5% change in discount rates: 2023	(36,081)	31,519
0.5% change in salary increase: 2024	4,628	(4,628)
0.5% change in salary increase: 2023	4,977	(4,977)
	Increase	Decrease
	£000	£000
Combined Nuclear Pension Plan		
0.5% change in discount rates: 2024	(168,117)	147,739
0.5% change in discount rates: 2023	(173,967)	145,448
0.5% change in salary increase: 2024	61,133	(57,737)
0.5% change in salary increase: 2023	45,631	(42,779)

The most recently completed triannual actuarial valuation of the GPS section was carried out as at 31 March 2022. Following the valuation, the Company's ordinary contribution rate is to remain at 25% (2019: valuation: 25%) of pensionable salaries. The next valuation is due to be completed as at 31 March 2025.

The most recently completed actuarial valuation of the Sellafield section of the CNPP scheme was carried out as at 31 March 2022. The next valuation is due to be completed as at 31 March 2025.

The Company will monitor funding levels on an annual basis for both sections of the CNPP.

Employer contributions in the year ended 31 March 2025 are expected to be £4.8 million (2023/24: £4.9 million) in respect of the GPS section and £82.8 million (2023/24: £89.7 million) in respect of the Sellafield section of the CNPP defined benefit pension plan.

The levels of contributions are based on the current service costs and the expected future cash flows of the defined benefit schemes. The Company estimates the present value of the duration of UK scheme liabilities on average to fall due over 20-25 years.

Notes to the financial statements

Continued

16 Pension schemes (continued)

History of the net surplus/(deficit) of the schemes

Amounts for the current and previous four periods are as follows:

	2024	2023	2022	2021	2020
	£m	£m	£m	£m	£m
GPS Section of the CNPP					
Defined benefit obligation	(463)	(415)	(652)	(659)	(584)
Plan assets	595	593	727	705	624
Surplus/(deficit)	132	178	75	46	40
	2024	2023	2022	2021	2020
	£m	£m	£m	£m	£m
Sellafield Section of the CNPP					
Defined benefit obligation	(1,698)	(1,426)	(2,606)	(2,506)	(1,929)
Plan assets	1,997	1,832	2,011	1,736	1,369
Surplus/(deficit)	299	406	(595)	(770)	(560)

Any deficits of either section of the CNPP are recognised in full with a corresponding asset from the NDA, as principal employer, for the full value of the deficit. However, surpluses are not recognised in the Statement of financial position because the Company does not have an unconditional right to surpluses.

History of experience of gains and losses

	2024	2023	2022	2021	2020
	£m	£m	£m	£m	£m
GPS Section of the CNPP					
Experience gains/(losses) on scheme assets:					
Amount	(10,893)	(129,649)	36,269	106,417	(39,520)
Experience (gains)/losses on scheme liabilities:					
Amount	(61,760)	(16,774)	(3,514)	11,667	-
	2024	2023	2022	2021	2020
	£m	£m	£m	£m	£m
Sellafield Section of the CNPP					
Experience gains/(losses) on scheme assets:					
Amount	20,858	(326,185)	110,006	288,230	(116,076)
Experience (gains)/losses on scheme liabilities:					
Amount	(214,874)	(11,122)	(3,273)	149,196	-

Notes to the financial statements

Continued

17 Ultimate Group undertaking

The Company's shareholder, NDA, is a Non-Departmental Public Body sponsored by the Department for Energy Security and Net Zero (DESNZ). The Company is included within the publicly available group accounts of both the NDA and DESNZ. As a result, in the Directors' opinion, the Company's ultimate controlling party is His Majesty's Government.

18 Post balance sheet events

Overpayment of employee bonus

As reported last year, the bonus payment to eligible employees for the 2022/23 financial year was increased by approximately £200 per employee. This was against a target outcome that didn't have all levels of approval in place and was therefore referred to as an overpayment.

Being mindful of its duty to responsibly manage public funds, the Company has been seeking to resolve the situation with the support of its Union colleagues and has been discussing the issue with the Government, and the NDA.

The decision was made to submit a formal request to Government to allow the Company not to recover the overpayment, which has now been confirmed. There will therefore not be any recovery of the overpayment.

The Company has put in place the necessary arrangements to make sure that this situation cannot happen again. This includes the target payment date of the bonus scheme moving to June to allow additional time for review of the Company performance and to ensure all approvals are in place.

Cyber prosecution

In June 2024 Sellafield Ltd pleaded guilty to charges brought by the Office for Nuclear Regulation (ONR) relating to past nuclear industry security regulations compliance. There is no suggestion that public safety was compromised.

A sentencing hearing took place on 7th August 2024, the outcome of which resulted in the Company being fined £332,500 and ordered to pay £53,253.20 in costs. No provision was made in the 2023/24 Financial Statements.

Appendix

Methodology used to calculate greenhouse gas (GHG) emissions and energy usage data for the period 1 April 2023 to 31 March 2024:

Scope 1

Gas Data

Metered (Fiscal) by National Grid (supplier). Part of UKETS process. This is the total (gross) kWh of natural gas combusted in the reporting period by Sellafield Ltd at the Fellside Combined Heat and Power Plant (CHPP) to produce steam and electricity.

For off-site properties, where SL pays directly for gas use - use is metered (fiscal) by supplier and recorded on utility bills. Where SL does not pay for the gas directly, the quantity has been calculated from meter readings supplied by the building management company or estimated based on service charges or floor area adjusted for building occupancy multiplied by BEIS Conversion Factors. tCO₂e is calculated using the relevant emission factor given in the UK Government GHG Conversion Factors for Company Reporting - Fuels (2023).

Mass of unburnt methane has then been multiplied by the CO₂e emissions factor for methane using UK Government GHG Conversion Factors for Company Reporting (2023), Refrigerant & other. kWh for methane is already included within the total kWh gas Fellside metered (fiscal).

Transport/ Other Fuels

For petrol, diesel and gas oil from the filling station, fuel keys are used to account for fuel use between transport and other uses. The litres of fuel used are multiplied by the relevant emission factor given in the UK Government GHG Conversion Factors for Company Reporting - Fuels (2023).

Gas oil use at Fellside (inc. handpump CHP) is metered by local meters, and the litres of fuel are converted into CO₂e using constants from the Digest of UK Energy Statistics (DUKES) and Carbon Emissions Factors and Calorific Values as used in the Greenhouse Gas National Inventory Report published in 2023. Part of UKETS process.

Invoiced gas oil and diesel is summated in litres and multiplied by the relevant emission factor given in the UK Government GHG Conversion Factors for Company Reporting - Fuels (2023). It is assumed that all fuel purchased in FY23/24 is utilised in the same period.

Kilogrammes of propane and litres of butane used are converted into CO₂e using constants from the Digest of UK Energy Statistics (DUKES) and Carbon Emissions Factors and Calorific Values as used in the Greenhouse Gas National Inventory Report published in 2023. Part of UKETS Conservative Estimate.

Scope 2

Electricity

Electricity exported from the National Grid to the Sellafield site is measured by fiscal meter. tCO₂e is calculated using the relevant emission factor given in the UK Government GHG Conversion Factors for Company Reporting - UK electricity (2023).

For off-site properties, where SL pays directly for electricity use - use is metered (fiscal) by supplier, utility bills. Where SL does not pay for the electricity directly, the quantity has either been calculated from meter readings supplied by the building management company or based on the associated service charge, or floor area as part of the lease, multiplied by BEIS Conversion Factors. Where there are no dedicated meters for the tenant - kWh have been apportioned based on building occupancy. tCO₂e is calculated using the relevant emission factor given in the UK Government GHG Conversion Factors for Company Reporting - UK electricity (2023).

Scope 3

Business Travel

Rental cars derived from contractor hire car data reports. CO₂e is calculated using the relevant emission factor given in the UK Government GHG Conversion Factors for Company Reporting - Business travel land (2023). Personal mileage is derived from mileage claims based on cost claimed, converted into kilometres. CO₂e is calculated using the relevant emission factor given in the UK Government GHG Conversion Factors for Company Reporting (2023).

To convert to kWh - total kilometres have been divided by two (assuming half the mileage is from petrol and half from diesel) and multiplied by the average litres/km for petrol and diesel, to derive litres; these have then been multiplied by the average GCV for petrol and diesel; and then converted into kWh.

Fuel use for some Company Cars is accounted for through fuel cards (business mileage is taken to be 50% of the fuel purchased on the fuel cards). These are the recorded litres used but do not specify the fuel type. Litres of fuel have been estimated by using the average cost of unleaded, super unleaded and diesel fuels. The resultant litres have then been multiplied by the average of the emission factors for petrol and diesel, from the UK Government GHG Conversion Factors for Company Reporting (2023).

Glossary and abbreviations

Acronym	Description
A&RAC	Audit and Risk Assurance Committee
CEO	Chief Executive Officer
DESNZ	Department for Energy Security and Net Zero
EA	Environment Agency
EHS&S	Environment, Health, Safety and Security Committee
IRP	Investment Review Panel
NDA	Nuclear Decommissioning Authority
NomCo	Nominations Committee
ONR	Office for Nuclear Regulation
P&PC	Projects and Programmes Committee
P&RC	People and Remuneration Committee
SIRs	<p>Sellafield Incident Reports</p> <p>What is a Sellafield Incident Report?</p> <ul style="list-style-type: none">• A significant, off-normal event occurs.• A Site Incident Report is created to capture details of the event.• Safety teams review the event and ‘sentence’ it, which means deciding what type and level of event it is and what, if any, further reporting needs to take place.• The Site Incident Report is also reviewed to see if there is any learning from the event that can be shared across the business, the NDA, and the wider industry where appropriate.

Useful links and documentation

Financial Reporting Council

<https://www.frc.org.uk/>

Government Financial Reporting Manual (FReM)

<https://www.finance-ni.gov.uk/publications/202324-government-financial-reporting-manual-frem-and-accounts-proformas>

Greenhouse Gas Protocol

<https://ghgprotocol.org/about-us>

Nuclear Decommissioning Authority

<https://www.gov.uk/government/organisations/nuclear-decommissioning-authority>

UK Corporate Governance Code

<https://www.frc.org.uk/library/standards-codes-policy/corporate-governance/uk-corporate-governance-code/>

https://media.frc.org.uk/documents/UK_Corporate_Governance_Code_2018.pdf

Sellafield Ltd

<https://www.gov.uk/government/organisations/sellafield-ltd>

Task Force on Climate-related Financial Disclosure (TCFD) -aligned disclosure application guidance - Phase 1 and Phase 2

<https://www.gov.uk/government/publications/tcf-aligned-disclosure-application-guidance/task-force-on-climate-related-financial-disclosure-tcf-aligned-disclosure-application-guidance#metrics-and-targets>

