


# Empowering progress

—  
Annual report  
and accounts 2025





NLF exists to fund the decommissioning of eight nuclear power stations for the benefit of the UK taxpayer over the long term.

We work closely with stakeholders to support safe, secure, and cost-effective site remediation.

---

# Contents

	<a href="#">Introduction</a>
2	Purpose and strategic objectives
	<a href="#">Chair's statement</a>
4	Empowering progress
	<a href="#">Chief Executive's statement</a>
6	Investing and working together
	<a href="#">Strategic report</a>
8	Our key performance indicators
13	Review of the year
18	Environmental, social and governance considerations
20	Principal risks and uncertainties
	<a href="#">Directors' report</a>
22	Directors' report for the year ended 31 March 2025
	<a href="#">Directors' report</a>
24	Governance
	<a href="#">Directors</a>
28	Statement of directors' responsibilities
	<a href="#">Report from the audit and risk committee</a>
31	Report from the audit and risk committee for the year ended 31 March 2025
	<a href="#">Independent auditor's report</a>
33	Independent auditor's report to the members of Nuclear Liabilities Fund Limited
	<a href="#">Financial statements</a>
36	Statement of comprehensive income
37	Statement of financial position
38	Statement of changes in equity
39	Statement of cash flows
40	Notes to the financial statements
65	<a href="#">Company information</a>

# Our purpose

The primary purpose of Nuclear Liabilities Fund Limited is to grow the fund over the long-term to be sufficient to meet decommissioning liabilities as they fall due.

Nuclear Liabilities Fund Limited is the operating company for The Nuclear Trust, a Scottish public trust established in March 1996 to set aside and ring-fence funds to discharge liabilities associated with decommissioning eight nuclear power stations currently operated by EDF Energy Nuclear Generation Limited ('EDF Energy'). Decommissioning, in its simplest form, means removing all the fuel from a nuclear power station, taking down the plant and facilities and restoring the site to an agreed end-state ready for some form of re-use. The fund will also discharge certain costs associated with the management of spent fuel.

Three stations have ceased generation and have entered the decommissioning phase, which comprises reactor defueling and the deconstruction of station infrastructure. Planning for decommissioning is underway for the other Advanced Gas-cooled Reactor ('AGR') stations. Final site clearance is expected to take over 100 years from end of generation.

In 2021, the government exercised its option to transfer EDF Energy's AGR stations to the Nuclear Decommissioning Authority ('NDA') after completion of defueling by EDF Energy. The long-term AGR decommissioning programme will be managed via the NDA's subsidiary company, Nuclear Restoration Services Limited ('NRS') and will continue to be funded by Nuclear Liabilities Fund Limited. The transfer creates opportunities to enhance the efficiency of the AGR decommissioning programme using the expertise of NRS. Hunterston B is the first station to have completed defueling and is expected to transfer to the NDA in 2026.

The directors aim to ensure that the fund has the required level of projected assets to meet decommissioning liabilities as they arise; where this aim is met, it is referred to as 'sufficiency of the fund'. The fund is exposed to fluctuations in investment returns, inflation and interest rates and does not have direct control over the costs associated with the decommissioning liabilities, which are determined by the operational plans and delivery strategies of external stakeholders such as EDF Energy and NDA. The government has provided a guarantee to underwrite the fund in the event that its assets are insufficient to meet the decommissioning liabilities.



#### Notes:

Hinkley Point B ceased generation on 1 August 2022  
 Hunterston B ceased generation on 7 January 2022  
 Dungeness B ceased generation on 7 June 2021

Map kindly produced by EDF Energy, June 2022

# Our strategic objectives

## Strategic objectives



### Investment

Optimise growth and take advantage of the long-term nature of the fund.



### Decommissioning

Make payments for decommissioning in accordance with our legal obligations to EDF Energy and NDA.



### Sufficiency

Target sufficiency of the fund to meet our long-term obligations.

## Achieved through



**Setting investment principles and monitoring performance**



**Understanding decommissioning plans, progress and projected costs**



**Efficient operations**



**Investing for long term growth**



**Monitoring and managing risks**



**Proportionate controls and compliance activity**



**Excellent corporate governance**



**Effective stakeholder engagement**

## Decommissioning liabilities

When 'decommissioning liabilities' are referred to in this report, these are the costs of decommissioning and the costs of management of spent fuel that are to be met by Nuclear Liabilities Fund Limited, being those costs of decommissioning and management of spent fuel under funding agreements in place with EDF Energy and, in future, with NDA and NRS.

---

## Statement from the Chair

# Empowering progress



Chris Hitchen  
Chair

Total assets increased to £20.7 billion, despite £0.6 billion being paid out to meet costs of decommissioning. This brings the total paid out so far to £2.4 billion, a major contribution to protecting future generations from these costs, and to protecting our environment.

# £20.7bn

Total fund size as at 31 March 2025

# £2.4bn

Payments from the fund to discharge decommissioning liabilities to date

I am pleased to introduce the Nuclear Liabilities Fund Limited Annual Report and Accounts for the fiscal year 2024–25. As the route to decommissioning of the UK's second generation nuclear power stations is envisaged, the fund has a hundred year journey ahead of it. With that perspective, success in any one year is not final and failure is not fatal, as Winston Churchill observed in a different context. Nevertheless, this has felt like a significant year, both in the progress of the nuclear fleet and in the fund's development of its relationship with its future decommissioning partners.

Three of EDF Energy's nuclear power stations have ended generation and are in the first phase of decommissioning – defueling. This phase involves the removal of all nuclear fuel from site. EDF Energy showed real energy and enthusiasm throughout the defueling of Hunterston B, completing the process in good time and within budget and this achievement and associated learnings will benefit the rest of the fleet.

Once defueling is complete, the sites will be transferred to Nuclear Restoration Services Limited ('NRS'), a subsidiary of the Nuclear Decommissioning Authority ('NDA'). Supporting both defueling and the preparations for transfer of the first AGR stations was an important focus during the fiscal year 2024–25.

As Churchill also said, it is the courage to continue – through all the ups and downs – which counts in the end. It was called upon at times this year, as we worked to agree a new set of arrangements under which the fund will meet the costs of future decommissioning by NRS. Similar steadfastness will certainly be required of everyone involved in the long haul of decommissioning, from the hard-working engineers and site operators in the field, to the directors and executives of Nuclear Liabilities Fund; from the planners and directors of NDA and NRS, to the officials and ministers of His Majesty's Government.



The new arrangements provide funding certainty for the NDA and NRS AGR mission and we look forward to seeing what benefits this can bring, especially in supporting innovation and optimised planning. That's how future generations of UK citizens will reap the benefits of our flexible, funded arrangement, ready as we are to invest in new opportunities and to fund efficient decommissioning, whenever and whatever form it takes.

### The board and executive team

We were pleased to welcome Liz Flockhart to the board in August 2024, following her appointment. At the same time we said goodbye, with thanks, to Philip Luxford, a senior government official who had joined our board temporarily whilst we were short-handed.

An independent external evaluation of the Nuclear Liabilities Fund Limited board was carried out in early 2025. The results of the review were positive, highlighting a collaborative culture, committed board members, a sound governance framework and well-established stakeholder relationships. Further detail can be found on [page 25](#). Nevertheless, we know that we will need to build more resource, at board and executive level, to ensure organisational resilience going forward.

### Investing for the Future

Given the duration of the decommissioning mission, investing for the long-term is an enduring theme. Long-term performance of our mixed assets portfolio ('MAP') continues to be strong, with an annualised return of 6.9% over the last 10 years. During the year, we have focused on long-term targets and made an additional commitment to a private equity continuation vehicles strategy. We have also initiated a project to establish a strategic investment partnership, aiming for alignment and recognition of the fund's long-term investment horizon.

Our Total Portfolio Return exceeded its KPI target, for the first time and way ahead of schedule, with higher interest rates from the National Loans Fund offsetting a short-term dip in the performance of the MAP. Investment performance and activities are reported fully on [page 13](#) onwards. Whether the fund ultimately proves sufficient to meet all of the decommissioning liabilities will depend significantly on the emerging nature of those costs, but investing for the long term is also key as we seek to limit the burden on future UK citizens.

**Chris Hitchen**  
Chair

Top image: Hartlepool power station.  
Image supplied courtesy of EDF Energy.

---

## Statement from the Chief Executive

# Investing and working together



Melissa Hope  
Chief Executive

# 6.9% p.a.

10 year MAP performance

---

Three of EDF Energy's nuclear power stations have ended generation and are in the first phase of decommissioning – defueling. This phase involves the removal of all the used fuel from the reactors and storage ponds on each site.

---

### Investing

Chris mentioned the focus on long-term investment targets. We fully expect there to be periods of over and under performance across the long life of the fund. The key is to remain invested and achieve returns over the longer term. As a result, we have included additional reporting this year to track longer term performance (on pages 8 to 12). Page 12 sets out cumulative returns for: the total fund, the MAP, and the liquid and illiquid portfolios (subset of the MAP). We feel these are helpful illustrations of the fund's positive performance and long-term trajectory.

---

### Working together

As mentioned in last years' report, we have continued to engage with our counterparts in NDA, NRS and DESNZ to progress the post-transfer funding arrangements, ahead of the first station transfer in 2026. Transfer of the stations is a crucial step in the decommissioning programme, and we have been encouraged by the preparation work to date, including the joint working between EDF Energy and NRS to create implementable decommissioning plans.

Defueling and decommissioning work continued during the fiscal year 2024-25 and Nuclear Liabilities Fund Limited made payments of c.£0.6bn to EDF to cover liabilities costs largely relating to defueling and decommissioning preparation work and defueling at Hunterston B, Hinkley Point B and Dungeness B. We continue to be involved in programme oversight meetings. At operating stations this involves discussions on EDF Energy's preparations for end of generation. At stations where generation has ended, discussions cover the progress with defueling and preparations for transfer of the stations to NRS. The payments made by the fund enable EDF Energy's focus to be on the range of preparation, decommissioning and defueling activities in accordance with their nuclear site licence and with relevant environmental legislation.

A notable milestone was reached shortly after the end of the fiscal year. Following checks by EDF Energy and the Office for Nuclear Regulation, in April 2025 Hunterston B was officially declared fuel free. The power station was defueled on time and on budget. This is a demonstration of EDF Energy's commitment to carry out the first phase of decommissioning safely and effectively, delivering 'fuel free' reactors ready for handover to NRS.

## Governance and operations

The liabilities project committee has continued to be a crucial governance forum as we monitor preparations for decommissioning, defueling progress and advance discussions on post transfer AGR funding arrangements.

We continue to review the efficacy of our board and committees and the structure of our executive team. This includes building on improvements made in previous years and adapting to and preparing for external changes, such as increased activities as we approach station transfer. Ensuring the appropriate investment operation and strategy resource is another important consideration as we look at the long-term growth of the MAP and face ever changing macro-economic conditions.

As in previous years, we are very grateful to the Non-NDA Nuclear Liabilities Assurance ('NLA') team for their crucial role in providing the assurance on the costs payable by Nuclear Liabilities Fund Limited throughout the year.

## Looking ahead

Organisational evolution and development is important as we look to ensure an effective and efficient set-up with robust governance and operations so we can:

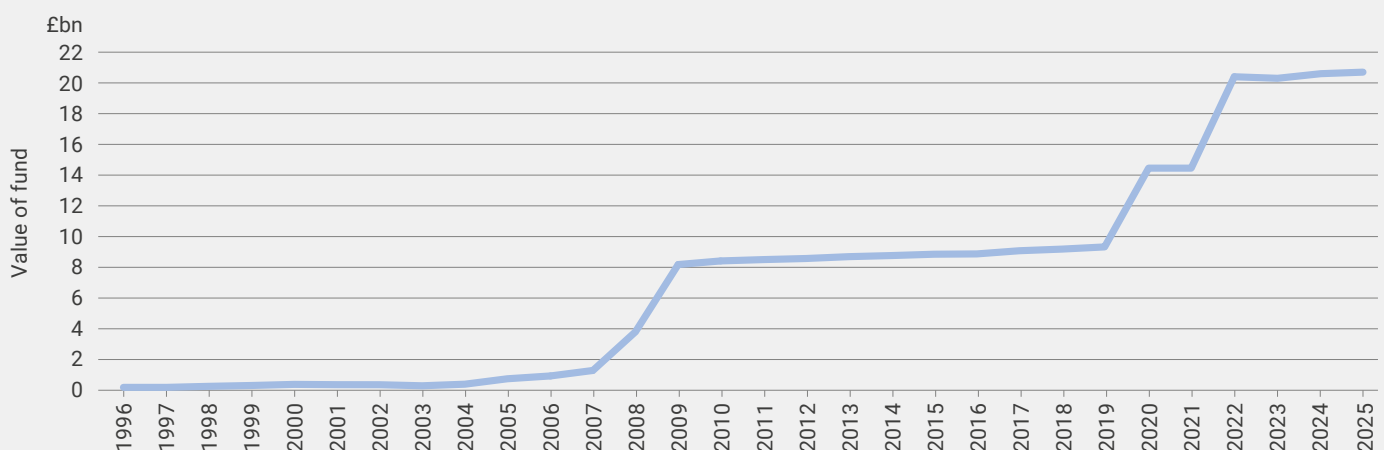
- take a long-term view on investment, looking to invest independently of market cycles and make the most of our extended time horizon, with the goal of maintaining sufficiency of the fund,
- focus on providing support to the nuclear decommissioning programme, both in terms of funding current spend and working with NDA and NRS to establish appropriate arrangements for funding decommissioning spend post transfer of the AGR stations,
- continue to develop as a sustainable and resilient organisation, built appropriately to fulfil our purpose over the coming years.

I would like to take this opportunity to thank both the board and the executive team for all their hard work, and our stakeholders for their ongoing support. We look forward to working with DESNZ, EDF Energy, NRS and NDA as we progress through the next steps of the decommissioning journey.



**Melissa Hope**  
Chief Executive

## Evolution of the fund since inception.



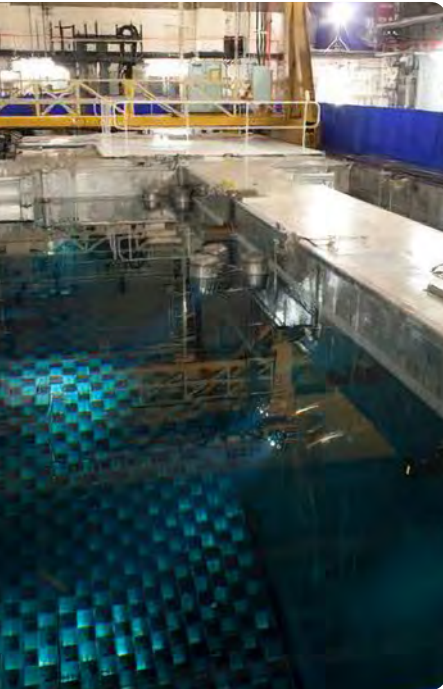
**Notes:**

- i. The fund assets have increased over the years.
- ii. In 1996 the initial endowment was £223m.
- iii. In 2005 Nuclear Liabilities Fund Limited entered into the Contribution Agreement and the Nuclear Liabilities Funding Agreement. The Contribution Agreement provided for regular contributions to be made by EDF Energy. In addition an issue of bonds increased fund assets.
- iv. Between 2006 and 2009 there were a number of corporate events associated with the restructuring of British Energy. These resulted in significant increases to fund assets over this period.
- v. In June 2020 Nuclear Liabilities Fund Limited entered into an agreement with HM Treasury and the Secretary of State for Business, Energy and Industrial Strategy (now DESNZ) with regards to new funding arrangements which included a capital injection of £5.07bn in July 2020.
- vi. In March 2022 a capital injection of £5.61bn was received primarily in relation to the increase in Corporation Tax rates.
- vii. Despite increased costs of defueling in recent years, the fund has maintained a balance in excess of £20bn.

Strategic report

# Our key performance indicators

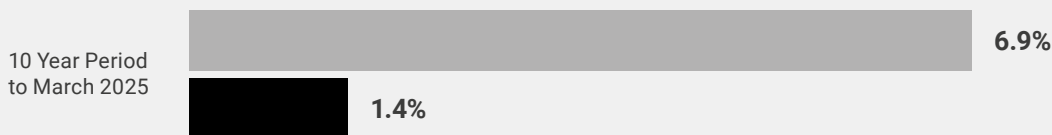
Sizewell B fuel pond.  
Photo produced by kind permission of  
EDF Energy



Nuclear Liabilities Fund Limited’s investment performance is assessed using key performance indicators (‘KPIs’) that were agreed for the fiscal year 2024–25 with DESNZ. The KPIs and investment objectives are established to measure performance against the expected future liability obligations. The aim is to provide a summary of the overall returns of the total fund, and a more detailed view of the returns of the Mixed Assets Portfolio.

Whilst the directors agree with the requirement to monitor performance over the short term, it should be noted that long term performance is the objective of the fund. As a result, a 10 year return for the Mixed Assets Portfolio is reported below. This aligns with the primarily illiquid nature of the MAP and the long term investment horizon.

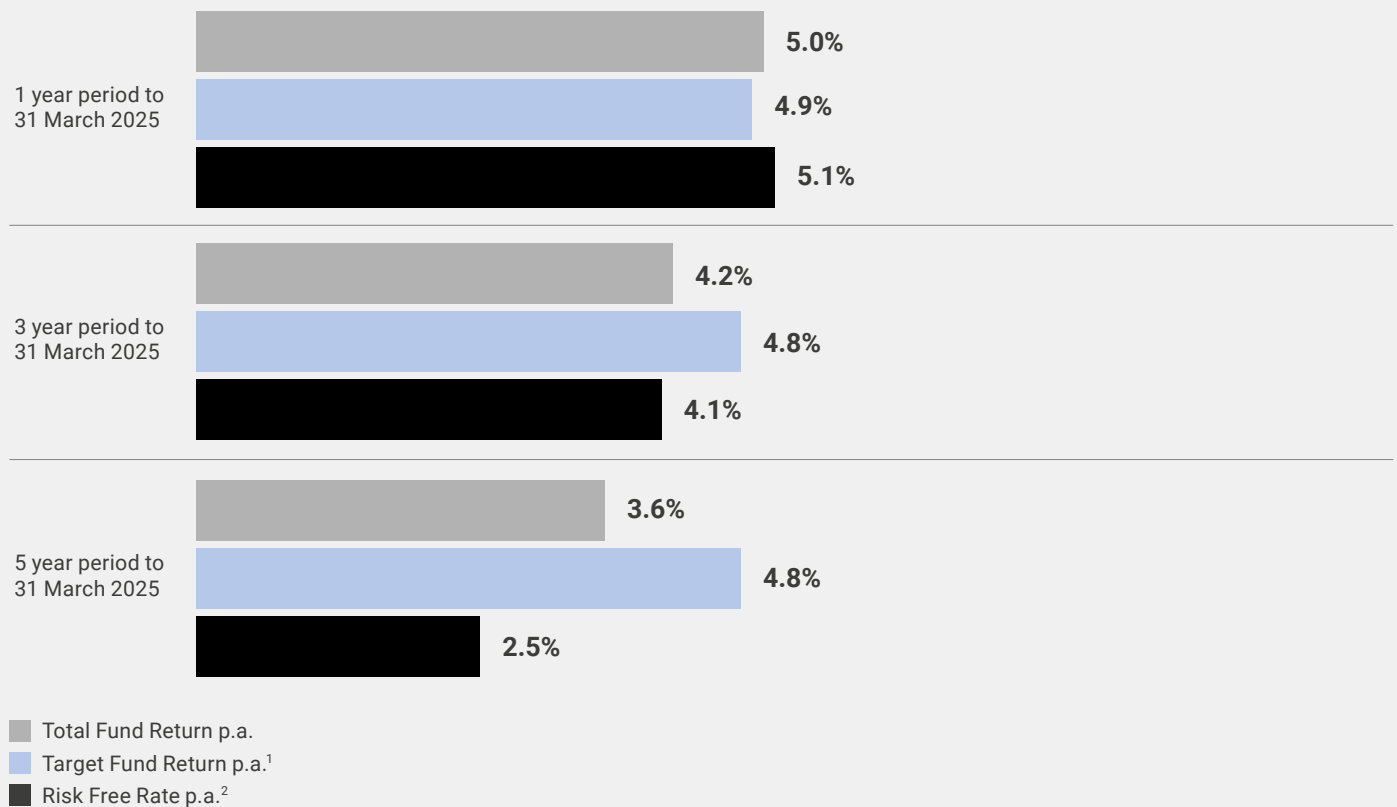
## 10 Year Mixed Assets Portfolio Return



■ Mixed Asset Portfolio Return p.a.  
■ Risk Free Rate p.a.<sup>2</sup>

**▲ 6.9%** Mixed Assets Portfolio Return  
10 year period to 31 March 2025

## KPI 1: Total Fund Return



**▲ 3.6%** Total Fund Return  
5 year return to 31 March 2025

This KPI illustrates how the whole fund has performed against the target return over its life. The total fund is split between the National Loans Fund ('NatLF') and the actively managed Mixed Assets Portfolio ('MAP'), as further explained on [page 13](#).

As interest rates remained elevated over the course of the year, KPI 1 saw improved performance versus prior years as the significant weighting of the NatLF benefitted from improved returns.

While the weighting of the NatLF remains significant the returns from the MAP performance are subject to a lower weighting. The overall target noted above covers the life of the fund into the next century as further discussed on [page 14](#).

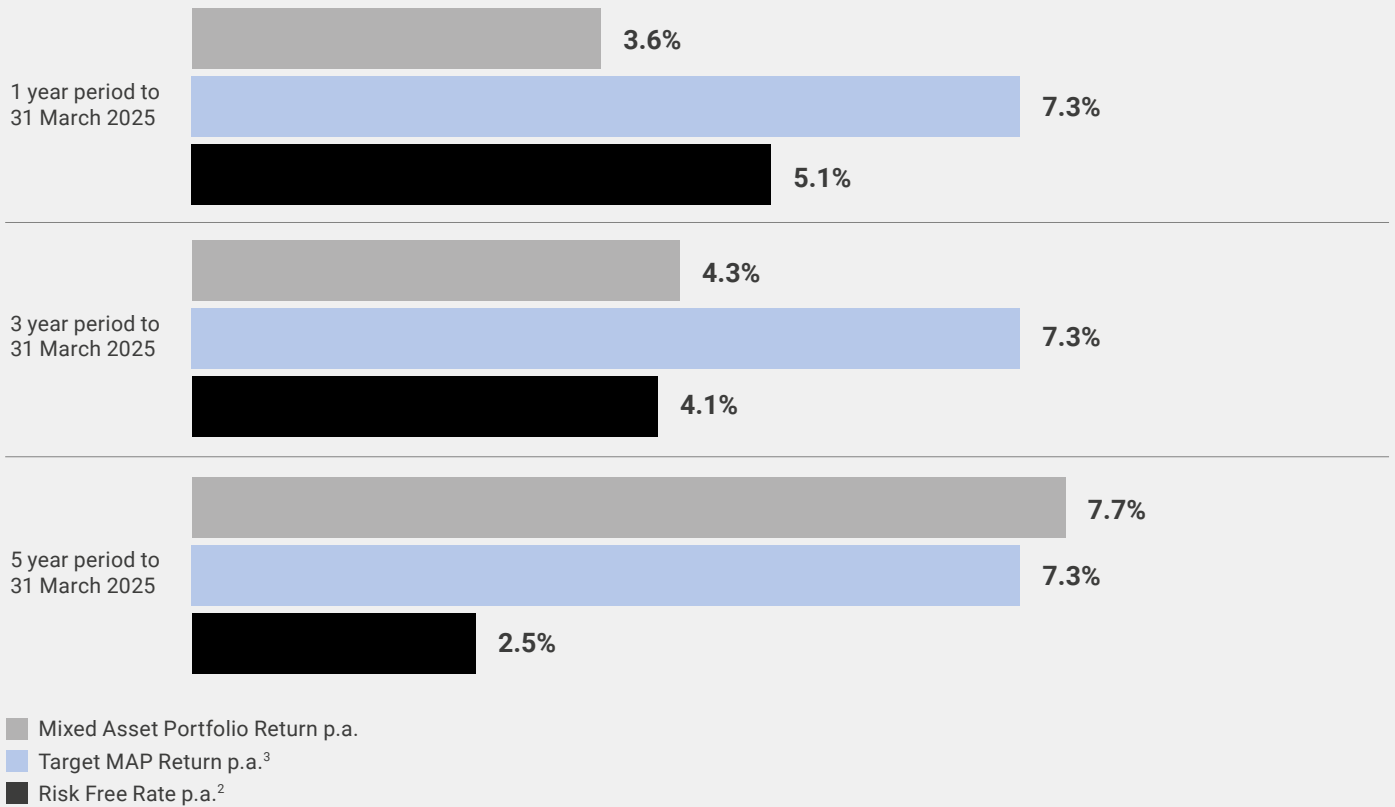
The target return was calculated as the required return on the NatLF and the MAP to meet the decommissioning liabilities in full. Net of fees, net of tax.

All dates run from 1 April to 31 March

<sup>1</sup> This is the required return on the NatLF and the MAP to meet the liabilities in full. Net of fees, net of tax.

<sup>2</sup> The risk-free rate is calculated as the geometric average of the UK Gilts 3-month index at the start of each quarter.

## KPI 2: Mixed Assets Portfolio Return



**▲ 7.7%** **Mixed Assets Portfolio Return**  
5 year return to 31 March 2025

The MAP is the portion of the total fund not currently invested in the NatLF. This KPI illustrates how the MAP has performed against its target return.

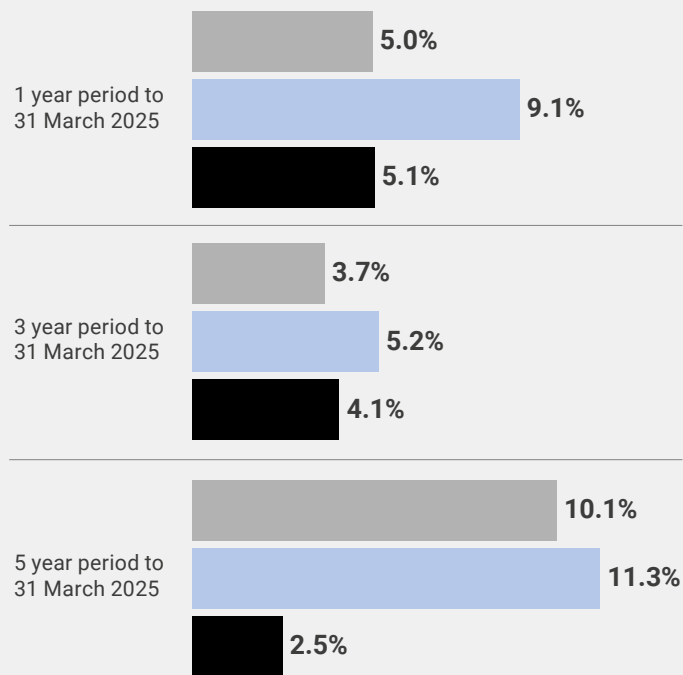
The target return for the MAP is the required return as agreed by the board with reference to the cost of decommissioning liabilities and future returns.

The MAP Return of 3.6% for the year was behind the target return. This was primarily as a result of subdued returns and foreign exchange headwinds in the illiquid portfolio. See [page 14](#) for further commentary.

Further breakdown of liquid and illiquid results within the MAP are shown on the following page.

All dates run from 1 April to 31 March

## Subset of KPI 2: Liquid Portfolio Performance



■ Liquid portfolio actual return p.a.<sup>6</sup>  
■ Liquid portfolio benchmark return p.a.<sup>5</sup>  
■ Risk Free Rate p.a.<sup>2</sup>

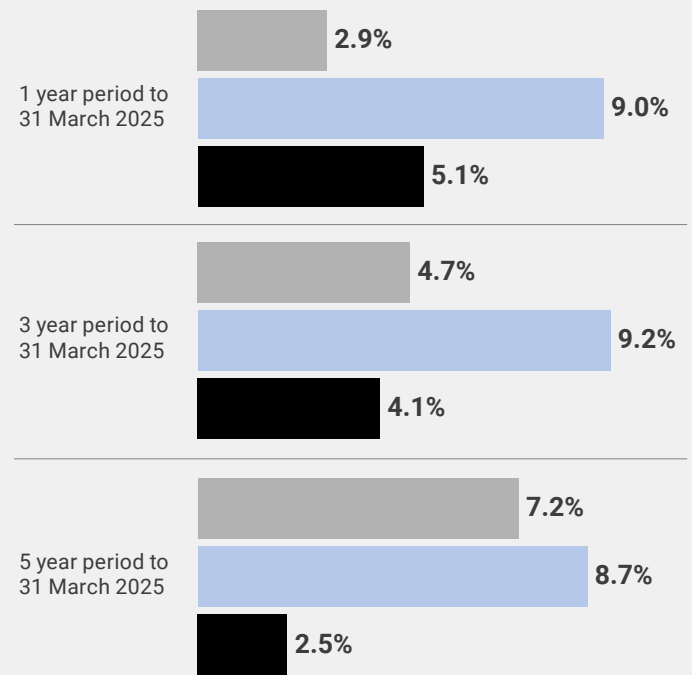
**▲ 10.1%** Liquid Portfolio Return  
5 year return to 31 March 2025

The liquid portfolio (comprising c.25% of the MAP) includes global equities (including emerging market and synthetic exposure), fixed income, liquid alternatives and cash.

Following the restructuring of the liquid portfolio in 2023, the target for the liquid portfolio is cash + 4% p.a. (over rolling 3 year periods and adopted since 1 October 2023). Prior to this, the benchmark was derived predominantly from equity market indices, reflective of the portfolio's investments at the time. The KPI demonstrates performance against this benchmark and the risk free rate.

The current absolute return target reflects the dynamic asset allocation implemented within the liquid portfolio.

## Subset of KPI 2: Illiquid Portfolio Performance



■ Illiquid portfolio actual return p.a.<sup>4</sup>  
■ Illiquid portfolio benchmark return p.a.<sup>6</sup>  
■ Risk Free Rate p.a.<sup>2</sup>

**▲ 7.2%** Illiquid Portfolio Return  
5 year return to 31 March 2025

The illiquid portfolio (comprising c.75% of the MAP) includes allocations to infrastructure, real estate, private credit, UK growth equity and global private equity asset classes.

The KPI demonstrates performance of the illiquid portfolio relative to a long term forecast of performance and the risk free rate. It is important to note that the long term forecast of performance is a capital market assumption over a forward looking 10 year period and therefore does not take into account current economic conditions.

2 The risk-free rate is calculated as the geometric average of the UK Gilts 3-month index at the start of each quarter.

3 This is the target return on the MAP to meet the liabilities, as agreed by the board of Nuclear Liabilities Fund Limited. Net of fees, gross of tax.

4 Both liquid and illiquid portfolio performance is net of management fees and gross of tax.

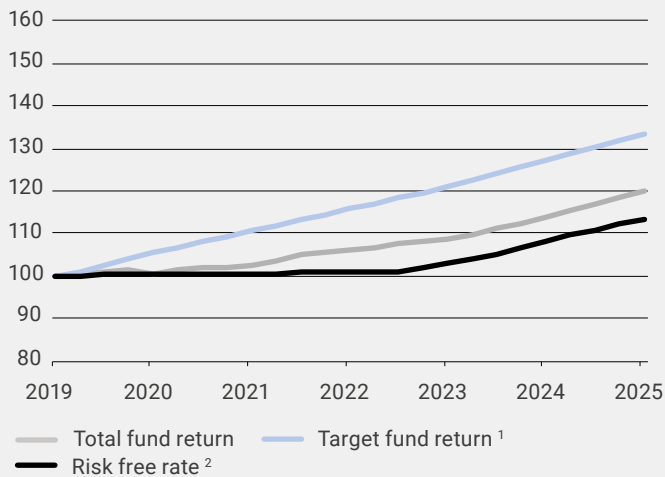
5 Until 30 September 2023, the liquid benchmark return was the weighted average of each investment manager's benchmark index return, based on their share of liquid portfolio assets at the quarter's start. From 1 October 2023, the benchmark return is set at SONIA + 4% p.a.

6 This is a forecast based on Aon's Capital Market Assumptions ('CMA') and uses Nuclear Liabilities Fund Limited asset allocation. The CMA are best estimates of annualised returns representing the long term capital market outlook (i.e. 10 years).

## Cumulative performance across the fund

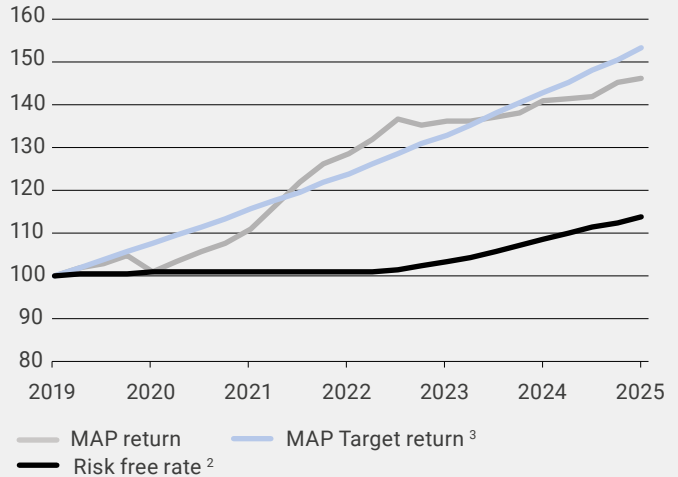
The charts below illustrate cumulative performance of the fund and its component parts since April 2019<sup>7</sup>, alongside returns from relevant comparators. Future reports will extend the time series as more data becomes available.

### Cumulative total fund return since April 2019



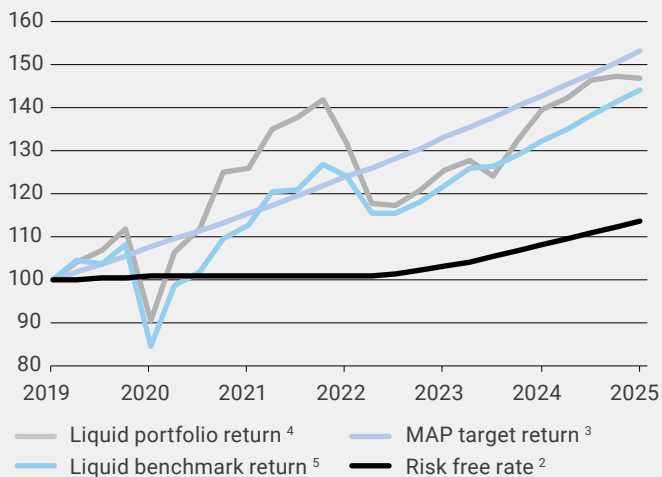
Due to the high weighting of the NatLF (c.80%), the total fund return is anticipated to remain below its target for several years. As the NatLF weighting decreases and the MAP, which targets higher returns, grows in value, the total fund return is anticipated to move closer to its lifetime target. Notably, the rise in the risk free rate over the past three years has contributed positively to the fund’s return.

### Cumulative MAP return since April 2019



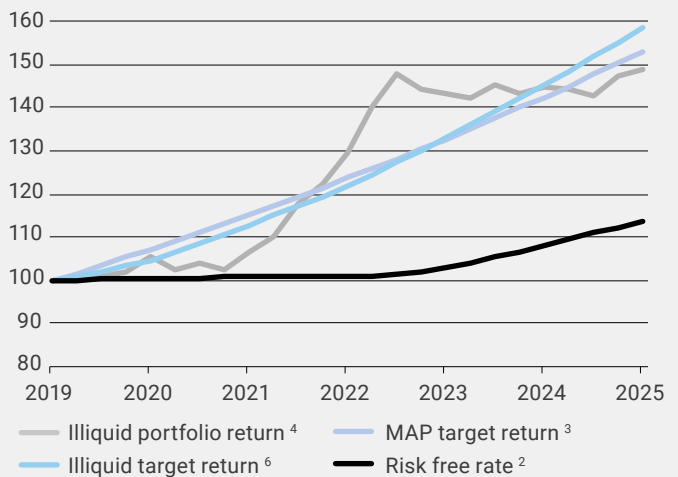
The MAP (c.20% of the total fund) has delivered robust performance, generally tracking its target return. Given the fund’s 100 year lifespan, it is anticipated that returns will fluctuate, with some years exceeding and others falling short of the target. This variability underscores the importance of focusing on the long term trajectory of returns rather than short term fluctuations.

### Cumulative liquid portfolio return since April 2019



The liquid portfolio, which accounts for c.25% of the MAP, continues to perform well, generating strong returns. The cumulative return chart highlights short term volatility which is a feature of public markets. Therefore, evaluating results over a longer time horizon provides a more meaningful measure of success and aligns with the fund’s objective to navigate market cycles effectively.

### Cumulative illiquid portfolio return since April 2019



The illiquid portfolio, which accounts for c.75% of the MAP, has shown impressive growth historically. However, private market headwinds have contributed to a slowdown in returns over the past three years. This further underscores the importance of maintaining a long term view to navigate short-term pressures and position the fund for future growth.

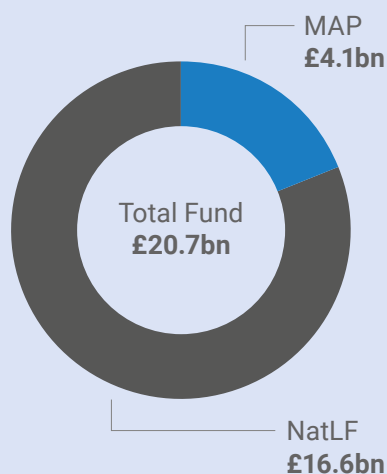
<sup>7</sup> The reporting period commences on 1 April 2019, reflecting the earliest date with full data coverage for all component parts of the portfolio.

## Strategic report

# Review of the year

Three stations have ceased generation. Nuclear Liabilities Fund Limited is funding the safe and efficient defueling of these stations and preparations for the next stage of decommissioning. New funding arrangements are being established to support the continuation of decommissioning activities at Hunterston B power station as responsibility transfers from EDF Energy to the Nuclear Decommissioning Authority ('NDA') in 2026. The directors continue to focus on the composition and performance of the fund to maximise opportunities for long term growth to ensure sufficiency.

### Fund size and composition



#### Background

The fund's assets are split between the National Loans Fund ('NatLF'), an HM Treasury account which pays a market interest rate, and the Mixed Assets Portfolio ('MAP'), a range of different assets selected to provide a higher return over time while being sufficiently diversified to provide some protection against changes in economic conditions and market cycles.

Decommissioning liabilities are intended to be met from the NatLF in the first instance (currently expected to be utilised by the 2050s), then from the MAP.

Because of the length of time until the MAP's assets are expected to be sold, the MAP can afford to invest in illiquid assets which are expected to generate significantly higher returns over time. At any given moment the total money invested in the NatLF and the MAP is expected to be sufficient to pay off the decommissioning liabilities in full, taking into account the returns the fund expects to generate across all its assets.

#### The National Loans Fund

As at 31 March 2025, the fund held c.£16.6bn (c.80% of its total assets) in the NatLF (including accrued interest). The NatLF provides liquidity to meet decommissioning costs and the costs of running the fund, allowing funding certainty over the short to medium term. Higher interest rates have continued to benefit the returns from the NatLF which were close to zero three years ago.

#### The Mixed Assets Portfolio

The MAP balance as at 31 March 2025 was c.£4.1bn (c.20% of the fund). As noted above, the assets in the MAP are not needed for many years while the NatLF is used to meet the costs of decommissioning.

As a result, the focus for the MAP is long term growth, and the current forecast is for the MAP to be valued at over £30bn in today's money when the fund's holding in the NatLF is exhausted in around 30 years' time. The MAP will then continue to grow whilst being used to meet decommissioning costs, in anticipation of the increased rate of expenditure on decommissioning at the start of the next century (see graph of projected expenditure on page 17).

The MAP is designed to capitalise on the historically higher returns available to long term investors in illiquid assets such as private equity and infrastructure who agree to give up their right to sell assets at short notice. Holding assets for long periods of time also reduces the impact on returns of the costs of buying and selling investments. The MAP is invested c.25% in liquid and c.75% illiquid assets as at 31 March 2025. The liquid investments are used to meet capital calls from the illiquid portfolio. All of the MAP's assets are managed by external investment managers.

## 1 Investment performance over the year

We assess the fund's investment performance using key performance indicators ('KPIs') which look at the overall returns of the fund as well as focusing in on the investments in the MAP. The KPIs are detailed on [pages 8 to 12](#). The total fund return KPI figure is calculated as an average over the lifetime of the fund. Because of the very high weighting towards the NatLF over the next 30 years of the fund's life, and the low risk nature of the NatLF, we have previously reported the expectation that the fund will lag its lifetime return target for several years until the weighting of the NatLF falls and the value of the MAP, which targets a higher return, increases. However, as interest rates have risen over the past three years the NatLF has seen improved returns leading to the fund being marginally ahead of the Total Portfolio Return target this year – 5.0% vs target of 4.9%. This is a significantly positive outcome for the fund over this period.

Monthly interest rates on the NatLF have declined from around 5% at the start of the year to around 4% at the end of the year and since then have continued to decline. Given that interest rates may reduce further, it is likely that the coming years will see reversion to the previous position where the fund lags its lifetime return target over the short to medium term.

As the NatLF is drawn down to pay for the costs of decommissioning, and the MAP grows, it is expected that the total fund return will increase. When the MAP is the dominant asset, the total portfolio performance will be more aligned to the performance of the MAP (KPI 2). Current projections show that in approximately 10 years the weighting of the NatLF and the MAP will be c.50/50, and by the mid 2050's, the NatLF will be fully utilised.

Whilst the overall fund has benefitted from the higher interest rate environment, this has impacted the performance of the illiquid holdings within the MAP. On a three year basis, the MAP has returned 4.3% p.a., below the target return of 7.3%. One year performance was also below target at 3.6%. However, it is our view that the performance of illiquid assets should be judged over longer timescales. Over a 10 year period, the MAP has returned 6.9% p.a. and this has been a key driver of the growth of the fund.

The fund maintains a diversified portfolio of assets whose performance varies across different market cycles. During the year, our private equity continuation investment was a notable driver of growth within illiquid holdings; however, this was partially offset by asset-specific challenges in infrastructure and adverse currency movements. Within the liquid portfolio, the fund's strategic asset allocation delivered positive results overall, though equity investments underperformed due to an underweight position in major US technology companies. This strategy aimed to mitigate volatility but ultimately resulted in missed opportunities for gains.

In relation to our illiquid holdings, and in the absence of a publicly available benchmark for these investments, we worked with our advisors to create a weighted benchmark that reflects the fund's underlying illiquid investments.

### Statement of investment principles

The Statement of Investment Principles (the 'SIP') sets out the governance structure for setting the investment objectives for the fund. It provides detail on the responsibilities of the directors and the investment objectives and principles which they have set for the MAP. The SIP is available on our [website](#).

The illiquid returns over the three year period were 4.7% p.a. versus a weighted benchmark return of 3.9% p.a.

We continue to believe that exposure to high quality, high conviction managers within the illiquid portfolio positions the fund well for future performance despite recent macroeconomic headwinds.

We do not expect smooth returns year after year throughout the c.100 year life of the fund. The MAP has performed broadly in line with its objectives over the longer term, delivering strong annualised returns over five and ten year periods. See [pages 8 and 10](#).

Investment activity within the MAP continued in the year with a significant additional commitment to an existing investment which has performed strongly to date. Further investment and long-term partnership opportunities are being progressed with the intention of enhancing long-term returns.

We remain confident that the fund will benefit from long term asset growth and meet its investment targets over the longer term.

### Target returns

The target return for the total fund has reduced to 4.8% for the fiscal year 2024–25 reflecting the current surplus in the fund's forward looking projections.

The target return for the MAP for the fiscal year 2024–25 was 7.3%. Whilst the fund is in surplus, the required return is lower at 6.6%, however the board continue to target 7.3% for the fiscal year 2025–26 to allow the fund to continue to protect against shortfalls from potential increases to liability estimates.



*Hunterston B is the first AGR station to be declared 'fuel free'. The directors recognise that the efforts of station staff, supporting central functions, and collaborative working alongside the NDA and its operating companies, Sellafield Ltd and Nuclear Transport Solutions, were key contributors to this success.*

Above image: Sizewell B power station. Image supplied courtesy of EDF Energy.

## 2 Liabilities

### Decommissioning estimates

During the fiscal year 2024–25, undiscounted decommissioning liabilities remained at £27.2bn. The estimate remained flat as inflationary increases were offset by payments to EDF Energy of c.£0.6bn to cover the discharge of decommissioning detailed below. The headline liabilities figure has remained inline with the position reported for 2023–24.

In the fiscal year 2024–25, EDF Energy made a contribution to the fund and its administration of £29m. This figure was £13m higher than 2023–24 as a result of additional payments for fuel loading at Sizewell B.

### Discharge of liabilities

Three AGR stations have now ceased generation. Payments from the fund will remain high over the next 15 years as the remainder of the AGR fleet reaches the end of its generating life and defueling and decommissioning work is carried out.

In fiscal year 2024–25, the fund met the costs of defueling activity at Dungeness B, Hinkley Point B and Hunterston B (including site costs), defueling preparations at the other AGR stations and certain costs associated with the operation of the dry fuel store at Sizewell B.

All fuel was successfully removed from Hunterston B and the site was declared officially 'fuel free' in April 2025. One reactor at Hinkley Point B has also been defueled and work is ongoing to defuel the second reactor. The fund also met the cost of EDF Energy's preparations for the transfer of Hunterston B, Hinkley Point B and Dungeness B to NDA.

Hunterston B defueling costs were at the lower end of estimates and as a result, EDF Energy will be entitled to an incentive payment under the legal agreements entered into in 2021. The amount of this payment will be determined and payable in the financial year 2025–26.

### Scrutinising costs and monitoring liabilities

The Non-NDA Liabilities Assurance team ('NLA') a segregated part of the NDA,<sup>8</sup> continue to carry out assurance, scrutiny and audit activity on behalf of DESNZ and Nuclear Liabilities Fund Limited in relation to EDF Energy's cost submissions and plans. This ensures that payments from the fund are only made in respect of qualifying costs and provides the directors with confidence in the robustness of liabilities estimates and the application of consistent methodology.

The directors of Nuclear Liabilities Fund Limited actively participate in quarterly and annual reviews of defueling progress and EDF Energy's performance against KPIs and other performance measures. We attend regular and ad hoc meetings with the NLA and DESNZ to discuss key issues arising from assurance activity.

<sup>8</sup> The Nuclear Decommissioning Authority ('NDA') is a non-departmental body created by the Energy Act 2004 whose functions include the decommissioning of designated nuclear installations. It is sponsored and funded by DESNZ.

## AGR station transfer and long term decommissioning programme

DESNZ has exercised its option to transfer the AGR stations to the NDA after completion of defueling by EDF Energy. The long-term AGR decommissioning programme will be managed via the NDA's subsidiary company, Nuclear Restoration Services Limited ('NRS'). Nuclear Liabilities Fund Limited will continue to fund the decommissioning programme post-transfer. During the fiscal year 2024–25 we held extensive discussions with DESNZ, NDA and NRS on new funding arrangements and formal agreements will be concluded prior to the end of the fiscal year 2025–26.

## Stakeholder collaboration, reporting and oversight

The directors continue to play an active role in the governance meeting arrangements established by DESNZ in June 2021 to facilitate efficient AGR defueling and seamless station transfer. The directors actively participate in the Decommissioning Senior Alignment Panel, which oversees the programmes of deconstruction strategy alignment and transfer activity and are invited by DESNZ to attend an annual CEO and Permanent Secretary review meeting.

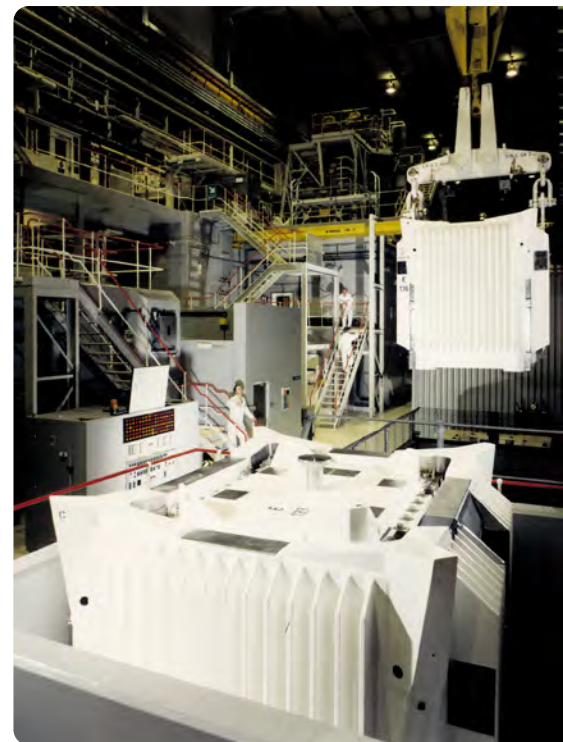
The directors continue to participate in the AGR Operating Programme, and in the Defueling Steering Panel. These committees scrutinise the many risks that can impact on defueling and that, if realised, would contribute to significant cost increases to the fund.

We would like to thank EDF Energy for facilitating an insightful visit to Hunterston B and Dungeness B power stations. We also thank the NDA for facilitating a visit to the fuel handling plant at Sellafield, which dismantles spent fuel assemblies from the AGR fleet so that fuel can be stored safely pending final disposal. Efficient operation of this facility is critical to defueling operations. Shortly after the fiscal year end, members of the liabilities project committee visited Bradwell power station, the UK's first nuclear site to enter into a safe and secure passive state. This enables radiation levels to decay naturally over time prior to the site's final clearance. We acknowledge and appreciate the professionalism and dedication demonstrated by NRS employees who worked on this pioneering project, as well as the valuable opportunities for innovation and knowledge transfer that will benefit the forthcoming phases of the AGR decommissioning programme.

## A look forward on liabilities

The directors are committed to working with our stakeholders in a fully collaborative manner and maintaining a sufficient technical understanding of the risks and issues involved so that we can continue to constructively engage on decommissioning matters.

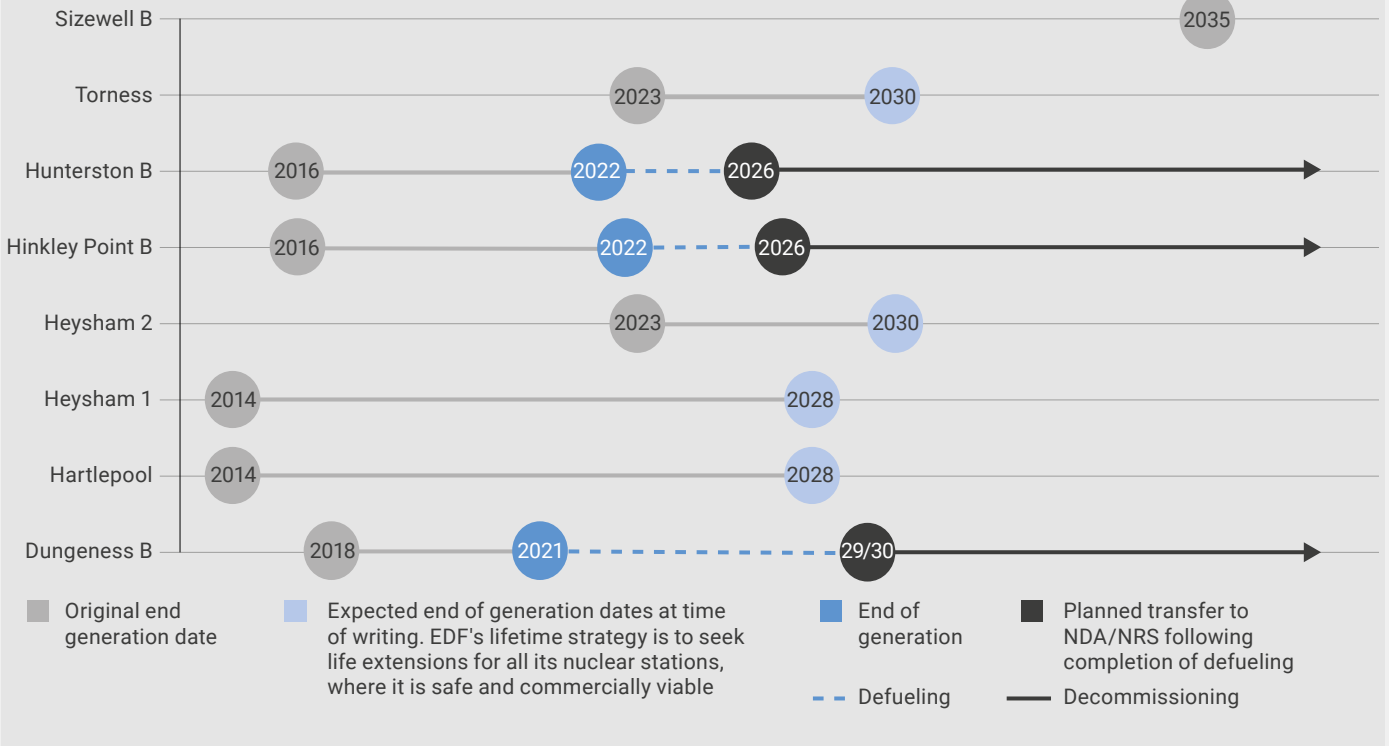
Dungeness B faced unique challenges, but EDF Energy have successfully developed a safety case to enable defueling operations to be carried out with the reactor at lower temperatures rather than the more complex and resource-intensive 'warm' conditions. This will have a beneficial impact on costs to the fund and we will continue to monitor progress closely.



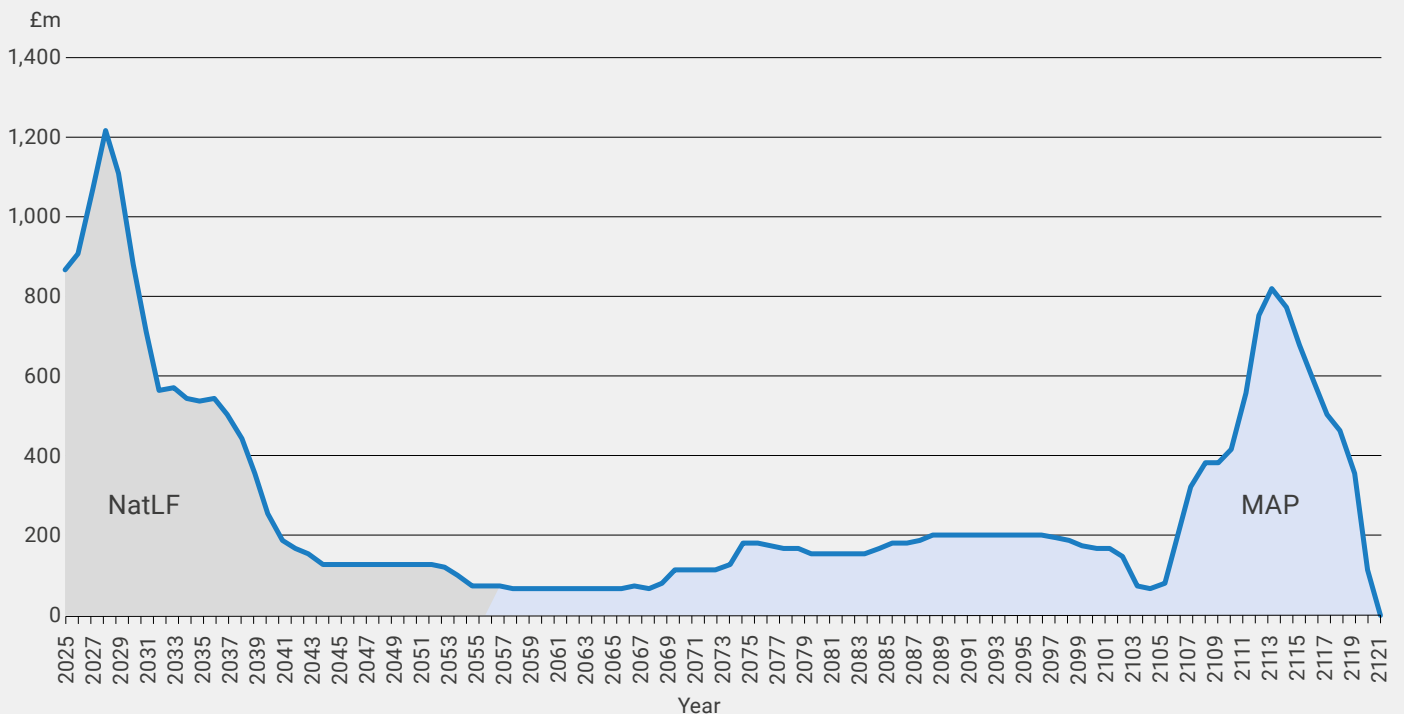
Operational plans for AGR stations are being developed to facilitate transfer, and this has resulted in reported adjustments to the relevant timeframes, which will alter associated decommissioning liabilities. The directors have expressed concern to DESNZ regarding the potential effects of increased costs on the fund. There may be opportunities to plan and carry out decommissioning more effectively over the longer term, given the funding certainty provided by the fund, and we will work collaboratively with our stakeholders to explore what further optimisation of plans might be possible.

Top image: Fuel handling plant, Sellafield. Image supplied courtesy of the NDA.

### Expected end of generation and transfer dates

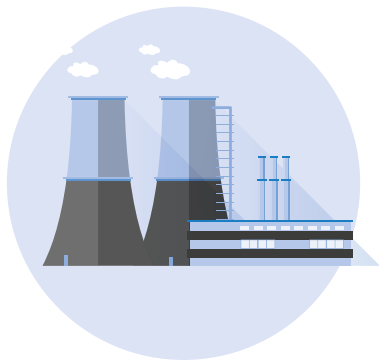


### Projected expenditure to discharge decommissioning liabilities and anticipated source of funds



**£27.2bn** Total projected liability spend 2025–2121

Source: The total spend is sourced from the Annual Liabilities Report delivered by EDF Energy as at December 2023, adjusted for forecast spend and inflation.



## Strategic report

# Environmental, social and governance considerations

Environmental, social and governance ('ESG') outcomes are factored into the decisions the directors make, both in terms of our own operations and our investments.

We believe ESG is a key component of the success of the Nuclear Liabilities Fund Limited. Examples of our approach at the organisational level are outlined below:

### Environmental

Nuclear power generates low carbon electricity, supporting the UK's net zero goals. Nuclear Liabilities Fund Limited aims to ensure that when nuclear power stations come to the end of their generating life, there are funds in place to safely remove and manage nuclear waste.

### Social

We strive to embed a culture where everyone feels respected, valued and included. We are proud of our gender diversity and are taking steps to ascertain whether there are any barriers in place to further broaden our diversity.

### Governance

The board are committed to high standards of corporate governance with regard to both public and private sector codes of conduct and best practice. We report on our governance arrangements annually in this report. More details can be found on [page 24](#).

The directors expect the fund's investment managers to take into account corporate governance, social, and environmental considerations (including long-term risks posed by sustainability concerns, the transition to a low-carbon economy, and crystallisation of climate change risks) in the selection, retention and realisation of investments on behalf of the fund. Further detail is included in the Statement of Investment Principles on our [website](#).

We review ESG across our portfolio annually alongside our investment adviser. This includes a review of our investment managers' participation in collaborative external initiatives such as the Principles for Responsible Investment; the integration of climate change and Net Zero targets across our portfolio; and measures of our managers' alignment to the UN Sustainable Development Goals where this is a core part of their mandate.

The following page outlines asset management and portfolio initiatives provided by a selection of our asset managers.

**Manager:** Copenhagen Infrastructure Partners

**Engaged Entity:** Fengmiao

Fengmiao is a 500 MW offshore wind project located in Taiwan. As the Taiwanese government has ambitious net zero plans and the technology industry is energy intensive, Fengmiao project will contribute positively towards governments plans.

Fengmiao has secured six corporate offtakers for the electricity generated and it is also expected to supply green electricity to multiple local companies, including key players in Taiwan's semiconductor, electronics manufacturing and telecommunications industries.



**Manager:** LCM Partners

**Engaged Entity:** Rural Asset Finance

LCM collaborates with Rural Asset Finance to support small-scale farmers in the UK. This partnership provides financing for agricultural equipment and loans secured against land and property, addressing the financial challenges farmers face post-Brexit and due to reduced bank support.

Additionally, LCM finances renewable energy assets for the farming sector, such as hydropower mill electricity generators and solar panels. These initiatives aid farms in transitioning to sustainable, low-carbon operations, promoting environmental sustainability and reducing carbon footprints within the agricultural industry.

**Manager:** Adams Street

**Engaged Entity:** Evestia Clinical

Evestia Clinical is a global Contract Research Organisation that specialises in providing clinical trial services to pharmaceutical and biotech companies.

Evestia assisted a global pharmaceutical company in the submission and approval of a drug aimed at treating tuberous sclerosis complex, a rare genetic disorder. The company developed a strategy to ensure smooth submission across multiple countries, resulting in successful approval in the United States, United Kingdom, Poland, and Canada, which was crucial for the success of the drug development program and expedited pathways for market approval, providing further treatment options to patients.



Photos kindly shared by the investment managers and engaged entities noted above.

Strategic report

# Principal risks and uncertainties

Risk management is an important consideration. We have identified our strategic risks and these are considered by the board at each meeting, being important inputs to any decision making.

In the fiscal year 2024–25, a new risk management framework was introduced. The processes set out in the framework aim to manage risk to a tolerable level in a manner that is proportionate with the size and scope of our operations whilst providing confidence that Nuclear Liabilities Fund Limited has effective systems of governance and that the directors are appropriately discharging their statutory and fiduciary duties.

Nuclear Liabilities Fund Limited maintains the following risk registers:

- liability risk register
- investment risk register
- governance and operational risk register

Risk management is a key responsibility of the board. Strategic risks are discussed at each board meeting to ensure comprehensive oversight. The management and monitoring of risk registers is delegated, with the audit and risk committee reviewing all risk registers to ensure compliance with the risk management framework.

## Liability risks

Sufficiency of the fund may be impacted by increases in the decommissioning liabilities and/or changes to the phasing of spend. Nuclear Liabilities Fund Limited does not own or control the decommissioning programme and/or the decommissioning liabilities, however, we ensure that the cost estimates receive appropriate challenge and scrutiny and we monitor risks via our own liability risk register. During the fiscal year 2024–25 liability risks have increased significantly.

## Strategic risks

### Constitutional or political

A constitutional attack on, or a lack of consideration of, the set-up or independence of the fund.

### Liabilities

Increases in the level of the liabilities and/or significant changes to the timing of liabilities.

### Investment

Poor asset performance and an inability to achieve long term investment returns.

### Governance

Inappropriate or insufficient oversight or decision making, which may be as a result of the size of one or both of the board and the executive.

### Operations

Insufficient fund operations or inadequate controls.

### Reputation and stakeholder management

Poor management of our reputation or failure in management of/engagement with stakeholders impacting confidence in NLF and the associated arrangements.

As operational decommissioning plans are further developed, this has resulted in increases to both the time and costs associated with the next stage of the AGR decommissioning programme, as well as higher long-term fuel related liabilities. While there are a number of variables to be considered, these factors may impact projected fund sufficiency next year. We are working with DESNZ and relevant stakeholders to ascertain the scope of further optimisation activity in the period preceding and post-transfer of the AGR decommissioning programme to NRS.

Sustained inflationary pressure is a further significant component of liabilities risk and one that is difficult to mitigate. In carrying out our assessment of the sufficiency of the fund, we adjust liabilities estimates for inflation (using CPI) and apply a nuclear inflation premium.

### Investment risks

The fund is a long-term investor and the directors aim to balance the desire to maximise the returns from the MAP with a professional investment approach which manages risk.

The approach is set out in note 15 'Financial Risk Management' to the financial statements.

The Investment Risk Appetite Statements support this approach. They provide guidelines for the investment adviser to establish how the asset allocation of Nuclear Liabilities Fund Limited will develop.

The board and investment committee work together, with advice from our investment adviser, to set and implement Nuclear Liabilities Fund Limited's investment strategy within this Risk Appetite Framework.

### Governance and operational risks

The audit and risk committee is responsible for the oversight of Nuclear Liabilities Fund Limited's governance and operational risk register. The directors strive to uphold a high standard of internal governance and carefully monitor governance, constitutional or political risks which may arise from external influence or intervention and actions or circumstances which may damage the reputation of the fund.

Operational risk management centres around Nuclear Liabilities Fund Limited's organisational structure, how we work on day-to-day business matters and how we use external service providers.

As a number of key operations are outsourced, management of service provider relationships is an important aspect of operational risk management. Cyber security risk has been, and will continue to be, an area of focus both internally and in arrangements with our service providers.

### Solvency and liquidity risks

The view of the directors is that Nuclear Liabilities Fund Limited is in a strong position when considering solvency and liquidity risks.

The directors expect to be able to meet the company's liabilities including its obligations to discharge decommissioning liabilities for the foreseeable future. Following the most recent Annual Funding Review, it was agreed that the fund was sufficient and there was no requirement for reallocation of investments or additional contributions at this time.

In addition, the substantial liquid assets that the company holds within the National Loans Fund ensure that payments and liabilities will continue to be met as they fall due, and this is expected to the case for a number of years into the future.

## Investment risk appetite statements

### The board has a:

- 1 High appetite to take a level of investment risk that maximises the probability of the fund's sufficiency but within the bounds of prudence.
- 2 High appetite for investments selected to deliver positive Environmental, Social and Governance outcomes.
- 3 Low appetite for the failure of the Mixed Assets Portfolio to meet its return target over the long term.
- 4 Low appetite for concentration of risk positions in the Mixed Assets Portfolio, while making meaningful allocation to each type of asset.
- 5 High appetite for illiquidity in the Mixed Assets Portfolio whilst there is a material allocation of assets to the liquid National Loans Fund.
- 6 Low appetite for embarrassment and reputational risk, reflecting the desired standards of a public body.
- 7 Medium appetite to focus fund investments in the UK, supporting the UK Government.
- 8 High appetite for transparency and understanding of operational complexity, including taxation treatment.

## Directors' report

# For the year ended 31 March 2025

The directors present their Annual Report together with the financial statements and auditor's report for the year ended 31 March 2025.

### Results

**In the fiscal year 2024–25 Nuclear Liabilities Fund Limited's assets held to meet the decommissioning liabilities increased by £160,410,239 to £20,639,578,445 (in the year 2023–24 increase of £176,705,708 to £20,479,168,206).**

At this early stage in Nuclear Liabilities Fund Limited's life, the directors cannot be sufficiently assured of sufficiency to consider paying dividends for some time. No dividends have been paid or proposed for this year or the prior year.

### Presentation of financial statements

The directors are bound by the Companies Act 2006 and International Financial Reporting Standards in the presentation of the financial statements. However, the purpose of Nuclear Liabilities Fund Limited is to receive and hold monies, investments and other assets, so as to secure funding for discharging liabilities relating to the

decommissioning of eight nuclear power stations currently operated by EDF Energy and to make payments to EDF Energy in accordance with provisions of the Nuclear Liabilities Funding Agreement. Accordingly, in the directors' opinion, an alternative method of presenting the financial statements would be to use a fund account approach as follows:

	2025 £	2024 £
<b>Assets less liabilities held to meet decommissioning liabilities – value at start of the year</b>	<b>20,479,168,206</b>	<b>20,302,462,498</b>
Contributions from EDF Energy	28,886,210	16,184,168
Amounts payable to EDF Energy	(621,908,879)	(542,835,530)
Profit on ordinary activities before tax	959,918,641	935,770,774
Tax on profit on ordinary activities	(206,485,733)	(232,413,704)
<b>Assets less liabilities held to meet decommissioning liabilities – value at end of the year</b>	<b>20,639,578,445</b>	<b>20,479,168,206</b>

## Principal activity and review of business

The principal activities of Nuclear Liabilities Fund Limited are to provide arrangements for funding the costs of decommissioning the stations and for meeting all costs and liabilities relating to the management, storage, retrieval and disposal of unirradiated, operational or spent nuclear fuel and associated waste. The Chair's and Chief Executive's statements and the Strategic Review provide further detail on Nuclear Liability Fund Limited's activities during the course of the fiscal year 2024–25, both from the investment and the decommissioning liabilities perspectives. An indication of likely future developments with regards to liabilities is provided on [page 16](#). Furthermore, the key risks facing the fund and the Risk Appetite Statements are covered in the Principal Risks and Uncertainties section on [pages 20 and 21](#).

The directors consider the result for the fiscal year 2024–25 to be consistent with the objectives set out in the Articles of Association of the company as amended by Special Resolutions approved on 13 January 2005 and further amended by Special Resolutions approved on 22 June 2021.

## Directors

The following directors served during the year:

**Mrs L Flockhart**  
(appointed August 2024)

**Dr M Grant**

**Mr C Hitchen**

**Mr P Luxford, interim**  
(February – July 2024)

**Mrs A McNeil**

**Mr L Nunneley**

In their capacity as trustees of the Nuclear Trust (a public trust established under Scots Law by a deed dated 27 March 1996 between EDF Energy and the Secretary of State for DESNZ, as amended by a deed dated 12 January 2005, and as further amended by a deed dated 23 June 2021), the directors jointly have a legal interest in 98 Ordinary Shares of £1 each in Nuclear Liabilities Fund Limited.

### Resignations and appointments

Mr Philip Luxford's term as an interim director ended on 31 July 2024.

Mrs Liz Flockhart was appointed as director, member of the audit committee and member of the investment committee on 26 August 2024. Following the September audit committee meeting, Liz was appointed as chair of the audit committee.

### Company Secretary

Mrs Melissa Hope served as company secretary during the year.

## Audit information

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware
- the director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### Auditor

S&W Partners Audit Limited (previously CLA Evelyn Partners) has been reappointed as auditor for the year ended 31 March 2025.

### Donations

Nuclear Liabilities Fund Limited has not made any political or charitable donations or incurred any political expenditure during the financial year.

### Energy and carbon reporting

There is no energy and carbon usage reporting in this report. Nuclear Liabilities Fund Limited is categorised as a 'low energy user' under the Streamlined Energy and Carbon Reporting Guidance (March 2019) as consumption was less than 40MWh during the fiscal year 2024–25, therefore there is no requirement to report.

---

## Directors' report

# Governance

The directors are committed to high standards of corporate governance to ensure that Nuclear Liabilities Fund Limited is appropriately set up and prepared for future challenges.

---

### Corporate governance

Although classed as a 'central government fund' by the Office for National Statistics, as a result of the fund's purpose and constitution, Nuclear Liabilities Fund Limited and its directors have a distinct and unique status.

Nuclear Liabilities Fund Limited operates with regard to both public sector codes of conduct and standards for public bodies and private sector corporate governance best practice as far as appropriate and proportionate.

The directors comply with the Nolan Principles (the seven principles of public life) but in their dual role as directors and trustees of the Nuclear Trust, are cognisant of the need to act independently of government, in accordance with the articles of association of Nuclear Liabilities Fund Limited and in accordance with fiduciary duties in order to fulfil the purpose of The Nuclear Trust.

---

### The UK Corporate Governance Code 2018

Nuclear Liabilities Fund Limited has regard to the principles of the UK Corporate Governance Code 2018 (the 'Code') so far as it is relevant to Nuclear Liabilities Fund Limited as a means of embedding best practice in corporate governance. For the fiscal year 2024–25 Nuclear Liabilities Fund Limited, the directors have sought to comply with a number of provisions within the Code so far as it is relevant and proportionate to a non traded public sector company and taking account of the purpose of the company, its constitutional arrangements and the limited size of its board and executive operations.

---

### Section 172 Statement

#### S172 Directors' Duties

The directors have regard to the interests of Nuclear Liabilities Fund Limited's stakeholders and the impact of decisions on the environment, on the British public, on taxpayers, on the Government and on the confidence in the nuclear industry. The directors, acting fairly and in good faith, consider what is most likely to promote the success of the company in the long term.

- Read about stakeholder engagement on [page 16](#).
- Read about how we manage risks on [pages 20](#) and [21](#).
- Read about our governance on [pages 24 to 27](#).

---

### Appointment and removal of directors

The three A directors of the Nuclear Liabilities Fund Limited are the three trustees of the Nuclear Trust appointed by DESNZ. The two B directors are the two trustees of the Nuclear Trust appointed by EDF Energy in consultation with DESNZ.

The board has three permanent committees: the audit and risk committee, the investment committee and the remuneration and nomination committee. There is one temporary committee, the liabilities project committee. These committees ensure appropriate oversight in each area and report to the board.

The board and the committees receive appropriate information in order to form judgements, including:

- updates on investment performance
- updates on Nuclear Liabilities Fund Limited’s financial position, including expenditure to date and forecasts against budget
- from time to time, briefings on relevant topics (investment, liabilities or governance related)
- updates on preparations for station closure and defueling, and preparations for transition and transfer of AGR stations to the NDA.

The board takes note of the targets and objectives for the fiscal year 2024–25 given to it by DESNZ. This was in the annual letter issued to the chair setting out objectives and priorities. These objectives cover the areas of: asset investment and management; stewardship of the board; strategic liability challenge; and stakeholder engagement. Key performance indicators are set to help monitor and assess performance. Investment key performance indicators are reported on [pages 8 to 12](#).

The board also takes note of the need to present a fair, balanced and understandable assessment of Nuclear Liabilities Fund Limited’s position and prospects. It takes note of the guidance from the Financial Reporting Council paper, "Guidance on the Going Concern Basis and Reporting on Solvency and Liquidity Risks".

The board has put in place arrangements to manage any conflicts of interest. As part of this each director has disclosed, at the outset of their term as director and again prior to each board meeting, any direct or indirect conflicts of interest. The directors’ key outside interests are noted in their biographies on our [website](#).

Each of the directors has been granted an indemnity in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors to the extent permitted by law and the company’s Articles of Association.

---

## Board effectiveness review

An independent external evaluation of the Nuclear Liabilities Fund Limited board was conducted between January and March 2025 by Board Excellence.

The review rated overall board performance as good to strong, highlighting a collaborative and well-chaired environment, committed members, and a sound governance framework. The board was commended for setting the right culture, constructive challenge, and strong relationships between members and with the executive team. Stakeholder engagement was also noted as a strength, with well-established relationships with DESNZ and EDF Energy and growing relationships with the NDA.

As part of the review, a number of recommendations were presented to support continued improvement in governance, strategic clarity, and board effectiveness. The board is actively considering these recommendations and will continue to work collaboratively with stakeholders to ensure they are appropriately addressed.

---

## The investment committee

At the start of the fiscal year, the investment committee comprised three directors: Luke Nunneley, Chris Hitchen and Philip Luxford. Following the end of Philip Luxford’s interim term, Liz Flockhart was appointed a member of the committee in August 2024.

As the primary purpose of the fund is to receive and hold monies, investments and other assets, all material investment matters, including changes to investment strategy and asset classes, approval of the SIP and appointment of advisers, are reserved to the board for determination.

The purpose of the investment committee is to conduct the detailed monitoring of the MAP, deal with the re-investments in the NatLF, meet the investment adviser on a regular basis, and perform the initial analysis and information gathering required to provide recommendations to the board on key investment decisions. The investment committee generally meets six times during the year and holds ad hoc meetings in response to emerging events, both internal and external, affecting fund returns and prospects.

---

## The liabilities project committee

The liabilities project committee was established as a temporary committee of the board in May 2023 in order to provide additional governance and oversight of the negotiation of arrangements under which the fund will continue to meet the costs associated with decommissioning the AGR stations following transfer to the NDA.

The committee meets monthly with additional meetings as required. The committee operates in accordance with delegated authority and terms of reference approved by the board. The final decision to enter into legally binding arrangements with NDA and NRS is reserved to the board.

The committee also receives reports on general liabilities matters arising from the current arrangements with EDF Energy.

## The audit and risk committee

At the start of the fiscal year 2024–25, the audit committee comprised of Martin Grant (interim chair), Alison McNeil and Philip Luxford. Following the end of Philip Luxford's interim term in July 2024, Liz Flockhart was appointed as chair of the committee in September 2024.

In January 2025, the board reconstituted the audit committee as the audit and risk committee, expanding its duties to include oversight of NLF's risk management framework compliance. The board considers that the members of the audit and risk committee have sufficient recent and relevant experience in order for it to perform its functions effectively. The report of the audit and risk committee, which forms part of this governance statement, can be found on [page 31](#).

## The remuneration and nomination committee

The remuneration and nomination committee comprises the whole board, reflecting the need for unanimity of outcomes and the comparative infrequency of meetings. The committee met three times during the financial year. The committee's role is to make recommendations to the board and the 'Special Shareholders' (DESNZ and EDF Energy as holders of an A and a B special share respectively in the company) on the composition of the board, the skills mix required for potential candidates, plan for succession and to monitor remuneration arrangements for both directors and employees. As we look towards the transfer of stations, post-defueling from EDF Energy to the NDA, it will be important to consider the skillset and composition of the board, and support provided by the executive and independent advisers.

The remuneration and nomination committee makes recommendations to the Special Shareholders on directors' remuneration. Employees' remuneration is considered on an annual basis and benchmarking is used to inform this process.

## The board

The directors meet regularly to review the overall affairs of Nuclear Liabilities Fund Limited and to consider business specifically reserved for the board's decision. Eight board meetings were held during the course of the year, including two ad hoc board meetings to consider and provide certain approvals in relation to the future funding arrangements for the AGR stations following transfer to the NDA. Philip Luxford did not attend these ad hoc meetings due to the potential conflict of interest associated with his position within DESNZ. In addition, meetings between various board members, advisers, officials from DESNZ, NDA, EDF Energy and other stakeholders take place as required. The directors meet regularly with their advisers and keep in frequent contact with industry bodies, technical specialists and regulators as appropriate.

In order to form judgements, the directors receive extensive data ahead of each board meeting. This includes (but is not limited to):

- market updates from the fund's investment adviser;
- reports from each committee;
- a summary of the strategic risks; and
- an update on policy matters from DESNZ.

The attendance of directors at formal meetings of the board, the investment committee, audit and risk committee, and remuneration and nomination committee in the year is set out in the table opposite.

The chair receives a salary of £43,000 per annum. The other directors receive £28,500 per annum pro rata on a monthly basis.

It should be noted that as an interim appointment from DESNZ, Philip Luxford did not receive a salary.

## Internal financial controls

The directors have overall responsibility for the internal financial control systems of Nuclear Liabilities Fund Limited. These systems aim to ensure the maintenance of proper accounting records, the reliability of the financial information upon which decisions are made, and that the assets of the fund are safeguarded.

They are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The board oversees the operation of these financial controls mainly through the monitoring of the investment strategy and regular reviews of the financial results and investment performance. The board has contractually delegated to external agencies, including the investment adviser who oversees the investment managers and the management of the investment portfolio. Custodial services (which include the safeguarding of the assets), and the day to day expense management and accounting and certain company secretarial requirements are also outsourced.

The investment adviser oversees the investment and operational performance of the investment managers, through pre-investment and ongoing due diligence. It is expected that the investment managers have established internal control frameworks to provide reasonable assurance on the effectiveness of their internal financial controls. The effectiveness of the internal financial controls is assessed by the investment managers' compliance and internal audit departments on an ongoing basis.

## Attendance table – 1 April 2024 to 31 March 2025

### Board and Main Committees

	Board	Investment committee	Audit & risk committee	Remuneration & nomination committee
<b>Number of meetings</b>	<b>8*</b>	<b>6</b>	<b>4</b>	<b>3</b>
<b>Directors</b>				
Alison McNeil	8		4	3
Chris Hitchen	8	6	1**	3
Liz Flockhart <sup>1</sup>	5 (5)	4 (4)	3 (3)	2 (2)
Luke Nunneley	8	6		3
Martin Grant	8		4	3
Philip Luxford <sup>2</sup>	0 (3)	2 (2)	1 (1)	

Where there is a number in brackets, this denotes the maximum number of meetings the individual could have attended during their term on a committee or board.

Where there is no second number in brackets, the individual attended meetings held in the fiscal year.

The investment committee receives updates from the investment adviser regarding the quality and effectiveness of the financial records and management information maintained on behalf of Nuclear Liabilities Fund Limited and any issues are escalated to the board. The board reviews the quarterly management accounts and annual accounts. The audit and risk committee reviews the nature, scope and findings of the external audit, with material issues being highlighted to the board.

The directors continually review the key commercial and financial risks that might affect Nuclear Liabilities Fund Limited. Further details on financial risk management are stated in note 15 to the financial statements.

In May 2023 the board established a liabilities project committee, that provides governance and oversight of the arrangements under which the fund will continue to meet the costs associated with decommissioning the AGR stations following transfer to the NDA.

### Going concern

The principal purpose of Nuclear Liabilities Fund Limited is to receive and hold monies, investments and other assets, so as to secure funding for discharging liabilities related to the decommissioning of eight nuclear power stations currently operated by EDF Energy and to make payment to EDF Energy in accordance with our contractual obligations.

Based on the liability cashflows used in the Annual Funding Review, the expected outflows to cover the decommissioning liabilities over the next three years amount to c.£2.8bn. Nuclear Liabilities Fund Limited is well placed to meet these costs over the next three years as it has considerable cash resources available to it. The UK Government will be responsible for meeting these costs and liabilities to the extent that the fund does not have sufficient assets available to it. The directors are satisfied that it is appropriate to prepare the annual report and accounts on a going concern basis.

### Notes:

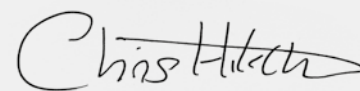
1 Liz Flockhart was appointed with effect from 26 August 2024.

2 Philip Luxford was appointed as an interim Director/Trustee from 01 February to 31 July 2024.

\* Two ad hoc board meetings took place during FY 2024–25.

\*\* In his capacity as NLF chair, Chris Hitchen attended an audit and risk committee meeting.

This report was approved by the board and signed on its behalf.



**Chris Hitchen**  
Chair

Citypoint  
65 Haymarket Terrace  
Edinburgh EH12 5HD

14 November 2025

---

## Directors

# Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable 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 the company financial statements in accordance with UK-adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period.

In preparing these financial statements, the directors are required to:

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

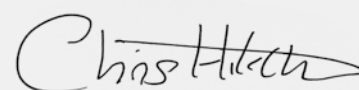
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's [website](#). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of our knowledge:

- the financial statements, prepared in accordance with IFRS as adopted by the United Kingdom, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Approved by the board and signed on its behalf by:



**Chris Hitchen**  
Chair

14 November 2025

## The directors and officers of Nuclear Liabilities Fund Limited for the fiscal year ending 31 March 2025.



### Chris Hitchen

Director

Chair

Chair of the Remuneration and Nomination Committee

Member of the Investment Committee

Member of the Liabilities Project Committee

Chris Hitchen was appointed as NLF Chair, a director and trustee by DESNZ, in August 2022.



### Dr Martin Grant, FREng

Director

Member of the Audit and Risk Committee

Member of the Remuneration and Nomination Committee

Member of the Liabilities Project Committee

Martin Grant was appointed as a director and trustee in December 2020, having been nominated by EDF Energy and was re-appointed for a further 3 year term in December 2023.



### Alison McNeil

Director

Member of the Audit and Risk Committee

Member of the Remuneration and Nomination Committee

Chair of Liabilities Project Committee

Alison was appointed as a director and trustee in December 2021, having been nominated by EDF Energy and was re-appointed for a further 3 year term in December 2024.



### Luke Nunneley

Director

Chair of Investment Committee

Member of the Remuneration and Nomination Committee

Luke Nunneley was appointed as a director and trustee by DESNZ in May 2022.



---

## Liz Flockhart

---

Director

---

Chair of the Audit and Risk Committee

---

Member of the Investment Committee

---

Member of the Remuneration and Nomination Committee.

---

Liz Flockhart was appointed as a director and trustee by DESNZ in August 2024.



---

## Melissa Hope

---

Chief Executive

---

Melissa Hope was appointed as Company Secretary for the fund by the directors in November 2017 and in March 2022 was appointed to the role of Chief Executive.

---

## Report from the audit and risk committee

# Report from the audit and risk committee for the year ended 31 March 2025

### Meetings and membership

The audit and risk committee met formally four times during the year and also held additional meetings on accounting and audit matters.

The audit and risk committee comprises three directors. Details of those serving during the fiscal year are set out on [pages 26, 29 and 30](#) and full biographies, including qualifications of the current members, are available on Nuclear Liabilities Fund Limited's [website](#).

Dr Martin Grant served as interim chair of the committee until Liz Flockhart was appointed chair in September 2024. Philip Luxford was a member of the committee on an interim basis until July 2024.

Nuclear Liabilities Fund Limited outsources accounting and book-keeping to BDO LLP ('BDO'). BDO is overseen by the audit and risk committee and representatives of BDO attend committee meetings. From time to time, we invite the external auditor to attend meetings to report on the quality of accounting procedures and their findings in connection with the statutory audit.

### Responsibilities

The primary responsibilities of the audit and risk committee are to:

- monitor the integrity of all financial statements
- review and make recommendations to the board on significant financial reporting issues and judgements which they contain, having regard to matters raised by the external auditor
- keep under review the adequacy and effectiveness of internal financial controls systems, payments processes and policies
- oversee compliance with the risk management framework, including an annual review of all risk registers, to satisfy itself that the approach and process for selecting risks is working satisfactorily and then report to the board, which retains primary responsibility for risk management
- monitor the governance and operational risk register
- be responsible for operational compliance and controls including procedures for the detection and prevention of fraud and bribery and the performance of service providers
- oversee the arrangements for the annual funding review and assessment of fund sufficiency.

### Significant issues considered in the year

The committee reviewed the risk management framework ahead of its adoption by the board and the committee terms of reference were updated to align with the new framework and with effect from January 2025 the audit committee formally became the audit and risk committee.

The committee conducted its annual evaluation of the performance and value provided by key suppliers. Oversight and management of service providers, as well as ongoing enhancements to controls and processes, remain key areas of focus.

As detailed on [page 26](#) under the heading of internal financial controls, the investment adviser performs operational due diligence on investment managers which includes a review of investment valuation policies. Findings are reported to the investment committee.



Hinkley Point B photo  
Image supplied courtesy of EDF Energy.

The audit and risk committee has carried out additional checks on investment valuations, including a review of managers' policies and gaining comfort that a reputable auditor is in place at each manager. Realised investment values were compared to carrying values prior to assets being sold. The review identified no significant concerns. Valuation procedures and policies remain a key area of attention during meetings with external managers, and the executive team has conducted individual deep-dive sessions to gain a thorough understanding of these processes. These actions have assured both the committee and the board of the robustness of the procedures relating to portfolio valuation in the company's financial statements.

The committee has also reviewed the mechanisms and processes used to scrutinise estimated decommissioning liabilities to check that past expenditures are properly accounted for and confirm that increases are identified and subject to close examination and appropriate challenge.

The audit and risk committee has received and discussed with the auditor its report on the results of the audit. We have reviewed the Annual Report and Financial Statements and are satisfied with the clarity and completeness of disclosure and the appropriateness of the accounting policies adopted and have recommended these to the board for approval.

Other areas of focus in the fiscal year 2024–25 have been mitigations against cyber security risks, internal policy reviews, expenses and various tax matters.

### Effectiveness review

The audit and risk committee has carried out an internal review of its effectiveness. The committee considers that it has continued to function well in the fiscal year 2024–25. Reviews of key areas of focus were completed as planned and the committee continued to provide a critical perspective and challenge and exert an appropriate level of influence. The committee is now looking at the changes introduced by the updated Corporate Governance Code 2024.

### Internal audit

Nuclear Liabilities Fund Limited does not have an internal audit function. The audit and risk committee considers the existing controls and monitoring and reporting by third parties to be appropriate and adequate and will continue to review this annually.

### External audit

S&W Partners Audit Limited (previously CLA Evelyn Partners) were reappointed as auditor for the year ended 31 March 2025.

No significant concerns with the quality and effectiveness of the 2024–25 audit were identified and the auditor provides no non-audit services to the company. The audit and risk committee is satisfied that the auditor has fulfilled its obligations and remains independent and objective.

On behalf of the audit and risk committee

14 November 2025

---

## Independent auditor's report

# Independent auditor's report to the members of Nuclear Liabilities Fund Limited

---

### Opinion

We have audited the financial statements of Nuclear Liabilities Fund Limited (the 'company') for the year ended 31 March 2025 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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.

---

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 and Accounts other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Accounts. 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 the 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 these financial statements.

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

We obtained a general understanding of the company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We also drew on our existing understanding of the company's industry and regulation.

We understand that the company complies with requirements of the framework through:

- making note of relevant updates from external experts and updating internal procedures and controls as necessary as legal and regulatory requirements change; and
- the management structure and reporting lines, meaning that any litigation or claims would come to the Directors' attention and are considered at board meetings.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the company's ability to conduct its business, and/or where there is a risk that failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the company:

- The Companies Act 2006 and IFRS in respect of the preparation and presentation of the financial statements; and
- Health and safety, Environmental and Pollution regulations, due to the nature of the Company's operations.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations identified above:

- reviewed the procedures management has implemented over compliance with the regulations;
- inspected board and audit and risk committee meeting minutes; and
- obtained written management representations regarding the adequacy of procedures in place.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the company's financial statements to material misstatement, including how fraud might occur.

The key areas identified as part of the discussion were:

- manipulation of the financial statements through manual journal entries; and
- valuation of investments where estimates are made by management.

These areas were communicated to the other members of the engagement team who were not present at the discussion.

The procedures we carried out to gain evidence in the above areas included;

- testing of a sample of journal entries, selected through applying specific risk assessments based on the processes and controls surrounding journal entries; and
- challenging management regarding the assumptions used in the estimates identified above, and comparison to third-party correspondence as appropriate.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

---

## Use of our 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.

## *S&W Partners Audit Limited*

### **Lindsay Manson**

Senior Statutory Auditor, for and on behalf of

S&W Partners Audit Limited  
Chartered Accountants  
Statutory Auditor

45 Gresham Street  
London  
EC2V 7BG

14 November 2025

## Financial statements

# Statement of comprehensive income for the year ended 31 March 2025

	Notes	2025 £	2024 £
Investment income	3	832,903,281	837,769,746
Realised and unrealised gains on financial assets at fair value through profit and loss	9	136,677,676	106,793,465
Net foreign exchange losses		(2,040,070)	(591,537)
Investment expenses	4	(5,068,269)	(5,659,622)
Administrative expenses		(1,974,769)	(1,654,732)
<b>Operating profit on ordinary activities</b>	5	960,497,849	936,657,320
Finance costs	7	(579,208)	(886,546)
<b>Profit on ordinary activities before tax</b>		959,918,641	935,770,774
Tax on profit on ordinary activities	8	(206,485,733)	(232,413,704)
Transfer to relevant liabilities provision	16	(753,432,908)	(703,357,070)
<b>Financial result and total comprehensive income for the year</b>		-	-

There were no recognised gains and losses for the year ended 31 March 2025 (2024 – £Nil) other than those included in the Statement of Comprehensive Income.

The accompanying notes and accounting policies on pages [40 to 64](#) form an integral part of these financial statements.

## Financial statements

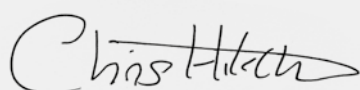
# Statement of financial position at 31 March 2025

	Notes	2025 £	2024 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets at fair value through profit and loss	9	3,665,684,125	3,448,759,943
		3,665,684,125	3,448,759,943
<b>CURRENT ASSETS</b>			
Other receivables	10	174,304,947	190,833,831
Current tax assets	10	81,952,705	2,276,890
Cash and cash equivalents	11	16,828,284,523	16,956,328,542
		17,084,542,175	17,149,439,263
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	(3,703,084)	(2,122,723)
Financial liabilities	13	(6,261,299)	-
		(9,964,383)	(2,122,723)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	14	20,740,261,917	20,596,076,483
<b>NON-CURRENT LIABILITIES</b>			
Relevant liabilities provision	16	(20,639,578,445)	(20,479,168,206)
Deferred tax liabilities	16	(100,683,372)	(116,908,177)
		(20,740,261,817)	(20,596,076,383)
<b>NET ASSETS</b>		100	100
<b>Equity attributable to owners of the fund</b>			
Share capital	17	100	100
<b>Total equity (including £2 non-equity interest)</b>		100	100

The accompanying notes and accounting policies on pages 40 to 64 form an integral part of these financial statements.

The financial statements for the company with registered number SC164685 were approved and authorised for issue by the board on 14 November 2025

Signed on behalf of the board of Directors.



**Chris Hitchen**  
Chair

---

[Financial statements](#)

# Statement of changes in equity for the year ended 31 March 2025

	Share capital £	Total £
<b>BALANCE AT 1 APRIL 2023</b>	100	100
Movements during the year	-	-
<b>BALANCE AT 31 MARCH 2024</b>	100	100
<b>BALANCE AT 1 APRIL 2024</b>	100	100
Movements during the year	-	-
<b>BALANCE AT 31 MARCH 2025</b>	100	100

The accompanying notes and accounting policies on pages [40 to 64](#) form an integral part of these financial statements.

## Financial statements

# Statement of cash flows for the year ended 31 March 2025

	2025 £	2024 £
<b>Cash flows from operating activities</b>		
Operating profit on ordinary activities	960,497,849	936,657,320
Adjustments for:		
Realised and unrealised gains on financial assets at fair value through profit and loss	(136,677,676)	(106,793,465)
Decrease/(increase) in receivables	16,528,884	(52,143,613)
Increase/(decrease) in payables	6,369,753	(954,257)
Cash generated from operations	846,718,810	776,765,985
Interest paid	(635,617)	(250,929)
Corporation tax paid	(302,386,353)	(264,167,028)
<i>Net cash generated from operating activities</i>	543,696,840	512,348,028
<b>Cash flows from investing activities</b>		
Payments to acquire financial assets held at fair value through profit and loss	(690,644,576)	(1,187,854,118)
Proceeds from the sale of financial assets held at fair value through profit and loss	610,398,070	986,297,700
<i>Net cash used in investing activities</i>	(80,246,506)	(201,556,418)
<b>Cash flows from financing activities</b>		
Contributions from EDF Energy	28,886,210	28,733,656
Payments to EDF Energy in respect of relevant liabilities	(620,380,563)	(547,138,371)
<i>Net cash used in financing activities</i>	(591,494,353)	(518,404,715)
<b>Net decrease in cash and cash equivalents</b>	(128,044,019)	(207,613,105)
<b>Cash and cash equivalents at start of the year</b>	16,956,328,542	17,163,941,647
<b>Cash and cash equivalents at end of the year (note 11)</b>	16,828,284,523	16,956,328,542

The accompanying notes and accounting policies on pages [40 to 64](#) form an integral part of these financial statements.

## Financial statements

# Notes to the financial statements for the year ended 31 March 2025

## General information

Nuclear Liabilities Fund Limited ('the fund') is a private company, limited by shares, incorporated in Scotland under the Companies Act 2006. The address of the registered office is Citypoint, 65 Haymarket Terrace, Edinburgh, EH12 5HD.

## 1 Accounting policies

### Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the United Kingdom.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The directors consider the value of financial assets at fair value through profit and loss to be subject to significant assumptions and estimates. Actual results may differ from estimates. Relevant disclosures for these are provided in notes 1(g), 2 and 9 to these financial statements.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### Basis of consolidation

The fund is an investment entity and, as such, does not consolidate its subsidiaries. Instead, interests in subsidiaries are classified as fair value through profit or loss, and measured at fair value. Investments in associates are also classified as fair value through profit or loss, and measured at fair value.

### Assessment as investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. The criteria which define an investment entity are as follows:

- an entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- an entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The fund invests in equities, infrastructure, private equity, real estate and credit funds for the purpose of returns in the form of investment income and capital appreciation.

The fund reports on a fair value basis. All investments are reported at fair value to the extent allowed by IFRS in the fund's annual reports.

The board has concluded that the fund meets the additional characteristics of an investment entity, in that it has more than one investment and the investments are predominantly in the form of equities and similar securities. This conclusion will be reassessed on an annual basis, if any of these criteria or characteristics change.

**(a) Going concern**

The principal purpose of the fund is to provide arrangements for funding relevant liabilities. Based on the latest cash flow forecasts produced by EDF Energy and reviewed by the Non- NDA Liabilities Assurance team within the NDA, the liabilities that are expected to fall upon the fund over the next three years amount to approximately £2.8bn. The fund is well placed to meet these liabilities over the next three years as it has considerable cash resources available to it.

In accordance with the NLFA, HM Government will be responsible for meeting these costs and liabilities to the extent that the fund does not have sufficient assets available to it. The fund has total assets less current liabilities of £20.7bn, the majority of which are cash and cash equivalents and it has minimal current liabilities. Accordingly, the directors are satisfied that it is appropriate to prepare the annual report and accounts on a going concern basis.

**(b) Relevant liabilities**

In accordance with the Nuclear Liabilities Funding Agreement between Nuclear Liabilities Fund Limited, EDF Energy and the Secretary of State for Energy Security and Net Zero (NLFA), the fund will, subject to certain exceptions, fund the relevant decommissioning liabilities of EDF Energy. The funding of these relevant liabilities is limited to the assets of the fund for the time being, after providing for all other liabilities and charges, and making such reserve out of those assets for any contingent liabilities as the directors shall reasonably determine.

The Contribution Agreement, as amended on 5 January 2009, provides for the making of contributions to the fund from EDF Energy. The contributions from EDF Energy represent an increase in the relevant liabilities provisions as set out in note 16, not an accretion to shareholders' funds.

**(c) Investment income**

Dividends are recognised as income on the date that the related investments are marked ex-dividend. Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the fund's right to receive payment is established. Where the fund has elected to receive its dividends in the form of additional shares rather than cash, an amount equal to the cash dividend is recognised as income. For financial assets not categorised at fair value through profit and loss, interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition, except for short-term receivables when the recognition of interest would be immaterial. Interest receivable on short-term cash deposits from the National Loans Fund is based on the interest rates offered by HM Treasury at the start of each investment period and the rates are fixed for the duration of the investment period.

**(d) Investment expenses**

Investment expenses relating to listed investments and fiduciary services are accounted for on an accruals basis. Investment expenses relating to unlisted pooled investments are not separately identifiable as these are charged directly to the investment funds and are therefore included within realised and unrealised gains and losses on financial assets at fair value through profit and loss.

**(e) Foreign currencies**

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Differences arising on translation are dealt with in the statement of comprehensive income. Income and expenditure arising in foreign currencies have been converted to sterling at the rates ruling at the dates of the transactions.

**(f) Taxation**

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

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from operating profit on ordinary activities before relevant liabilities provision and taxation as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The fund's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

## Financial statements

### Notes to the financial statements for the year ended 31 March 2025

#### Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on timing differences that have originated but not reversed at the statement of financial position date where transactions or events that result in an obligation to pay more, or a right to pay less tax in the future, have occurred at the statement of financial position date.

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

#### (g) Non-current assets

##### Financial instruments

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

##### Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Financial assets are classified into the following specified categories, financial assets at 'fair value through profit or loss' ('FVTPL') and 'amortised cost'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the fund's documented risk management or investment strategy, and information about the fund is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 Financial Instruments permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL comprise listed and unlisted asset-backed investments managed by external fund managers on behalf of the fund. The unlisted asset-backed investments include investments in subsidiaries and investment in associates.

- Investment in subsidiaries: In accordance with the exemption under IFRS 10 Consolidated Financial Statements, the fund does not consolidate subsidiaries in the financial statements. Investments in subsidiaries are accounted for as financial assets at fair value through profit or loss.
- Investments in associates and joint ventures: In accordance with the exemption within IAS 28 Investments in Associates and Joint Ventures, the fund does not account for its investment in associates and joint ventures using the equity method. Instead, investments in associates and joint ventures are accounted for as financial assets at fair value through profit or loss.

### Valuation techniques

Financial assets at FVTPL for listed investments are valued at bid market value (fair value) at the close of business. Movements in fair values are taken directly to the statement of comprehensive income. For financial assets at FVTPL for unlisted asset-backed investments, for which there is no currently active market, the fair value is based on a summation of the fair value of the underlying investments, ('fund NAV'), attributable to the investor. In calculating fund NAV, the fund managers use various valuation methodologies recognised and accepted in the industry, incorporating both observable and non-observable data. Movements in fund NAV fair values are taken directly to the statement of comprehensive income. Distributions from unlisted investments are treated as disposal proceeds and any surplus treated as realised gains.

### Financial futures

The fund holds a number of investments traded on an equity futures exchange. All futures positions are marked to market at fair value daily such that the net gain or loss on each contract is fully collateralised using cash. Gains as at the year-end are shown as assets and losses as at the year-end are shown as liabilities.

### Amortised cost

Other receivables with fixed or determinable payments that are not quoted in an active market are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

### (h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances with banks, short-term cash investments held in financial institutions with high credit ratings and the National Loans Fund investment.

### (i) Financial liabilities

Financial liabilities are classified according to the substance of the contractual agreements entered into and are recorded on the date on which the fund becomes party to the contractual requirements of the financial liability.

The fund's financial liabilities measured at amortised cost include trade and other payables and other short-term monetary liabilities which are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

A financial liability (in whole or in part) is derecognised when the fund has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the Statement of Comprehensive Income.

**(j) Defined contribution pension costs**

The fund pays fixed contributions into separate defined contribution pension plans. Once the contributions have been paid, the fund has no further payment obligations. The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plans are held separately from the fund in independently administered funds.

**(k) New accounting standards**

There were no changes to accounting standards that had a significant impact on these financial statements.

The following amendments are effective for annual reporting periods beginning on or after 1 January 2027.

IFRS 18 Presentation and Disclosure in Financial Statements. This new IFRS replaces IAS 1, but includes some principles established by IAS 1. Principal impacts expected from the adoption of IFRS 18 are those to the presentation of and subtotals included within the Statement of Comprehensive Income together with the potential inclusion of management-defined (non-GAAP) performance measures within the wider financial statements.

The fund believes that the above amendments will have an impact on the presentation of the Statement of Comprehensive Income and performance measures within the financial statements, but the management will assess how significant the impact will be.

**2 Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires the application of estimates and assumptions which may affect the results reported in the financial statements. Estimates, by their nature, are based on judgement and available information.

As disclosed in note 1, the directors have concluded that the fund meets the definition of an investment entity as defined in IFRS 10. This conclusion involved a degree of judgement and assessment as to whether the fund met the criteria outlined in the accounting standards.

**Significant accounting estimates and assumptions**

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities are those used to determine the fair value of the investments as disclosed in note 9 to the financial statements.

### 3 Investment income

	2025 £	2024 £
Interest on cash and short-term cash investments	832,212,678	833,997,726
Income from listed investments	690,603	3,772,020
	832,903,281	837,769,746

### 4 Investment expenses

	2025 £	2024 £
Investment management charges	4,987,524	5,605,575
Other investment expenses	80,745	54,047
	5,068,269	5,659,622

### 5 Operating profit on ordinary activities

The operating profit on ordinary activities is stated after charging the following:

	2025 £	2024 £
Staff salaries and directors' emoluments	586,799	574,108
Auditor's remuneration – audit fees	79,474	77,460
Defined contribution pension cost	61,894	50,730

## Financial statements

### Notes to the financial statements for the year ended 31 March 2025

#### 6 Staff costs

Staff costs, comprising of directors' emoluments, were as follows:

	2025 £	2024 £
Wages and salaries	586,799	574,108
Social security costs	61,197	59,271
Defined contribution pension cost	61,894	50,730
	709,890	684,109

Wages and salaries comprise staff salaries of £451,626 (2024: £382,198) and directors' emoluments of £135,173 (2024: £191,910). The average number of persons acting as directors during the year was five (2024: five). There were five employees at the end of the fiscal year 2024–25 (2023–24: four).

Directors' emoluments for 2024 of £191,910 included £30,000 for ex-gratia payments awarded to two directors in recognition for additional work in relation to arrangements with DESNZ, NDA and NRS for AGR transfer and future funding.

#### 7 Finance costs

	2025 £	2024 £
Interest payable to HM Revenue and Customs	579,208	886,546

Interest payable to HM Revenue and Customs relates to interest on under-estimated quarterly instalment payments for corporation tax.

#### 8 Tax on profit on ordinary activities

##### a. Analysis of charge in year

	2025 £	2024 £
<b>Current tax</b>		
UK corporation tax at 25% (2024: 25%)	236,419,339	244,671,948
Foreign tax	222,353	201,830
Adjustments in respect of prior periods	(13,931,154)	3,988,068
<b>Total current tax</b>	222,710,538	248,861,846
Origination and reversal of temporary differences	(8,988,540)	(23,643,283)
Adjustments in respect of prior periods	(7,236,265)	7,195,141
<b>Total deferred tax movement</b>	(16,224,805)	(16,448,142)
<b>Tax on profit on ordinary activities</b>	206,485,733	232,413,704

**b. Factors affecting tax charge for year**

	2025 £	2024 £
Profit on ordinary activities before tax	959,918,641	935,770,774
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2024: 25%)	239,979,660	233,942,694
Effects of:		
Income not taxable for tax purposes	7,921,206	(12,997,302)
Adjustments to current tax in respect of prior periods	(13,931,154)	3,988,068
Adjustments to deferred tax in respect of prior periods	(7,236,265)	7,195,141
Foreign tax credits	222,353	201,830
Other tax adjustments, reliefs and transfers	(20,470,067)	83,273
Total tax charge for year	206,485,733	232,413,704

There is no allowable deduction for the provision for relevant liabilities. The fund is not, in the view of HM Revenue and Customs, carrying on any form of trading activity and hence the provision for the payment of decommissioning costs is not allowable for taxation purposes. The fund is a company with investment business as defined in Section 1218 CTA 2009.

The effective rate of tax for the year ended 31 March 2025 is 21.5% (2024 – 24.8%), which is lower than the standard rate of UK corporation tax of 25%. This is due to differences in tax and accounting profits on unlisted investments.

**c. Factors that may affect future tax charges**

The corporation tax rate increased to 25% effective from 1 April 2023. As a result, deferred tax balances in respect of temporary differences expected to reverse after 31 March 2025 are measured at the 25% tax rate.

## Financial statements

### Notes to the financial statements for the year ended 31 March 2025

#### 9 Financial assets at fair value through profit and loss

	Total 2025 £	Total 2024 £
<b>Valuation</b>		
At start of the year	3,448,759,943	3,140,410,060
Additions	690,644,576	1,187,854,118
Disposals proceeds	(610,398,070)	(986,297,700)
Realised and unrealised gains*	136,677,676	106,793,465
At end of the year	3,665,684,125	3,448,759,943

\* The realised and unrealised gains are included in the statement of comprehensive income on page 36 and include: net realised gains of £219,009,647 (2024: realised gains £153,058,580) and net unrealised losses of £82,331,971 (2024: unrealised losses £46,265,115).

Investment additions and disposals were higher in 2024 than in 2025. This difference is attributed to the restructuring of listed investments in 2024, which involved the disposal of level 1 investments and the allocation of proceeds to acquire level 2 investments.

On the historical cost basis, financial assets at fair value through profit and loss would have been included as follows:

	Total 2025 £	Total 2024 £
<b>Cost</b>		
At start of the year	3,025,805,848	2,670,862,426
Additions	690,644,576	1,187,854,118
Disposals	(397,649,722)	(832,910,696)
At end of the year	3,318,800,702	3,025,805,848

Financial assets at fair value through profit and loss comprise the following:

	2025 £	2024 £
<b>Investments listed on recognised stock exchanges</b>		
<b>Level 1 fair value measurements (note 15)</b>		
Listed investments	157,736	41,005,021
	157,736	41,005,021
<b>Investments in unit trust funds</b>		
<b>Level 2 fair value measurements (note 15)</b>		
UK domiciled unit trust fund (see below)	30,857,826	-
Overseas domiciled unit trust funds (see below)	748,523,588	737,677,893
	779,381,414	737,677,893
<b>Unlisted investments</b>		
<b>Level 3 fair value measurements (note 15)</b>		
Investments in subsidiaries (see below)	1,610,465,026	1,432,962,835
Investments in associates and joint ventures – ownership interest of greater than 20% (see below)	346,468,097	412,067,850
Investments in associates and joint ventures – ownership interest of less than 20%	929,211,852	825,046,344
	2,886,144,975	2,670,077,029
	3,665,684,125	3,448,759,943

## Financial statements

### Notes to the financial statements for the year ended 31 March 2025

## 9 Financial assets at fair value through profit and loss (continued)

### Investments in unit trust funds

	2025 £	2024 £
<b>UK domiciled unit trust fund</b>		
Schroder Global Emerging Markets Fund	30,857,826	-
<b>Overseas domiciled unit trust funds</b>		
Adept Strategy 30 Fund	281,671,667	284,035,229
Adept Strategy 31 Fund	262,856,151	131,748,647
Adept Strategy 27 Fund	187,523,307	180,068,840
Adept Strategy 2 Fund	9,356,320	71,143,738
Adept Strategy 25 Fund	3,765,491	35,233,342
Adept Strategy 18 Fund	3,350,652	35,448,097
	748,523,588	737,677,893
	779,381,414	737,677,893

#### UK domiciled unit trust fund

Schroder Global Emerging Markets Fund is a unit trust fund registered in the United Kingdom that seeks capital growth in excess of the MSCI (Morgan Stanley Capital International) Emerging Markets index over a 3 to 5 year period by investing in equity and equity related securities of emerging market companies worldwide. The fund held 29,276,875 units as at the year-end (2024: Nil).

#### Overseas domiciled unit trust funds

Adept Strategy 30 Fund is a unit trust fund registered in Ireland that seeks capital growth by focusing on strategic asset allocation decisions and investing in multiple strategies addressing a range of impact themes that contribute to the transition to a more sustainable economy. The fund held 23,143,147 units as at the year-end (2024: 17,337,276).

Adept Strategy 31 Fund is a unit trust fund registered in Ireland that seeks to limit the downside risk experienced by traditional asset classes with a focus on low fees, low complexity and high liquidity. This is achieved through a variety of diversified strategies that have historically performed well during equity market sell-offs. The fund held 21,731,371 units as at the year-end (2024: 12,261,505).

Adept Strategy 27 Fund is a unit trust fund registered in Ireland that seeks to limit downside risk by investing across a range of hedge fund strategies which aim to generate returns with little correlation to traditional asset classes. The fund held 13,587,070 units as at the year-end (2024: 14,166,713).

Adept Strategy 2 Fund is a unit trust fund registered in Ireland that seeks to invest in fixed income investments that offer medium-term value. The fund held 675,380 units as at the year-end (2024: 5,449,163).

Adept Strategy 25 Fund is a unit trust fund registered in Ireland that invests across the entire low risk fixed income bond market. The fund held 316,340 units as at the year-end (2024: 3,136,313).

Adept Strategy 18 Fund is a unit trust fund registered in Ireland that invests across a combination of multi-asset credit managers and strategies, diversified across credit markets and sustainability styles. The fund held 316,666 units as at the year-end (2024: 3,590,516).

**Unlisted investments**

The fund meets the definition of an investment entity. Therefore, it does not consolidate its subsidiaries but rather, it recognises them as investments at fair value through profit or loss.

Associates and joint ventures have been recognised at fair value through profit or loss as permitted by IAS 28 "Investments in Associates and Joint Ventures".

**Investments in subsidiaries**

	2025 £	2024 £
ICG Strategic Equity Side Car II LP	610,922,040	477,008,494
Equitix MA 1 LP	406,154,830	423,601,600
LCM Partners Solo VII SLP	179,979,469	131,441,362
Adams Street UK Mid-Market Solutions LP	149,558,040	188,376,747
AEW UK Urban Real Estate Fund LP	99,775,559	92,986,484
Adams Street UK Mid-Market Solutions II LP	88,563,316	35,149,198
HarbourVest 2017 Global AIF LP	75,511,772	84,398,950
	1,610,465,026	1,432,962,835

## Financial statements

### Notes to the financial statements for the year ended 31 March 2025

## 9 Financial assets at fair value through profit and loss (continued)

### Summary of unconsolidated subsidiaries

	Registered in	Ownership Interest	
		2025	2024
ICG Strategic Equity Side Car II LP	Cayman Islands	98.49%	96.55%
Equitix MA 1 LP	England and Wales	99.00%	99.00%
LCM Partners SOLO VII SLP	Luxembourg	99.01%	99.01%
Adams Street UK Mid-Market Solutions LP	Scotland	99.99%	99.99%
AEW UK Urban Real Estate Fund LP	England and Wales	70.29%	70.29%
Adams Street UK Mid-Market Solutions II LP	Scotland	99.99%	99.99%
HarbourVest 2017 Global AIF LP	Scotland	50.58%	50.67%

ICG Strategic Equity Side Car II LP invests in long-term private equity funds through a portfolio of direct or indirect investments in various sectors such as healthcare, retail, consumer products, energy, information technology and financial services. The fund's total commitment is US \$878,000,000 (£680,092,951) (2024: US \$378,000,000 – £299,240,025). The undrawn balance as at the year-end was US \$464,640,070 (£359,907,103) (2024: US \$23,440,070 – £18,556,104).

Equitix MA 1 LP invests principally in the equity and shareholder loans in Public Private Partnership projects and social infrastructure projects including, but not limited to: hospitals and health projects, schools and education projects, rail projects, utility related infrastructure and highways' projects. The fund's total commitment is £400,000,000 (2024: £400,000,000). The undrawn balance as at the year-end was £Nil (2024: £Nil).

LCM Partners SOLO VII SLP invests in high-quality, asset-backed diverse range of attractive segments within secured loans, asset finance and leasing products which fall outside the remit of banks and other traditional lenders. The fund's total commitment is £250,000,000 (2024: £250,000,000). The undrawn balance as at the year-end was £75,947,200 (2024: £123,366,337).

Adams Street UK Mid-Market Solutions LP invests in high growth equity investments primarily in the UK mid market private companies via primaries, secondaries and co-investments. The fund's total commitment is £240,000,000 (2024: £240,000,000). The undrawn balance as at the year-end was £Nil (2024: £Nil).

AEW UK Urban Real Estate Fund LP invests in multi sector portfolio of commercial property assets throughout the United Kingdom. The fund's total commitment is £120,000,000 (2024: £120,000,000). The undrawn balance as at the year-end was £11,628,412 (2024: £13,737,005).

Adams Street UK Mid-Market Solutions II LP invests in high growth equity investments primarily in the UK and Europe mid market private companies via primaries, secondaries and co-investments. The fund's total commitment is £240,000,000 (2024: £240,000,000). The undrawn balance as at the year-end was of £153,240,100 (2024: £203,040,100).

HarbourVest 2017 Global AIF LP invests in high quality private equity funds including venture capital and leveraged buyout funds across geographies with an emphasis on North America and Europe. The fund's total commitment is US \$125,000,000 (£96,824,167) (2024: US \$125,000,000 – £98,955,035). The undrawn balance as at the year-end was US \$20,000,000 (£15,491,867) (2024: US \$24,375,000 – £19,296,232).

**Investments in associates and joint ventures – ownership interest of greater than 20%**

	2025 £	2024 £
HarbourVest 2018 Global Feeder AIF LP	147,200,670	159,291,754
Macquarie Private Debt Funds ICAV	106,141,243	163,898,047
AEW UK Core Plus Property Feeder Fund	77,555,133	74,095,252
Alcentra UK Direct Lending No 1 LP	15,571,051	14,782,797
	346,468,097	412,067,850

**Summary of associates and joint ventures – ownership interest of greater than 20%**

	Registered in	Ownership Interest	
		2025	2024
HarbourVest 2018 Global Feeder AIF LP	Scotland	45.35%	45.35%
Macquarie Private Debt Funds ICAV	Ireland	34.22%	34.22%
AEW UK Core Plus Property Feeder Fund	England and Wales	25.50%	25.50%
Alcentra UK Direct Lending No 1 LP	England and Wales	50.00%	50.00%

HarbourVest 2018 Global Feeder AIF LP invests in high quality private equity funds including venture capital and leveraged buyout funds across geographies with an emphasis on North America and Europe. The fund's total commitment is US \$185,000,000 (£143,299,767) (2024: US \$185,000,000 – £146,453,451). The undrawn balance as at the year-end was US \$24,975,000 (£19,345,469) (2024: US \$37,000,000 – £29,290,690).

Macquarie Private Debt Funds ICAV, an Irish Collective Asset-management Vehicle with variable capital and limited liability, invests in the infrastructure sector across a range of OECD countries. The fund's total commitment is EUR 215,000,000 (£179,901,263) (2024: EUR 215,000,000 – £183,854,968). The undrawn balance as at the year-end was EUR 13,183,568 (£11,031,351) (2024: EUR 13,183,568 – £11,273,788).

AEW UK Core Plus Property Feeder Fund is a unit trust fund which invests in a multi sector portfolio of commercial property assets throughout the United Kingdom. The fund held 62,650,564 units as at the year-end (2024: 61,291,465 units).

Alcentra UK Direct Lending No 1 LP invests in secured loans comprising 1st lien senior, uni- tranche, mezzanine and mezzanine-related and equity investments in high-quality, middle-market, sponsored and unsponsored leveraged transactions in the UK. The fund's total commitment is £150,000,000 (2024: £150,000,000). The undrawn balance as at the year-end was £114,919,203 (2024: £114,919,203).

The fund's ownership interests in subsidiaries, associates and joint ventures relating to unlisted investments (level 3 investments) are based on the capital commitment percentages. As at 31 March 2025, the fund's total commitment for all the existing level 3 unlisted investments amounted to £3,873,461,788 (2024: £3,519,937,729) of which £1,133,227,755 (2024: £1,079,459,587) was undrawn commitment.

## Financial statements

### Notes to the financial statements for the year ended 31 March 2025

#### 9 Financial assets at fair value through profit and loss (continued)

The following table gives information about how the fair values for unlisted financial assets are determined.

Financial assets	Fair value as at 31 March 2025	Fair value hierarchy
Investments in subsidiaries	£1,610,465,026 (2024: £1,432,962,835)	Level 3
Investments in associates and joint ventures – ownership interest of greater than 20%	£346,468,097 (2024: £412,067,850)	Level 3
Investments in associates and joint ventures – ownership interest of less than 20%	£929,211,852 (2024: £825,046,344)	Level 3

#### Valuation technique

Valuation is based on a summation of the fair value of the underlying investments, calculated by fund managers using recognised valuation methodologies accepted in the industry, incorporating both observable and non-observable data. Movements in fair values are taken directly to the statement of comprehensive income.

#### 10 Current assets

	2025 £	2024 £
<b>Other receivables</b>		
Other receivables	8,029,853	34,117
Accrued income	166,275,094	190,799,714
	174,304,947	190,833,831
<b>Current tax assets</b>		
Corporation tax recoverable		
	81,952,705	2,276,890

Other receivables of £8,029,853 as at 31 March 2025 included £8,000,000 for disposal proceeds received in April 2025 relating to the sale of unit trust investments in March 2025.

Accrued income relates to income earned during the year but not received at year-end. Decrease in accrued income was due to the decrease in interest rates impacting interest receivable on cash deposits with the National Loans Fund received upon the maturity of cash deposits after the year-end.

The corporation tax recoverable balance has increased due to over-estimation of the quarterly instalment tax payments combined with tax refunds due from HM Revenue and Customs in respect of prior years.

## 11 Cash and cash equivalents

Cash and cash equivalents comprise cash balances with banks, short-term cash investments held in financial institutions with high credit ratings and the National Loans Fund (see further details under credit risk in note 15). Cash and cash equivalents included in the statement of cash flows and the statement of financial position comprise the following:

	2025 £	2024 £
Cash balances with banks	168,610,627	176,379,203
Short-term cash investments	16,659,673,896	16,779,949,339
	16,828,284,523	16,956,328,542

## 12 Trade and other payables

	2025 £	2024 £
Trade payables	14,104	56,086
Other tax and social security	563,003	163,240
Other payables	14,210	10,452
Accruals and deferred income	3,111,767	1,892,945
	3,703,084	2,122,723

## 13 Financial liabilities

	2025 £	2024 £
Liability on financial futures	6,261,299	-

Liability on financial futures relates to liabilities payable on losses incurred in respect of overseas equity index futures (level 1 investments).

## Financial statements

### Notes to the financial statements for the year ended 31 March 2025

#### 14 Currency classification of total assets less current liabilities

Total assets less current liabilities as at 31 March 2025 are analysed by currency as follows:

Currency	Non-current assets £	Cash and cash equivalents £	Other current assets £	Current liabilities £	Total £
Pounds Sterling	2,188,069,448	16,827,124,382	256,255,932	(3,703,084)	19,267,746,678
US Dollar	1,282,250,285	349,131	-	(6,261,299)	1,276,338,117
Euro	195,364,392	810,493	-	-	196,174,885
Other currencies	-	517	1,720	-	2,237
	3,665,684,125	16,828,284,523	256,257,652	(9,964,383)	20,740,261,917

Total assets less current liabilities as at 31 March 2024 are analysed by currency as follows:

Currency	Non-current assets £	Cash and cash equivalents £	Other current assets £	Current liabilities £	Total £
Pounds Sterling	2,106,633,293	16,952,359,309	193,022,671	(2,122,723)	19,249,892,550
US Dollar	1,147,506,022	3,481,359	4,096	-	1,150,991,477
Euro	164,378,632	333,417	-	-	249,774,995
Other currencies	30,241,996	154,457	83,954	-	30,480,407
	3,448,759,943	16,956,328,542	193,110,721	(2,122,723)	20,596,076,483

## 15 Financial instruments and financial risk management

### Categories of financial instruments as at 31 March 2025:

	Financial assets measured at amortised cost £	Financial liabilities measured at amortised cost £	Assets at fair value through profit and loss £	Liabilities at fair value through profit and loss
<b>Financial assets</b>				
Financial assets at fair value through profit and loss	-	-	3,665,684,125	-
Other receivables	8,029,853	-	-	-
Accrued income	166,275,094	-	-	-
Cash balances with banks	168,610,627	-	-	-
Short-term cash investments	16,659,673,896	-	-	-
<b>Financial liabilities</b>				
Trade and other payables	-	3,140,081	-	-
Liability on financial futures	-	-	-	6,261,299

### Categories of financial instruments as at 31 March 2024:

	Financial assets measured at amortised cost £	Financial liabilities measured at amortised cost £	Assets at fair value through profit and loss £
<b>Financial assets</b>			
Financial assets at fair value through profit and loss	-	-	3,448,759,943
Other receivables	34,117	-	-
Accrued income	190,799,714	-	-
Cash balances with banks	176,379,203	-	-
Short-term cash investments	16,779,949,339	-	-
<b>Financial liabilities</b>			
Trade and other payables	-	1,959,483	-

All non-current financial assets are categorised as financial assets at fair value through profit and loss. Those items that are not at fair value through profit and loss have been deemed to have a carrying value that is materially equal to fair value.

## Financial statements

### Notes to the financial statements for the year ended 31 March 2025

## 15 Financial instruments and financial risk management (continued)

### Fair value measurements recognised in the statement of financial position

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. All listed investments as at 31 March 2025 amounting to £157,736 (2024: £41,005,021) are grouped as Level 1 and disclosed as "Financial assets at fair value through profit and loss" (note 9). All financial liabilities are measured at amortised cost;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Investments in unit trust funds as at 31 March 2025 amounting to £779,381,414 (2024: £737,677,893) are grouped as Level 2 and disclosed as "Financial assets at fair value through profit and loss" (note 9); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). All unlisted investments as at 31 March 2025 amounting to £2,886,144,975 (2024: £2,670,077,029) are grouped as Level 3 and disclosed as "Financial assets at fair value through profit and loss" (note 9).

### Level 3 reconciliation

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting year:

	2025 £	2024 £
<b>Valuation</b>		
At start of the year	2,670,077,029	2,608,586,597
Additions	281,281,490	217,647,744
Disposal proceeds	(168,981,436)	(178,457,857)
Realised and unrealised gains **	103,767,892	22,300,545
At end of the year	2,886,144,975	2,670,077,029

\*\* These realised and unrealised gains are included in the statement of comprehensive income on [page 36](#) and include: net realised gains of £168,981,436 (2024: realised gains £127,687,372) and net unrealised losses of £65,213,544 (2024: unrealised losses £105,386,827).

During the year the fund received distributions from the above Level 3 investments amounting to £168,981,436 (2024: £123,648,647). These distributions have been included in both disposal proceeds and realised gains in the table above.

In pursuing its investment objective, the fund faces risks to both assets and revenue. These risks, and the directors' approach to the management of the risks, are as follows:

### **Financial risk management**

The directors manage financial risks by ensuring full and timely access to relevant information from respective managers. The directors meet regularly and at each meeting review investment performance and financial results. They monitor compliance with the fund's objectives and are responsible for ensuring that investment strategy and asset allocation is in accordance with the objectives of the fund.

### **Credit risk**

Credit risk is the risk of loss due to the failure of a borrower or counterparty to fulfil its contractual obligations. The fund is exposed to credit risk in respect of cash balances with banks and short-term cash investments. The fund invests in high quality liquid market investments held with financial institutions with high credit ratings and the National Loans Fund on a short-term basis usually recoverable within six months. Therefore, no significant credit risks are associated with these investments.

### **Liquidity risk**

The fund maintains sufficient cash and readily realisable securities to meet its current liabilities. On the basis that most of the fund's relevant liabilities will not fall due for payment for a number of years and on the basis that HM Government will be responsible for meeting these liabilities to the extent that the fund does not have sufficient assets available to it, the directors consider that liquidity is not a significant risk to the fund. The relevant liabilities that are expected to fall upon the fund over the next three years amount to approximately £2.8bn (2024: £3.5bn). The future long-term liability of the fund in respect of these relevant liabilities will at all times be limited to the assets available to it.

### **Price risk**

Price risk is defined as the risk that the fair value of a financial instrument held by the fund will fluctuate. Investments are measured at fair value through profit or loss. The prices of the fund's listed investments are determined by market forces. This risk is managed by diversifying the fund's investment portfolio. Fluctuations in the market prices of listed investments are not hedged. The unlisted investments are valued on an unlevered, discounted cash flow basis. Therefore, the value of these investments will be (amongst other risk factors) a function of the discounted value of their expected cash flows and, as such, will vary with movements in interest rates and competition for such assets. The discount factors are subjective and therefore it is feasible that a reasonable alternative assumption may be used resulting in a different valuation for these unlisted investments.

## Financial statements

### Notes to the financial statements for the year ended 31 March 2025

#### 15 Financial instruments and financial risk management (continued)

	2025 £	2024 £
<b>Listed investments price risk sensitivity analysis</b>		
If there was a 10% (2024: 10%) increase or decrease in the fair values, the value of financial assets at fair value through profit and loss would increase or decrease by:	15,774	4,100,502

The impact of a 10% (2024: 10%) change has been selected as this is considered reasonable given the current level of volatility observed both on a historical basis and market expectations for future movement.

	2025 £	2024 £
<b>Unit trust investments price risk sensitivity analysis</b>		
If there was a 10% (2024: 10%) increase or decrease in the fair values, the value of financial assets at fair value through profit and loss would increase or decrease by:	77,938,141	73,767,789

The impact of a 10% (2024: 10%) change has been selected as this is considered reasonable given the current level of volatility observed both on a historical basis and market expectations for future movement.

	2025 £	2024 £
<b>Unlisted investments price risk sensitivity analysis</b>		
If there was a 10% (2024: 10%) increase or decrease in the fair values, the value of financial assets at fair value through profit and loss would increase or decrease by:	288,614,497	267,007,703

The board considers a movement of 10% (2024: 10%) in the fair values to be within a reasonable expected range based on their understanding of market transactions for these unlisted investments.

### Interest rate risk

The fund is exposed to interest rate risk due to its investments in interest bearing assets which are categorised as follows:

#### Assets earning interest as at 31 March 2025:

	Value subject to fixed rate £	Value subject to variable rate £
Cash balances with banks	-	168,610,627
Short-term cash investments	16,385,336,116	274,337,780

#### Assets earning interest as at 31 March 2024:

	Value subject to fixed rate £	Value subject to variable rate £
Cash balances with banks	-	176,379,203
Short-term cash investments	16,469,552,145	310,397,194

The average annual rate of return before tax for short-term cash investments was 4.93% (2024: 4.93%).

#### Interest rate risk sensitivity analysis

	2025 £	2024 £
If there was a 1% (2024: 4%) increase or decrease in variable interest rates with all other variables held constant, the value of variable interest receivable would increase or decrease by:	4,429,484	19,471,056

Although the short-term cash investments are subject to fixed rates, the maturity of these range from 1-6 months. As a result, the interest rate sensitivity for the short-term cash investments has been disclosed in addition to the variable rate noted above. There would be a lag effect on these investments of interest rate movements as the balances mature.

	2025 £	2024 £
If there was a 1% (2024: 4%) increase or decrease in short-term fixed interest rates with all other variables held constant, the value of short-term interest receivable would increase or decrease by:	163,853,361	658,782,086

The impact of a 1% (2024: 4%) change has been selected as this is considered reasonable given the current level of interest rates observed both on a historical basis and market expectations for future movement.

## Financial statements

### Notes to the financial statements for the year ended 31 March 2025

#### 15 Financial instruments and financial risk management (continued)

##### Currency risk

The fund is exposed to currency risk due to its investments in some of the assets being denominated in currencies other than sterling. An analysis of assets that are held in various currencies is provided in note 14 to these financial statements.

##### Currency risk sensitivity analysis

	2025 £	2024 £
If there was a 10% (2024: 10%) increase or decrease in foreign currency exchange rates with all other variables held constant, the value of assets held in the following currencies would increase or decrease by:		
US Dollar	127,633,812	115,099,148
Euro	19,617,488	16,471,205
Other currencies	224	3,048,041

A sensitivity of 10% (2024: 10%) has been selected as this is considered reasonable given the current level of volatility observed both on a historical basis and market expectations for future movement in respect of these foreign currencies.

## 16 Non-current liabilities

	Deferred tax liabilities £	Relevant liabilities provision £	Total 2025 £	Total 2024 £
At 1 April	116,908,177	20,479,168,206	20,596,076,383	20,435,818,817
EDF Energy contributions	-	28,886,210	28,886,210	16,184,168
Transfer from statement of comprehensive income	-	753,432,908	753,432,908	703,357,070
Payable to EDF Energy	-	(621,908,879)	(621,908,879)	(542,835,530)
Deferred tax movement	(16,224,805)	-	(16,224,805)	(16,448,142)
At 31 March	100,683,372	20,639,578,445	20,740,261,817	20,596,076,383

Deferred tax balance consists of:

	2025 £	2024 £
Accelerated capital allowances	(41,281)	(49,494)
Unrealised gain on investments	100,724,653	116,957,671
	100,683,372	116,908,177

### Relevant liabilities provision

In accordance with the Contribution Agreement, fixed contributions are received quarterly from EDF Energy in the sum of £2m (2024: £2m), stated in March 2003 monetary values and indexed to RPI together with £150k, which is also indexed to RPI, for every tonne of fuel loaded into the Sizewell B reactor power station. The fund also receives an annual contribution from EDF for administration costs. This contribution is £1m adjusted to RPI and the fund receives an appropriate amount after the direct, attributable administration costs of DESNZ and NLA are deducted. In accordance with the NLFA, the fund will, subject to certain exceptions, fund the relevant liabilities of EDF Energy, as represented by the payments to EDF Energy in the above table.

The amount shown under relevant liabilities provision represents the fund's future potential liability to the Licensee (EDF Energy) at the date of the statement of financial position. In accordance with the NLFA, the liability of the fund in respect of relevant liabilities will at all times be limited to the assets available to it. The Secretary of State for the Department for Energy Security and Net Zero has undertaken that HM Government will be responsible for meeting relevant liabilities to the extent that the fund does not have sufficient assets available to it. The directors have considered it appropriate to set the provision so that the total provisions for relevant liabilities equal the total net assets less current liabilities and called up share capital of the fund.

The process by which EDF Energy determines its relevant liabilities and prepares cost estimates is prescribed by the NLFA. All cost estimates are subject to review, scrutiny and approval by the NLA.

### Deferred tax

Deferred tax provision takes account of deferred tax payable on the sale of financial assets at fair value through profit and loss to the extent that the carrying value of those assets exceeds the estimated tax basis of those assets.

## Financial statements

### Notes to the financial statements for the year ended 31 March 2025

#### 17 Share capital

At 31 March 2024 and 31 March 2025

	Authorised	Allotted, called up and fully paid	
	£	No.	£
98 Ordinary shares of £1 each	98	98	98
1 A Special rights redeemable preference share of £1 ('the A special share')	1	1	1
1 B Special rights redeemable preference share of £1 ('the B special share')	1	1	1
	100	100	100

The fund's authorised and issued share capital is £100, divided into 98 ordinary shares of £1 each, which are held by the Trustees of the Nuclear Trust in their capacity as such, one A special rights redeemable preference share of £1 ('the A special share') held by the Secretary of State for the Department for Energy Security and Net Zero ('the holder of the A special share') and one B special rights redeemable preference share of £1 ('the B special share') held by EDF Energy Nuclear Generation Limited.

The A and B special share rights require the consent of the holders of the A and B special shares for certain matters, including for an alteration of the fund's memorandum and articles of association, a change to its share capital or any transfers of shares in the fund. On a winding up, the holder of the A special share and the holder of the B special share shall be entitled to repayment of the capital paid on the A special share and the B special share respectively in priority to any repayment of capital on the ordinary shares, but the A special share and the B special share shall carry no other right to participate in the capital of the fund. Neither the A special share nor the B special share enjoy voting rights nor do they carry any right to participate in profits.

#### 18 Related parties and controlling interest

The main shareholders of Nuclear Liabilities Fund Limited are the trustees of The Nuclear Trust, who jointly hold 98% of the ordinary shares. The Nuclear Trust is a public trust established in 1996 under Scots law by Deed of Trust. The trustees of The Nuclear Trust are the directors of Nuclear Liabilities Fund Limited. Details of payments to directors are set out in note 6. As at 31 March 2025, a balance of £Nil (2024: £40,500) was due to the directors and this balance is included within trade and other payables.

The fund considers the Secretary of State for the Department for Energy Security and Net Zero also to be a related party. During the year, a sum of £134,717 (2024: £109,964) was paid by the fund to DESNZ for their services in administering the Nuclear Liabilities Funding Agreement.

#### 19 Capital management

The fund's strategy is to effectively manage the capital in accordance with the Statement of Investment Principles and to seek to maximise long-term returns to fulfil the fund's purpose.

---

# Company information

Sizewell B power station. Image supplied courtesy of EDF Energy.

**Directors**

Mrs L Flockhart (from 26 August 2024)  
Dr M Grant  
Mr C Hitchen  
Mrs A McNeil  
Mr L Nunneley

**Secretary**

Mrs M Hope  
c/o BDO LLP  
55 Baker Street  
London W1U 7EU

**Company Number**

SC164685

**Registered Office**

Citypoint  
65 Haymarket Terrace  
Edinburgh EH12 5HD

**Accountants and tax advisers**

BDO LLP  
55 Baker Street  
London W1U 7EU

**Auditor**

S&W Partners Audit Limited  
45 Gresham Street  
London  
EC2V 7BG



Design: red-stone.com

