Nuclear Liabilities Fund



Empowering progress

Annual report and accounts 2026

Nuclear Liabilities Fund Limited
nlf.uk.net



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.

Hartlepool power station.
Image supplied courtesy of EDF Energy.

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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 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. The fund will also discharge certain costs associated with the management of spent fuel.

Three Advanced Gas-cooled Reactor ('AGR') 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 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. Two stations successfully transferred during 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 delivery plans and strategies of external stakeholders such as EDF Energy, NRS 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.



- Operational PWR Power Station
- Operational AGR Power Station
- Defueling/decommissioning AGR station
- Decommissioning AGR station

Notes:

Hunterston B transferred from EDF Energy to NDA/NRS on 1 April 2026
Hinkley Point B transferred from EDF Energy to NDA/NRS on 1 October 2026

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.

Nuclear Liabilities Fund

At a glance

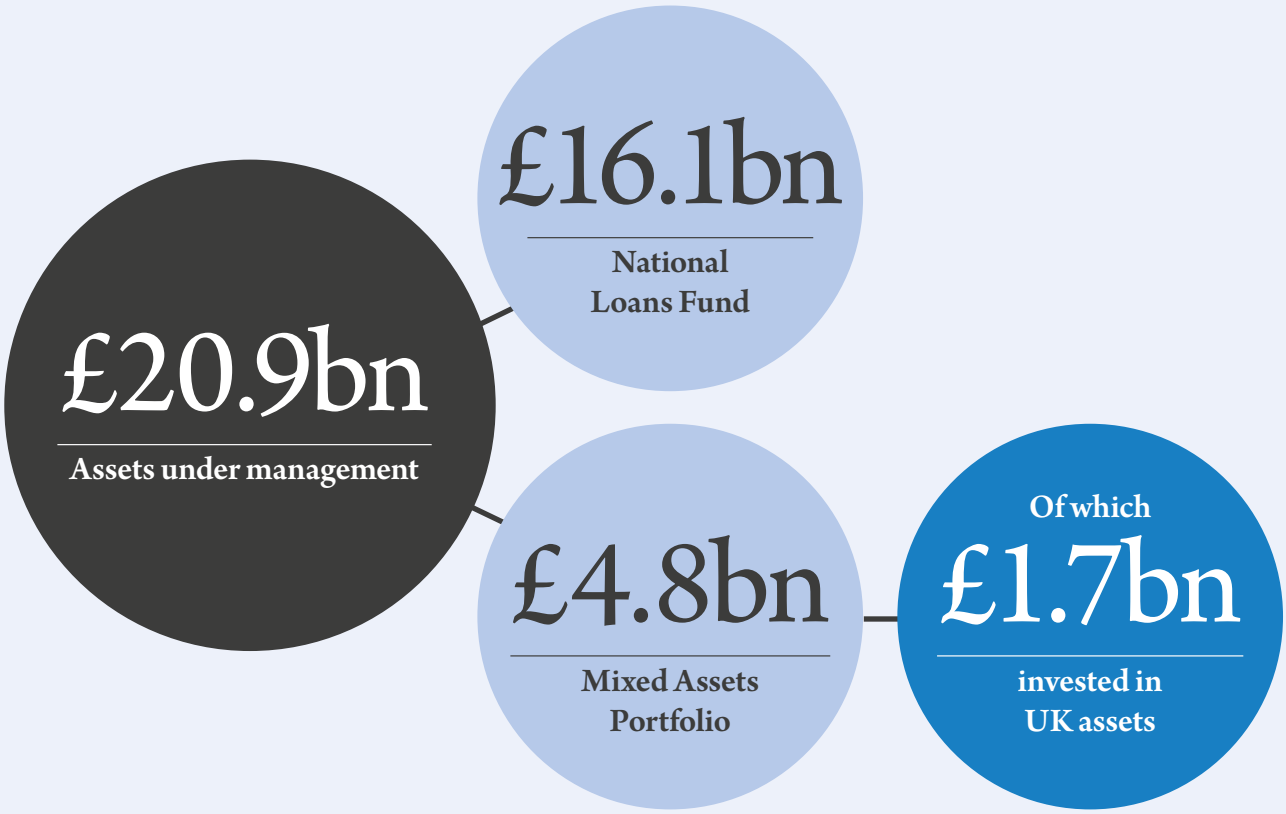
Protecting taxpayers and funding decommissioning liabilities through long-term investment

Current investments

National Loans Fund
Assets held with the UK government to meet anticipated near-term decommissioning costs and funding requirements.

Mixed Assets Portfolio
Diversified liquid and illiquid investments designed to generate long-term returns.

UK contribution
Investment in UK businesses, infrastructure and other assets as part of the fund's globally diversified investment portfolio.



Protecting taxpayers

Liability funding

Payments made from the fund to meet nuclear decommissioning liabilities since its establishment.

Economic contribution

Supports the UK economy through tax payments, investment activity and funding that helps sustain the expertise and skilled jobs needed to deliver decommissioning.

Taxpayer protection

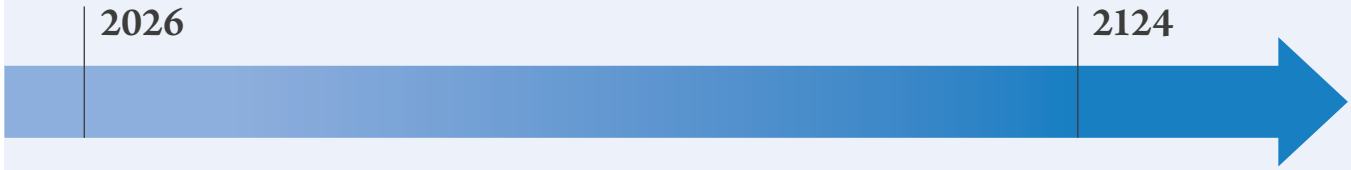
Long-term investment approach of the Mixed Assets Portfolio is designed to reduce the burden on future taxpayers.

£3bn
Decommissioning costs paid to date

£1.3bn
UK Corporation Tax paid to date

7.6%
10 Year average MAP Return p.a.

100-year liabilities horizon



£35bn

Investing for long term growth

The fund empowers progress by providing funding certainty to support safe and cost-effective decommissioning of nuclear power stations long after electricity generation has ended. The fund delivers value through investment with a long-term horizon to meet future decommissioning costs.

Statement from the Chair

Empowering progress



Chris Hitchen
Chair

The fund remains in a strong position, with total assets increasing to £20.9bn after £0.6bn was paid out to meet the costs of decommissioning in the year. The fund has now paid £3bn of decommissioning costs in its lifetime and we are well placed to continue to support the programme into the next century, protecting UK taxpayers from nuclear liability costs.

£20.9bn

Total fund size as at 31 March 2026

£3bn

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 financial year 2025–26. This has been a year of meaningful progress for the fund, as well as one in which the importance of its long-term purpose has been brought into sharp focus. The fund exists to finance the decommissioning of eight nuclear power stations across the UK, and that purpose continues to guide the board's decisions, our investment approach and our engagement with government, EDF Energy, the NDA and other stakeholders.

The fund's investment performance was a particular strength during the year. The fund met its overall performance target, and the Mixed Assets Portfolio ('MAP') exceeded its performance target for the year. The MAP's 10-year return now stands at an annualised return of 7.6%. These results reflect the value of a disciplined, long-term investment approach.

Decommissioning progress

The year saw significant progress in the decommissioning programme. Funding arrangements were established to support the continued decommissioning of the AGR stations, ahead of the successful transfer of Hunterston B and Hinkley Point B to the NDA after the financial year end. Encouraging defueling progress continues at Dungeness B. These developments reflect the strong collaboration between the fund, EDF Energy, NDA Group and government.

The board is pleased with the progress made in developing its partnership with the NDA and Nuclear Restoration Services ('NRS'). This collaborative approach, combined with the fund's long-term investment strategy and strong liquidity position, helps ensure that funding is available at the right time to support the decommissioning programme and deliver value for money for all stakeholders.



Long-term liability position

The year has underlined the scale and complexity of the fund's long-term responsibilities. Updated forecasts of decommissioning liabilities indicate a materially higher cost outlook and a move from projected funding surplus to a deficit. The board has considered this carefully and will continue to monitor the position closely, including continued monitoring of decommissioning cost estimates and the fund's investment performance. The fund continues to hold and invest substantial assets which will fund liability costs into the next century.

Government investment proposals

During the year and into the new financial year, the board and executive team responded to government proposals that could result in significant changes to the fund's investment policy. The proposals could result in the assets in the MAP being realised and the fund being solely invested in the National Loans Fund, which would be expected to generate lower long-term returns than the fund's current investment strategy.

The board has carefully considered the implications of these proposals for the fund's governance framework, legal duties and long-term objective. Whilst government is an important stakeholder, the fund's overriding objective is to support the long-term decommissioning programme and minimise the burden of these costs falling on future taxpayers. The board continues to emphasise the importance of maintaining the fund's arm's length governance arrangements and a long-term investment approach aligned with the fund's purpose and time horizon.

Board and executive team

I would like to thank my fellow board members and the executive team for their continued commitment during the year. Their expertise and professionalism have been central to the fund's ability to manage a broad and demanding programme of work.

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

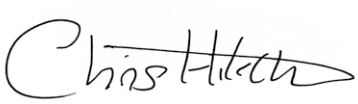
Resourcing

As the fund's responsibilities evolve, the board will continue to keep resourcing under review to ensure the organisation has the capacity and resilience needed to support effective oversight, informed decision-making and continuity over the long-term.

Looking ahead

Patient investment will remain central to the fund's work. The board remains focused on ensuring that the fund is appropriately governed, resourced and invested to fulfil its purpose.

The fund will provide the certainty of available funding to support the delivery of decommissioning activities over many decades. Working with the NDA, the UK's expert decommissioning body, creates opportunities to drive efficiencies and retain and develop critical nuclear skills. These are the benefits of a funded, ring-fenced decommissioning fund.



Chris Hitchen
Chair

Statement from the Chief Executive

Year in review



Melissa Hope
Chief Executive

There is much to be proud of when we look back on financial year 2025-26. Highlights were the completion of a landmark UK infrastructure investment and the completion of new funding arrangements for decommissioning the AGRs following transfer.

The fund made a significant equity investment in Sizewell C, demonstrating its ability to deploy capital into UK infrastructure which aligns with our long-term investment horizon and objective of meeting future decommissioning costs.

Working closely with the NDA, NRS and DESNZ, we completed funding agreements to allow the continued funding of decommissioning costs as the AGR stations transfer to the NDA.

The updated decommissioning liability estimates have reinforced the importance of close engagement with stakeholders and disciplined monitoring. The executive team will continue to support the board in assessing the implications of changing liability estimates, investment performance and funding requirements, maintaining the fund's ability to respond appropriately as circumstances evolve.

The board effectiveness review provided assurance that the fund's governance and culture support effective delivery, integrity, ethical behaviour and constructive challenge required to achieve our mission.

Empowering progress this year has meant turning long-term purpose into practical delivery. The fund's responsibilities require disciplined execution as well as careful stewardship. In practice, this means maintaining effective oversight of a complex investment portfolio, supporting the arrangements needed for funding decommissioning, and ensuring that the organisation has the capability, controls and resilience to meet its objectives.

The constitutional structure of the fund secures its independence. From an executive perspective, that places a particular emphasis on excellent governance, high-quality advice, robust assurance and transparent engagement. These disciplines help ensure that independence is exercised responsibly and that the fund continues to operate with confidence and credibility.

Right image: Hunterston power station.
Image supplied courtesy of EDF Energy.

We continue to operate through a deliberately lean and agile model. Our executive team works alongside specialist advisers and service providers to access expertise efficiently, while retaining flexibility and resilience alongside placing an emphasis on strong governance. This enables the fund to focus resources where they add most value. As the scale and complexity of our activities grow, it remains important that we invest appropriately in internal capability. Strengthening our capacity to oversee investments, advisers, suppliers and assurance providers will help ensure that we maintain robust challenge and scrutiny – allowing us to operate effectively and achieve value for money.

During the year we have also explored opportunities to use emerging technologies, including artificial intelligence, to support efficiency and improve insight. Our approach is measured and responsible, with appropriate governance and controls, but we believe technology has an important role to play in helping a lean organisation deliver effectively.

Throughout the reporting period we continued to strengthen engagement with stakeholders, with a particular focus on explaining how the fund operates in practice and how its governance, investment and funding arrangements work together.

Thanks and looking ahead

I would like to thank the executive team, our advisers and service providers for their professionalism and commitment throughout the year. I am grateful to the board for its support and challenge, and to our stakeholders for their constructive engagement. Looking ahead, our focus will be on execution: strengthening capability, maintaining disciplined oversight and ensuring that the fund continues to fulfil its role with independence, integrity and operational excellence.



Melissa Hope
Chief Executive

Strategic report

Our key performance indicators

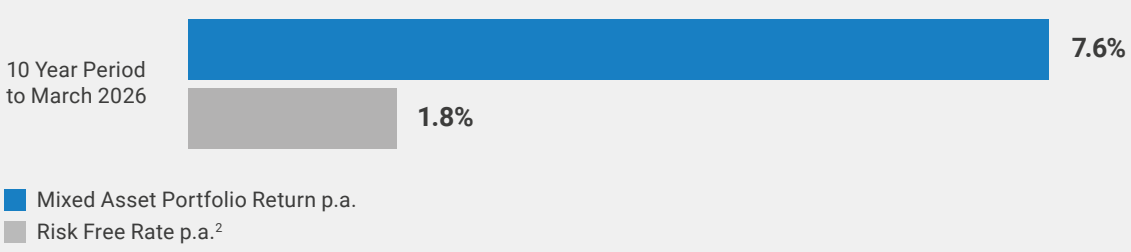
Below image: Torness power station.
Image supplied courtesy of EDF Energy.



Nuclear Liabilities Fund Limited's investment performance is assessed using key performance indicators ('KPIs') that were agreed for the year 2025–26 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.

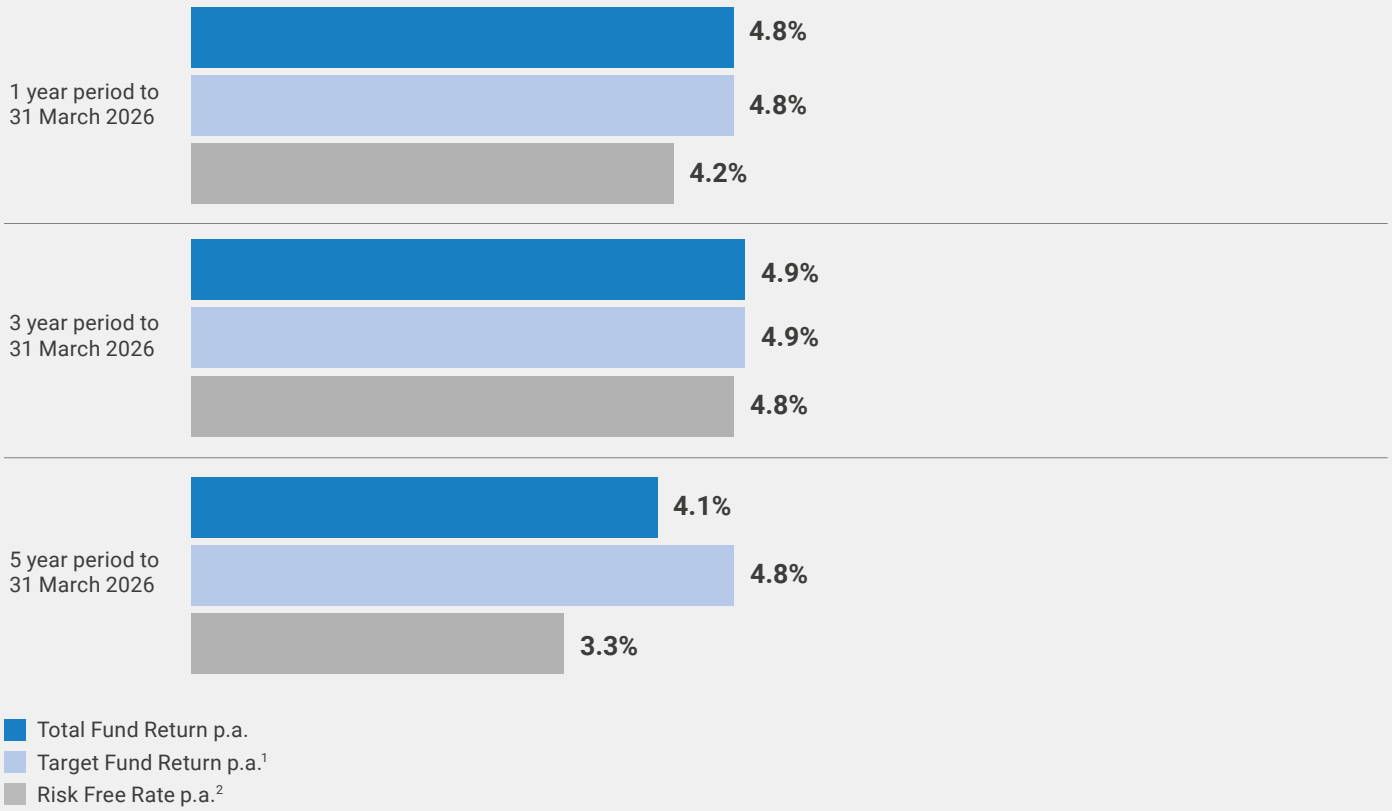
Whilst the directors agree with the requirement to monitor performance over the short term, it should be noted that long term performance is the objective of the fund. As a result, a 10 year return for the Mixed Assets Portfolio is reported below. This aligns with the primarily illiquid nature of the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

10 Year Mixed Assets Portfolio Return



▲ 7.6% **Mixed Assets Portfolio Return**
10 year period to 31 March 2026

KPI 1: Total Fund Return



▲ 4.1% **Total Fund Return**
5 year return to 31 March 2026

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 15.

Stronger returns in the MAP, supported by continued elevated interest rates in the NatLF, saw the fund meet the target return in the year to March 2026.

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.

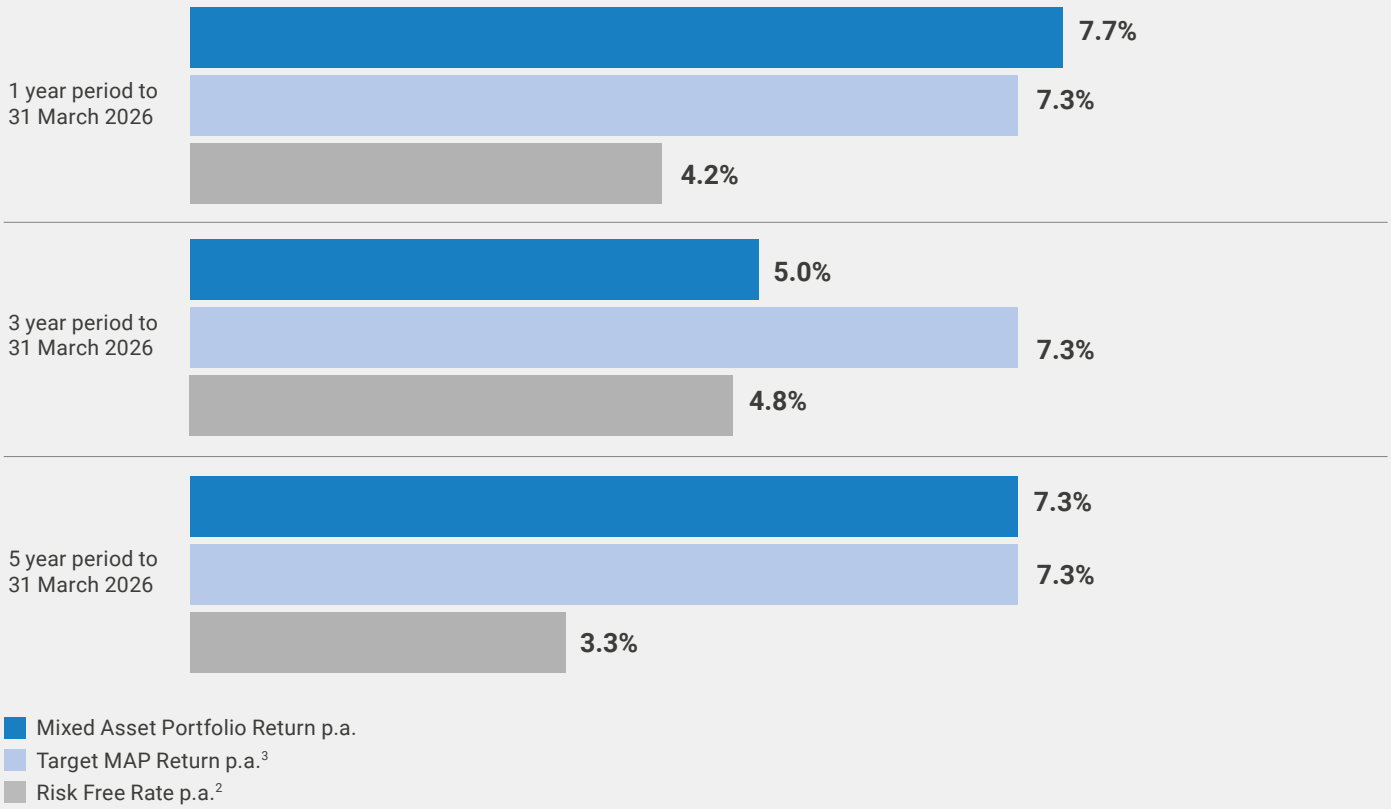
The target return was calculated as the required return on the NatLF and the MAP to meet the decommissioning liabilities in full. Net of fees, net of tax.

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

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

All dates run from 1 April to 31 March

KPI 2: Mixed Assets Portfolio Return



▲7.3% **Mixed Assets Portfolio Return**
5 year return to 31 March 2026

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.

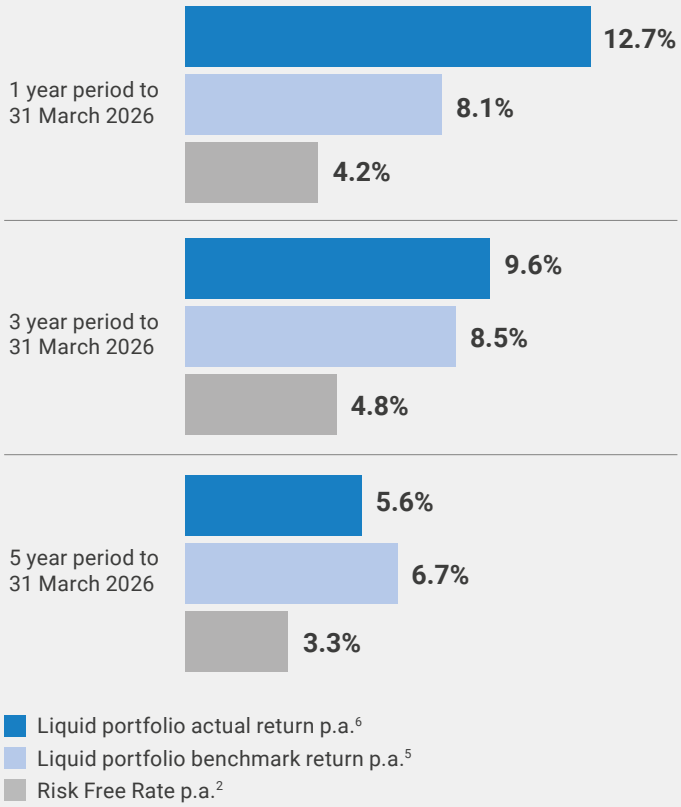
The target return for the MAP is the required return as agreed by the board with reference to the cost of decommissioning liabilities and future returns.

The MAP Return of 7.7% for the year was ahead of the target return. This was primarily as a result of strong performance in the liquid portfolio within the MAP. See page 16 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



▲ 5.6%

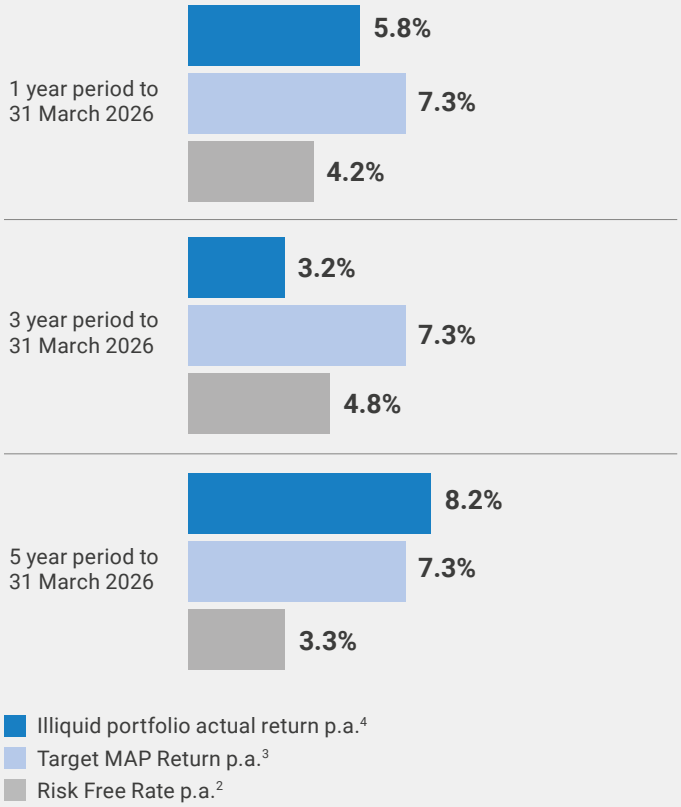
Liquid Portfolio Return
5 year return to 31 March 2026

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



▲ 8.2%

Illiquid Portfolio Return
5 year return to 31 March 2026

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 the performance of the illiquid portfolio relative to the fund's long-term return target of 7.3% p.a. and the risk free rate. The target reflects the rate of return required for the MAP to support the fund's long-term funding objectives and is intended to assess performance over extended periods rather than individual reporting periods. Given the long-term nature of private market investments, returns may vary significantly from the target over shorter periods and should not be viewed in isolation when assessing long-term performance.

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.

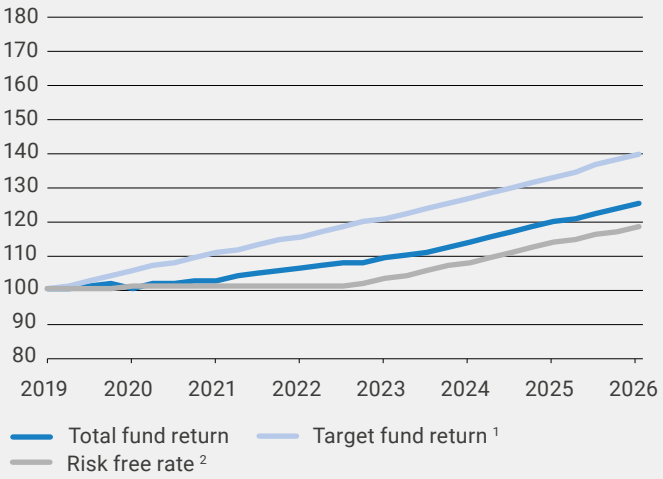
4 Both liquid and illiquid portfolio performance is net of management fees and gross of tax.

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.

Cumulative performance across the fund

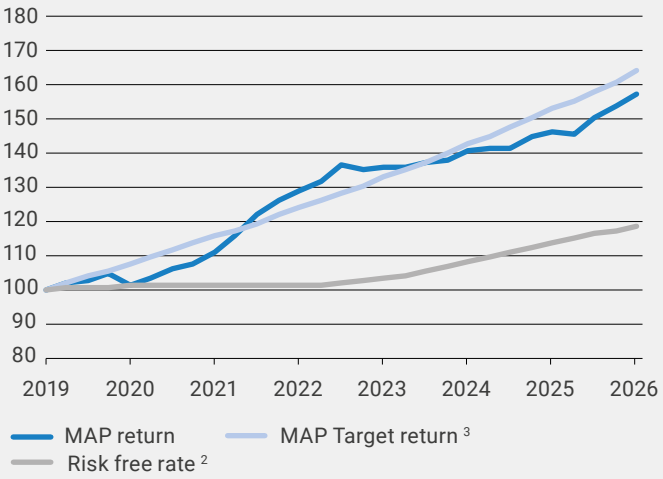
The charts below illustrate cumulative performance of the fund and its component parts since April 2019,[6] alongside returns from relevant comparators. Future reports will extend the time series as more data becomes available.

Cumulative total fund return since April 2019



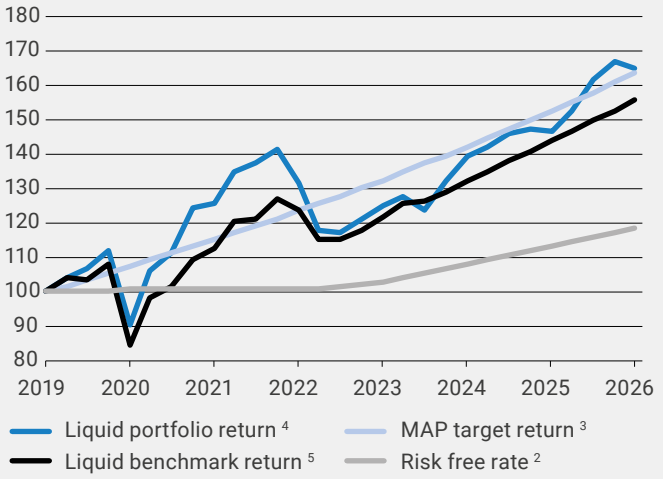
Due to the high weighting of the NatLF (c.80%), the total fund return is anticipated to remain below its target for several years. As the NatLF weighting decreases and the MAP, which targets higher returns, grows in value, the total fund return is anticipated to move closer to its lifetime target. Notably,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

Cumulative MAP return since April 2019



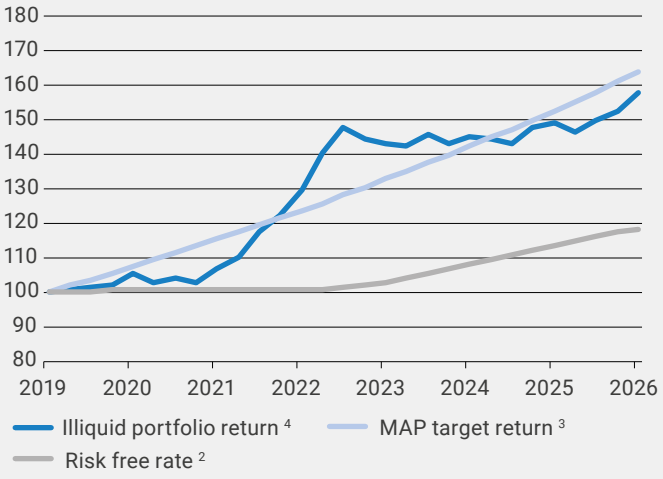
The MAP (c.20% of the total fund) has delivered robust performance, generally tracking its target return. Given the fund's 100 year lifespan, it is anticipated that returns will fluctuate, with some years exceeding and others falling short of the target. This variability underscores the importance of 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 between 2022 and 2025. Improved performance in 2026 underscores the importance of maintaining a long term view to navigate short-term pressures and position the fund for future growth.

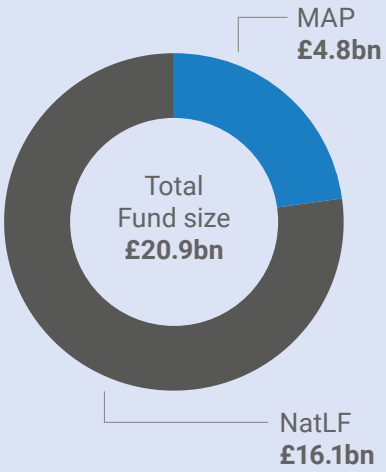
6 The reporting period commences on 1 April 2019, reflecting the earliest date with full data coverage for all component parts of the portfolio.

Strategic report

Review of the year

The year represented an important milestone for the fund. New funding arrangements were agreed to support the next phase of decommissioning as stations transfer from EDF Energy to the NDA. The fund has continued to invest in opportunities that align with its long-term investment strategy, seeking to generate returns over future decades. Together, these developments reinforce the fund's role in providing funding certainty for decommissioning whilst maintaining a focus on long-term sufficiency and responsible stewardship of assets.

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 selection of different assets designed 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 2040s), then from the MAP.

Because of the length of time until the MAP's assets are likely to need 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 2026, the fund held c.£16.1bn (c.77% 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. Although interest rates have fallen over the course of the year, they remain a significant contributor to performance given the weighting of that NatLF in the fund's assets.

The Mixed Assets Portfolio

The MAP balance as at 31 March 2026 was c.£4.8bn (c.23% 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 £16bn in today's money when the fund's holding in the NatLF is exhausted in around 20 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, including tax on any realised gains. The MAP is invested c.25% in liquid and c.75% in illiquid assets as at 31 March 2026. The liquid investments, as well as generating significantly higher returns over time than the NatLF, can be sold as required to meet capital calls from the illiquid portfolio. All of the MAP's assets are managed by external investment managers.

1 Investments

We assess the fund's investment performance using key performance indicators ('KPIs') which measure the overall returns of the fund as well as focusing in on the investments in the MAP. The KPIs are detailed on pages 10 to 14. 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 first 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 remained elevated, the fund has seen overall returns meet the Total Portfolio Return target this year of 4.8%. This is a significantly positive outcome for the fund over this period.

Monthly interest rates on the NatLF have fluctuated around the 4% level throughout the year, with geopolitical events influencing these towards the end of the financial year. The uncertainty around interest rates does mean that this is likely to impact the achievability of the Total Portfolio Return in coming years – and it is possible that we will see a reversion to the previous position where the fund lags its lifetime return target over the short to medium term because of low returns from the NatLF.

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). Latest projections show that in approximately 10 years the weighting of the NatLF and the MAP will be c.50/50, and by the mid 2040s, the NatLF will be fully utilised.

The performance of the MAP in the year was strong, returning 7.7% versus target of 7.3%. In addition, the KPI target has been met over the 5 year period, which is positive given headwinds the illiquid portfolio has faced on the back of increased interest rates over this period. It remains our view that the performance of illiquid assets should be judged over longer timescales. Over a 10 year period, the MAP has returned 7.6% 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, both private equity and infrastructure holdings performed strongly; however, this was partially offset by challenges in the fund's real estate holdings. The liquid portfolio demonstrated strong performance, outperforming the target return (12.7% vs 8.1%). As in recent years, the fund's strategic asset allocation delivered positive results, though equity investments marginally underperformed due to an underweight position in major US technology and conventional energy stocks which performed strongly in Q1 2026.

Target returns

The target return for the total fund has increased to 5.8% for 2026–27 (2025–26: 4.8%). This reflects the current deficit in the fund's forward looking projections as a result of increases in liability estimates during the year.

The target return for the MAP for 2025–26 was 7.3%. Whilst the fund is in deficit, the required return is higher at 8.1%. However, the board continue to target 7.3% for 2026–27. Over time the fund will aim to increase returns to mitigate the deficit where possible.

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. The illiquid returns over the three year period were 3.2% p.a. versus a weighted benchmark return of 1.6% 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.

Aligned with this, investment activity within the MAP continued in the year, including a significant investment in Sizewell C, the new nuclear power station under construction in Suffolk. This investment aligns with our strategic objectives seeking long-term investment returns and supporting the wider UK economy. At the year end the fund has c.£1.7bn of investments in the UK.

We do not expect smooth returns year after year throughout the c.100 year life of the fund. The MAP has performed in line with its objectives, delivering strong annualised returns over five and ten year periods. We remain confident that the fund will benefit from long term asset growth and meet its investment targets over the longer term.

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.

2 Liabilities

Updated decommissioning liabilities and fund sufficiency projections

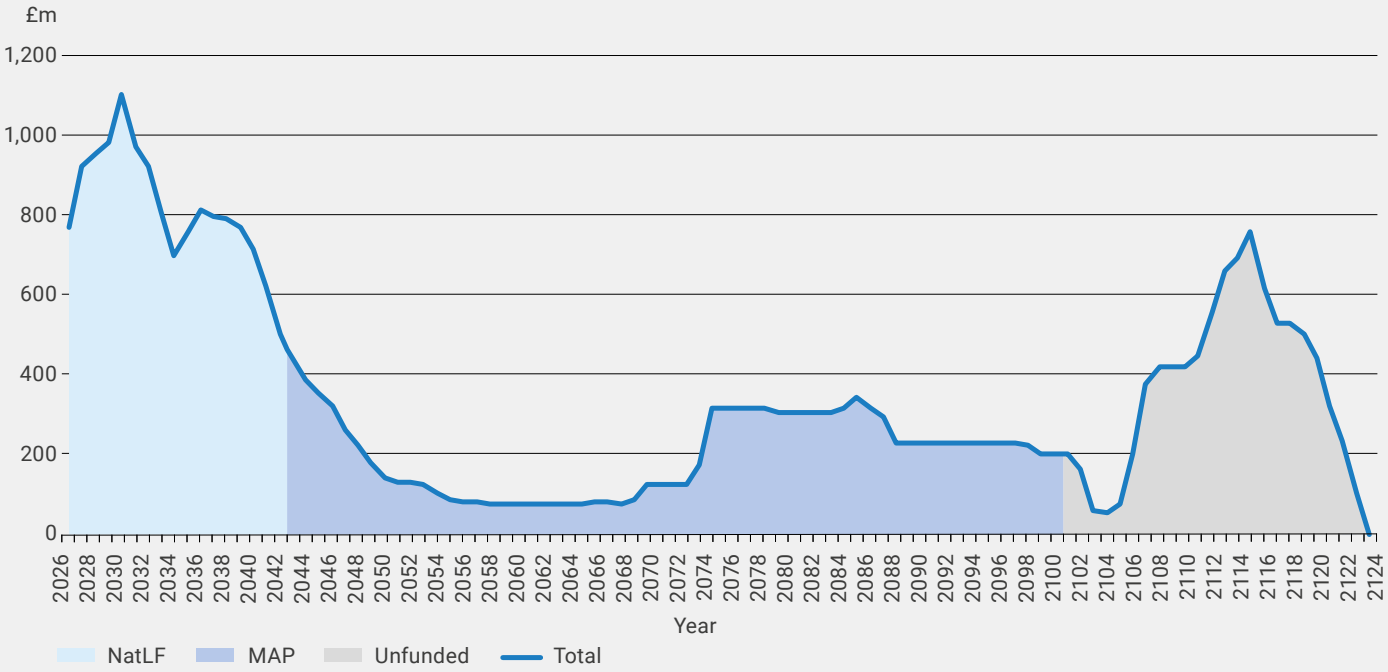
During the year 2025–26, estimated undiscounted decommissioning liabilities increased to £35bn from £27.2bn in the previous year.

The increase was driven primarily by revised estimates of the resources and timescales required to transition AGR stations from defueling to care and maintenance (the stage at which a station is maintained in a safe and secure condition allowing radiation levels to decay naturally before final dismantling and site clearance at a later date). A significant additional provision was also made for risk and uncertainty associated with liabilities arising from the long-term storage and management of the spent fuel for which the fund is responsible.

As a result of the increased decommissioning liabilities estimate, the fund's 2026 Annual Funding Review identified an estimated funding shortfall of £3.2bn at 31 March 2026. This reflects an assessment that projected future decommissioning liabilities are estimated to exceed the fund's projected assets under the assumptions used in the review.

Based on current assumptions, the fund has sufficient assets to support the decommissioning programme for the next 75 years.

Projected expenditure to discharge decommissioning liabilities and anticipated source of funds



£35bn

Total projected liability spend
2026–2124

Source: The total spend is sourced from the Annual Liabilities Report delivered by EDF Energy under the NLFA as at December 2024, adjusted for forecast spend and inflation.

Note: The fund undertakes an annual funding review and may request additional funding from government if required. The funding position is sensitive to changes in key assumptions, including liability estimates, long-term investment returns and inflation. Accordingly, the estimated funding requirement will change over time. Based on current assumptions, the fund has sufficient assets to support the decommissioning programme for the next 75 years.

Directors' Assessment of the Funding Position

The projected funding position is influenced by a number of significant cost drivers and assumptions. AGR decommissioning represents the principal cost driver, accounting for a substantial proportion of estimated decommissioning costs. Fuel-related liabilities carry the greatest relative uncertainty due to the timescales involved, reliance on third party delivery and dependency on national policy and infrastructure.

Defueling of the first two AGR stations was completed at the lower end of the estimated cost range, providing evidence that delivery efficiencies can be achieved. The impact of EDF Energy's planned life extensions for the operational AGR stations and Sizewell B is not yet reflected in estimates. The extensions may be beneficial where the benefit of deferring decommissioning costs outweighs any associated increase in those costs.

The Annual Funding Review also incorporates assumptions regarding future inflation and investment performance. These assumptions affect both the projected cost of meeting decommissioning liabilities and the future value of fund assets and can therefore have a significant impact on the long-term funding position.

After the end of the financial year, the directors decided not to request additional funds from government at this time to address the estimated funding shortfall. The directors' decision took account of the uncertainty surrounding decommissioning liability estimates, the wide range of potential outcomes and the fund's long-term investment strategy. The funding position and any requirement for additional government support will continue to be reviewed annually.

Development and use of decommissioning liabilities estimates

Responsibility for developing and maintaining the underlying decommissioning plans and associated cost estimates rests with EDF Energy and the NDA and NRS assume responsibility for AGR stations post-transfer. NLF's role is not to produce or validate these estimates, but to use them in assessing the adequacy of the fund. As a result of the scale, complexity and long-term nature of the liabilities, the estimates are inherently uncertain and highly sensitive to changes in assumptions. The estimates used in the Annual Funding Review are based on a central estimate equivalent to a P50 assessment, meaning there is an equal probability that actual costs will be higher or lower than forecast.

Discharge of liabilities

During the year, the fund paid £0.6bn to EDF Energy to meet the costs of defueling activity at Dungeness B, Hinkley Point B and Hunterston B, defueling preparations at the other AGR stations, NRS and EDF Energy joint decommissioning planning activities in preparation for AGR transfer, and certain costs associated with the operation of the dry fuel store at Sizewell B.

EDF Energy successfully completed defueling of Hunterston B and Hinkley Point B at the lower end of cost estimates. Accordingly, under the Nuclear Liabilities Funding Agreement, EDF Energy received an incentive payment of c.£6m in respect of Hunterston B. Hinkley Point B achieved 'fuel free' status on 12 January 2026 with the corresponding c.£2m incentive payment confirmed and paid after the end of the financial year.

In the year 2025–26, EDF Energy made a contribution to the fund and its administration of £6m.

New AGR Funding Agreement

In March 2026, Nuclear Liabilities Fund Limited entered into funding arrangements with the NDA, NRS and the Secretary of State for Energy Security and Net Zero. Under these arrangements, the fund will meet the costs of decommissioning of AGR stations following transfer together with the costs of certain preparatory and planning activities. Payments under the new arrangements will be reported from 2026–27 onwards.

Scrutinising costs and monitoring liabilities

The Non-NDA Liabilities Assurance team ('NLA'), a segregated part of the NDA, continue to conduct assurance and scrutiny 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 decommissioning liabilities cost estimates and the application of consistent methodology.

The fund actively participates in quarterly and annual reviews of progress and EDF Energy's performance against KPIs and other performance measures. This includes attendance at regular and ad hoc meetings with the NLA and DESNZ to discuss key issues arising from assurance activity.

Stakeholder collaboration, reporting and oversight

The fund continues to play an active role in the governance arrangements to facilitate efficient AGR defueling and seamless station transfer. This includes participation in the Decommissioning Senior Alignment Panel, which oversees the programmes of decommissioning strategy alignment and transfer activity and high level programme oversight meetings which are chaired by DESNZ.

The fund also participates in the AGR Operating Programme ('AGROP') and the Defueling Steering Panel. These committees scrutinise defueling risks. Through its independent technical adviser, the fund played an active role in the AGROP Strategic Health Review, providing challenge and insight on future defueling preparedness, programme resilience and risk management.

During the year, representatives from Nuclear Liabilities Fund Limited visited Dungeness B, Hinkley Point B, Hartlepool and Bradwell power stations. The directors are grateful to EDF Energy and NRS for facilitating these visits, which enable direct engagement with key stakeholders, enhancing understanding of decommissioning activities and informing oversight of the funding arrangements.

A look forward on liabilities

The directors are committed to working collaboratively with stakeholders and maintaining a strong understanding of the risks, issues and opportunities associated with decommissioning. The board continues to be concerned about increasing decommissioning liabilities cost estimates and the implications for the long-term funding position.

Working closely with DESNZ, EDF Energy, NDA and NRS, Nuclear Liabilities Fund Limited will continue to seek evidence that the benefits of the fund are being fully leveraged to optimise plans and innovate to reduce costs over the long term. The fund welcomes the positive engagement of government, regulators and industry stakeholders in taking forward the recommendations of the Nuclear Regulatory Taskforce Report, which seek to support faster and more economical outcomes while maintaining high standards of safety.

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



Strategic report

Positive impacts

Maximising long-term investment returns is at the heart of the Nuclear Liabilities Fund's investment philosophy. The Board believes that considering environmental, social and governance factors is consistent with this objective and that responsible investment contributes to sustainable long-term returns.

Investing for future generations

The fund exists to ensure that the costs of decommissioning nuclear power stations are provided for, reducing the risk that those costs fall unexpectedly on future taxpayers.

The investment strategy therefore has a clear public purpose: to grow and preserve assets so that long-term environmental obligations can be met in an orderly and cost effective way.

In addition, the fund sees opportunities for investments in projects supporting long-term economic resilience. This includes investments that support the transition to a lower-carbon economy, improve essential infrastructure, and provide capital to make a lasting contribution.

Supporting UK investment and productive finance

The fund's long-term investment horizon aligns with calls for institutional capital to support productive investment in the UK. The fund's key criteria for investment is risk adjusted returns – however where this aligns with investment in the UK this is carefully considered. The fund has c.£1.7bn invested in the UK supporting the economy and long-term economic activity.

Our own operations

In its own operations, the fund seeks to act responsibly and proportionately, recognising the scale and nature of the organisation. The directors aim to maintain strong governance, effective risk management, transparent oversight and an inclusive working culture.

Stewardship and manager oversight

The fund's approach is implemented through clear governance and oversight. The board sets the strategic direction and risk appetite, with the investment committee overseeing implementation through the fund's investment adviser and underlying investment managers.

Case Studies

The following case studies outline asset management and portfolio initiatives provided by a selection of our asset managers:

Manager: Macquarie Asset Management

Engaged Entity: Altafiber

Macquarie has supported Altafiber's transition from legacy copper telecommunications infrastructure to a modern fibre network. Fibre technology uses significantly less energy than traditional copper networks while providing improved reliability and performance for customers. By the end of 2025, Altafiber had achieved annual energy savings of more than 1.2 GWh and reduced energy consumption per subscriber by 97% compared with its legacy copper network. The project is expected to avoid approximately 7,415 tonnes of carbon emissions by 2030.





Manager: Adams Street

Engaged Entity: Bluewater Bio

Bluewater Bio is a UK-based provider of water and wastewater treatment technologies that help utilities and industrial customers improve the efficiency and sustainability of water infrastructure. Its proprietary treatment solutions use less energy, land and chemicals than conventional alternatives, reducing the environmental footprint of water management. To date, Bluewater Bio's technologies have enabled more than 1.8 billion tonnes of treated wastewater to be made available for reuse, supporting water conservation and helping communities respond to increasing resource and climate-related pressures.

Manager: Copenhagen Infrastructure Partners ('CIP')

Engaged Entity: Summerfield Battery Energy Storage System ('BESS')

Summerfield is a large-scale battery energy storage project in Australia that will support the integration of renewable energy into the electricity grid. As part of the project's development, CIP worked closely with Indigenous communities to establish formal agreements protecting cultural heritage and ensuring community involvement throughout the project lifecycle. Initiatives include heritage surveys, Indigenous business participation, cultural monitoring during construction and involvement in local community benefit programmes. The project demonstrates how infrastructure can support the energy transition while creating positive outcomes for local communities.



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

Strategic report

Principal risks and uncertainties

Risk management is integral to good governance and to the delivery of our strategic objectives.

Strategic risks	How the risk has changed and the board response
Constitutional or political A constitutional attack on, or a lack of consideration of, the set-up or independence of the fund.	This risk increased due to a government proposal affecting the fund's MAP investments and constitutional arrangements. The board carried out a full legal review of the proposal against its fiduciary duties and issued a formal response. Enhanced stakeholder engagement was prioritised, to ensure that the negative consequences of the proposal for the fund's purpose and value were properly understood.
Liabilities Increases in the level of the liabilities and/or significant changes to the timing of liabilities.	Decommissioning liabilities estimates increased significantly. Through the liabilities project committee, the board reviewed the estimates to develop its understanding of underlying risks, uncertainties and assumptions, challenged stakeholders on costs and encouraged innovation and efficiency in the decommissioning programme. The board carefully considered the implications for long-term fund sufficiency and the mechanisms available to protect the interests of the fund and the taxpayer (see page 18).
Investment Poor asset performance and an inability to achieve long term investment returns.	Investment risk remained within the board's risk appetite. Investment strategy, portfolio performance, asset allocation and long-term return expectations were kept under regular review by the investment committee and the board, supporting continued alignment between the investment strategy and the long-term return objectives.
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 team.	Governance risk remained stable. Governance oversight was strengthened through delivery of board effectiveness review actions, resulting in clearer strategic focus, improved committee planning and enhanced organisational resilience.
Operations Insufficient fund operations or inadequate controls.	Operational risk increased slightly during the year due to increased project demands. In response, the board ensured that the successful delivery of core operations was maintained through prioritisation of executive capacity and targeted additional resource, with continued focus on supplier oversight, controls testing and strengthening board and operational resilience.
Reputation and stakeholder engagement Poor management of our reputation or failure in engagement with stakeholders impacting confidence in NLF and the associated arrangements.	While the risk remained stable, stakeholder engagement was a key board priority and activity increased throughout the year, improving understanding of the fund's purpose, strengthening key relationships and supporting confidence in the long-term funding arrangements.

The table on the left summarises the principal strategic risks monitored by the board during the year, how each risk moved, and the actions taken or prioritised in response.

Our risk management framework provides a proportionate structure for identifying, assessing, monitoring and reporting risk. It supports effective governance, informed decision-making and delivery of the fund's strategic objectives, recognising that some risks are inherent in our investment activities while others sit outside our direct control.

Risk management is a key responsibility of the board and strategic risks are discussed at each board meeting. We maintain separate liability, investment, and governance and operational risk registers, which are managed and monitored by relevant committees and the executive team. The audit and risk committee is responsible for oversight of the risk management framework and internal controls.

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 spend, however, we ensure that the cost estimates receive appropriate challenge and scrutiny and we monitor risks via our own liability risk register.

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 and the investment risk appetite statements.

The board and investment committee work together, with advice from our investment adviser, to set and implement the fund's investment strategy within the risk appetite framework.

Governance and operational risks

The fund strives to uphold a high standard of governance and carefully monitors risks which may arise from external influence or intervention and actions or circumstances which may damage the independence or reputation of the fund.

Operational risk management centres around our organisational structure, how we work on day-to-day business matters and how we use and monitor our outsourced 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. 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.

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 2026

The directors present their Annual Report together with the financial statements and auditor's report for the year ended 31 March 2026.

Results

In the financial year 2025–26 Nuclear Liabilities Fund Limited's assets held to meet the decommissioning liabilities increased by £120,531,360 to £20,760,109,805 (in the year 2024–25 increase of £160,410,239 to £20,639,578,445).

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 and to make payments to EDF Energy in accordance with provisions of the Nuclear Liabilities Funding Agreement.[7] Accordingly, in the directors' opinion, an alternative method of presenting the financial statements would be to use a fund account approach as follows:

	2026 £	2025 £
Assets less liabilities held to meet decommissioning liabilities – value at start of the year	**20,639,578,445**	**20,479,168,206**
Contributions from EDF Energy	6,304,040	28,886,210
Amounts payable to EDF Energy	(614,207,436)	(621,908,879)
Profit on ordinary activities before tax	949,887,942	959,918,641
Tax on profit on ordinary activities	(221,453,186)	(206,485,733)
Assets less liabilities held to meet decommissioning liabilities – value at end of the year	**20,760,109,805**	**20,639,578,445**

7 For financial year 2026-27 onwards, payments in support of decommissioning will be made to EDF Energy and also to the NDA and NRS in accordance with the new AGR Funding Agreement (see page 18).

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 certain 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 Liabilities Fund Limited's activities during the course of the financial year 2025–26, both from the investment and the decommissioning liabilities perspectives. An indication of likely future developments with regards to liabilities is provided on page 19. Furthermore, the key risks facing the fund and the investment Risk Appetite Statements are covered in the Principal Risks and Uncertainties section on pages 22 and 23.

The directors consider the result for the year 2025–26 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

Dr M Grant

Mr C Hitchen

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.

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 Audit has been reappointed as auditor for the year ended 31 March 2026.

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 financial year 2025–26, 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 can fulfil its purpose.

Governance framework

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 2024

Nuclear Liabilities Fund Limited has regard to the principles of the UK Corporate Governance Code 2024 (the 'Code') so far as it is relevant to the company as a means of embedding best practice in corporate governance. For the year 2025–26, 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 pages 19 and 22.
- Read about how we manage risks on pages 22 and 23.
- Read about our governance on pages 26 to 29.

Board governance

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
- updates from stakeholders
- updates on strategic projects.

The board takes note of the targets and objectives for the financial year 2025–26 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 10 to 14.

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

The board undertakes an annual review of its effectiveness, with an external review conducted at least every three years. An internal board effectiveness review was completed in May 2026, following the external review undertaken by Board Excellence in 2025. The review concluded that the board continued to operate effectively, with particular strengths now seen in the understanding of the fund's purpose and priorities, the contribution and engagement of board members, and its commitment to high standards of ethics and integrity.

The review identified areas requiring continued focus to ensure the board remains effective over the longer term. In particular, succession planning, board refreshment, organisational capacity and resourcing were highlighted as important priorities. The board has agreed plans to strengthen succession planning and resourcing to support delivery of the fund's strategic objectives.

The investment committee

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's work supported the board's approval of the new AGR funding arrangements with the NDA and NRS and associated governance and assurance arrangements.

The committee also provided support on matters arising from the current arrangements with EDF Energy including oversight of the assurance carried out by the NLA.

Following the end of the financial year 2025–26 the committee was established on a permanent basis as the liabilities funding committee. The committee scrutinises decommissioning liabilities estimates, funding requirements, risks, assurance activities and key assumptions, providing strategic challenge on costs, and making recommendations to the board on liabilities funding matters.

The audit and risk committee

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 committee's role is to make recommendations to the board 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.

Employees' remuneration is considered on an annual basis and benchmarking is used to inform this process.

Board meetings

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.

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.

Meetings between various board members, advisers, officials from DESNZ, NDA, EDF Energy and other stakeholders take place as required.

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

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

Beyond the formal board and committee meeting schedule, the board commits substantial time throughout the year to the affairs of the fund. This includes strategic planning, meetings with investment managers and advisers, and regular consideration of liabilities, funding requirements and other matters relevant to the fund's long-term sustainability.

The chair receives a salary of £43,000 per annum. The other directors receive £37,136 per annum pro rata on a monthly basis.

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 2025 to 31 March 2026 Board and Main Committees

Number of meetings Directors	Board 6	Investment committee 6	Audit & risk committee 4	Remuneration & nomination committee 2	Liabilities Funding Committee** 9
Alison McNeil	6		4	2	9
Chris Hitchen*	6	6	1	2	9
Liz Flockhart	6	6	4	2	
Luke Nunneley	6	6		2	
Martin Grant	6		4	2	9

Notes:

* Chris Hitchen, Chair, attended an Audit & Risk Committee meeting during the year.

** The Liabilities Funding Committee meets regularly and was formally constituted after year end.

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.

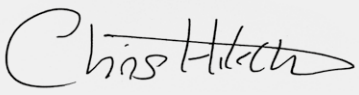
The directors continually review the key commercial and financial risks that might affect Nuclear Liabilities Fund Limited. Further details on financial risk management are stated in note 15 to the financial statements.

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 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.£2.7bn. 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.

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



Chris Hitchen
Chair

30 Semple Street
Edinburgh EH3 8BL

17 November 2026

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

17 November 2026

The directors and officers of Nuclear Liabilities Fund Limited for the year ending 31 March 2026.



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 and was re-appointed for a further 3-year term in August 2025.



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 and was re-appointed for a further 3-year term in May 2025.



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 2026

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 year are set out on pages 29, 31 and 32 and full biographies, including qualifications of the current members, are available on Nuclear Liabilities Fund Limited's website.

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, as the committee determines to be prudent or appropriate, 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 risk management framework and controls environment was reviewed throughout the year, including the allocation of responsibilities between committees for risk management activities and oversight. The committee was satisfied that appropriate governance, reporting and escalation arrangements were in place. Controls and assurance arrangements supporting the valuation of illiquid investments were also reviewed, with no significant concerns identified.

As part of its ongoing monitoring of key financial controls, consideration was given to the value of obtaining independent assurance over the operation of key processes. The resulting review, completed after the financial year end, concluded that these processes were operating effectively and as designed, with appropriate segregation of duties for the size of organisation.

An annual review of the performance and value delivered by key service providers was undertaken, providing assurance that appropriate monitoring and governance arrangements were in place and operating effectively.



Hinkley Point B photo
Image supplied courtesy of EDF Energy.

Tax governance matters were reviewed, including the company's tax strategy, VAT matters, tax compliance arrangements and tax developments.

Cyber security risks and operational resilience remained an area of focus, including protections arising from the company's outsourced operating model, disaster recovery and incident response arrangements. The committee also monitored the development of governance arrangements for the use of artificial intelligence tools.

The committee considered significant accounting judgements and related disclosures, including the assessment that the company continues to meet the definition of an investment entity; the fair value treatment of its investment in Troy Investment Co Limited, through which it holds its investment in Sizewell C and the effect of that structure on the investment entity assessment; and the implications of the government's proposed amendments to the fund's investment policy. The committee was satisfied that judgements were reasonable and appropriately supported.

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

Effectiveness review

The committee has carried out an internal review of its effectiveness and considers that it has continued to function effectively, providing a critical perspective, constructive challenge and exerting an appropriate level of influence. The committee considers that it has an appropriate balance of skills, experience and expertise to discharge its responsibilities effectively, including in the areas of investment management, large capital projects, governance and risk.

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 Audit were reappointed as auditor for the year ended 31 March 2026.

No significant concerns with the quality and effectiveness of the 2025–26 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

17 November 2026

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 2026 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 2026 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 30 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. 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 Audit

Keith Wood

Senior Statutory Auditor for and on behalf of

S&W Audit
Chartered Accountants
Statutory Auditor

45 Gresham Street
London
EC2V 7BG

17 November 2026

Financial statements

Statement of comprehensive income for the year ended 31 March 2026

	Notes	2026 £	2025 £
Investment income	3	679,860,255	832,903,281
Realised and unrealised gains on financial assets at fair value through profit or loss	9	280,624,837	136,677,676
Net foreign exchange gains/(losses)		277,747	(2,040,070)
Investment expenses	4	(8,050,460)	(5,068,269)
Administrative expenses		(2,670,672)	(1,974,769)
Operating profit on ordinary activities	5	950,041,707	960,497,849
Finance costs	7	(153,765)	(579,208)
Profit on ordinary activities before tax		949,887,942	959,918,641
Tax on profit on ordinary activities	8	(221,453,186)	(206,485,733)
Transfer to relevant liabilities provision	16	(728,434,756)	(753,432,908)
Financial result and total comprehensive income for the year		-	-

There were no recognised gains and losses for the year ended 31 March 2026 (2025: £Nil) other than those included in the Statement of Comprehensive Income. All amounts relate to continuing operations.

The accompanying notes and accounting policies on pages 42 to 66 form an integral part of these financial statements.

Financial statements

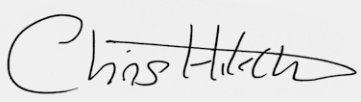
Statement of financial position at 31 March 2026

	Notes	2026 £	2025 £
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	9	4,281,150,134	3,665,684,125
		4,281,150,134	3,665,684,125
CURRENT ASSETS			
Other receivables	10	147,084,589	174,304,947
Current tax assets	10	62,953,728	81,952,705
Cash and cash equivalents	11	16,379,550,722	16,828,284,523
		16,589,589,039	17,084,542,175
LIABILITIES			
Current liabilities			
Trade and other payables	12	(7,760,230)	(3,703,084)
Financial liabilities	13	(8,739,988)	(6,261,299)
		(16,500,218)	(9,964,383)
TOTAL ASSETS LESS CURRENT LIABILITIES	14	20,854,238,955	20,740,261,917
NON-CURRENT LIABILITIES			
Relevant liabilities provision	16	(20,760,109,805)	(20,639,578,445)
Deferred tax liabilities	16	(94,129,050)	(100,683,372)
		(20,854,238,855)	(20,740,261,817)
NET ASSETS		100	100
Equity attributable to owners of the fund			
Share capital	17	100	100
Total equity		100	100

The accompanying notes and accounting policies on pages 42 to 66 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 17 November 2026.

Signed on behalf of the Board of Directors.



Chris Hitchen
Chair

Financial statements

Statement of changes in equity for the year ended 31 March 2026

	Share capital £	Total £
BALANCE AT 1 APRIL 2024	100	100
Movements during the year	-	-
BALANCE AT 31 MARCH 2025	100	100
BALANCE AT 1 APRIL 2025	100	100
Movements during the year	-	-
BALANCE AT 31 MARCH 2026	100	100

The accompanying notes and accounting policies on pages 42 to 66 form an integral part of these financial statements.

Financial statements

Statement of cash flows for the year ended 31 March 2026

	2026 £	2025 £
Cash flows from operating activities		
Operating profit on ordinary activities	950,041,707	960,497,849
Adjustments for:		
Realised and unrealised gains on financial assets at fair value through profit or loss	(280,624,837)	(136,677,676)
Decrease in receivables	27,220,358	16,528,884
Increase in payables	2,812,236	6,369,753
Cash generated from operations	699,449,464	846,718,810
Interest paid	(579,208)	(635,617)
Corporation tax paid	(209,008,531)	(302,386,353)
Net cash generated from operating activities	489,861,725	543,696,840
Cash flows from investing activities		
Payments to acquire financial assets held at fair value through profit or loss	(700,140,100)	(690,644,576)
Proceeds from the sale of financial assets held at fair value through profit or loss	365,298,928	610,398,070
Net cash used in investing activities	(334,841,172)	(80,246,506)
Cash flows from financing activities		
Contributions from EDF Energy	6,304,040	28,886,210
Payments to EDF Energy in respect of relevant liabilities	(610,058,394)	(620,380,563)
Net cash used in financing activities	(603,754,354)	(591,494,353)
Net decrease in cash and cash equivalents	(448,733,801)	(128,044,019)
Cash and cash equivalents at start of the year	16,828,284,523	16,956,328,542
Cash and cash equivalents at end of the year (note 11)	16,379,550,722	16,828,284,523

The accompanying notes and accounting policies on pages 42 to 66 form an integral part of these financial statements.

Financial statements

Notes to the financial statements for the year ended 31 March 2026

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 30 Semple Street, Edinburgh, EH3 8BL.

These financial statements are presented in pounds Sterling, as this is the currency of the primary economic environment in which the fund operates.

1 Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the United Kingdom in conformity with the requirements of the Companies Act 2006.

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 or 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 £2.7bn. The fund is well placed to meet these liabilities over the next three years as it has considerable cash resources available to it. 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 had total assets less current liabilities of £20.9bn at 31 March 2026, 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 NLFA between Nuclear Liabilities Fund Limited, EDF Energy and the Secretary of State for Energy Security and Net Zero, 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 or 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 un-listed 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 or 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 reporting date.

Financial statements

Notes to the financial statements for the year ended 31 March 2026

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 reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on timing differences that have originated but not reversed at the reporting 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 reporting 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.

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Notes to the financial statements for the year ended 31 March 2026

(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

In the current year, the fund has not adopted any new standards or interpretations. Amendments to IFRSs adopted in the year have not had a material impact on the fund.

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.

During the year, HM Treasury and the Department for Energy Security and Net Zero proposed amendments to the fund's investment policy involving the disposal of assets held within the Mixed Asset Portfolio and the retention of assets within the National Loans Fund.

The Nuclear Liabilities Fund Limited obtained independent legal advice and exercised judgement in assessing whether the proposal gives rise to a present obligation requiring recognition of a provision under IAS 37. Having considered the status of discussions with government, the absence of a binding direction and the legal uncertainties surrounding implementation of the proposal, the fund concluded that no present obligation exists at the reporting date and accordingly no provision has been recognised.

The matter remains under consideration and will continue to be monitored and reassessed in future reporting periods.

3 Investment income

	2026 £	2025 £
Interest on cash and short-term cash investments	679,854,704	832,212,678
Income from listed investments	5,551	690,603
	679,860,255	832,903,281

4 Investment expenses

	2026 £	2025 £
Investment management charges	4,837,599	4,987,524
Other investment expenses	3,212,861	80,745
	8,050,460	5,068,269

The increase in other investment expenses in 2026 compared with 2025 was principally attributable to legal and professional fees incurred in relation to new investments completed during the year.

5 Operating profit on ordinary activities

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

	2026 £	2025 £
Staff salaries and directors' emoluments	689,197	586,799
Auditor's remuneration – audit fees	82,096	79,474
Defined contribution pension cost	65,198	61,894

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Notes to the financial statements for the year ended 31 March 2026

6 Staff costs

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

	2026 £	2025 £
Wages and salaries	689,197	586,799
Social security costs	86,401	61,197
Defined contribution pension cost	65,198	61,894
	840,796	709,890

Wages and salaries comprise staff salaries of £497,653 (2025: £451,626) and directors' emoluments of £191,544 (2025: £135,173). The average number of persons acting as directors during the year was five (2025: five). There were four employees at 31 March 2026 (31 March 2025: five).

7 Finance costs

	2026 £	2025 £
Interest payable to HM Revenue and Customs	153,765	579,208

Interest payable to HM Revenue and Customs for the year ended 31 March 2026 relates to interest on irrecoverable VAT, whereas the interest recognised in prior year was due to the underestimation of quarterly corporation tax instalment payments.

8 Tax on profit on ordinary activities

a. Analysis of charge in year

	2026 £	2025 £
Current tax		
UK corporation tax at 25% (2025: 25%)	216,539,747	236,419,339
Foreign tax	220,184	222,353
Adjustments in respect of prior years	11,247,577	(13,931,154)
Total current tax	228,007,508	222,710,538
Deferred tax		
Origination and reversal of temporary differences	13,567,008	(8,988,540)
Adjustments in respect of prior years	(20,121,330)	(7,236,265)
Total deferred tax movement	(6,554,322)	(16,224,805)
Tax on profit on ordinary activities	221,453,186	206,485,733

b. Factors affecting tax charge for year

	2026 £	2025 £
Profit on ordinary activities before tax	949,887,942	959,918,641
Profit on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 25% (2025: 25%)	237,471,986	239,979,660
Effects of:		
Income not taxable for tax purposes	(382,889)	7,921,206
Adjustments to current tax in respect of prior years	11,247,577	(13,931,154)
Adjustments to deferred tax in respect of prior years	(20,121,330)	(7,236,265)
Foreign tax credits	-	222,353
Other tax adjustments, reliefs and transfers	(6,762,158)	(20,470,067)
Total tax charge for year	221,453,186	206,485,733

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 2026 is 23.3% (2025 – 21.5%), 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 main rate of UK corporation tax is 25%. The main rate has also been enacted at 25% for the financial year beginning 1 April 2027. Deferred tax balances have therefore been measured at 25%, being the rate expected to apply when the relevant temporary differences reverse.

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Notes to the financial statements for the year ended 31 March 2026

9 Financial assets at fair value through profit or loss

	Total 2026 £	Total 2025 £
Valuation		
At start of the year	3,665,684,125	3,448,759,943
Additions	700,140,100	690,644,576
Disposals proceeds	(365,298,928)	(610,398,070)
Realised and unrealised gains*	280,624,837	136,677,676
At end of the year	4,281,150,134	3,665,684,125

* The realised and unrealised gains are included in the statement of comprehensive income on page 38 and include: net realised gains of £226,710,606 (2025: realised gains £219,009,647) and net unrealised gains of £53,914,231 (2025: unrealised losses £82,331,971).

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

	Total 2026 £	Total 2025 £
Cost		
At start of the year	3,318,800,702	3,025,805,848
Additions	700,140,100	690,644,576
Disposals	(141,067,010)	(397,649,722)
At end of the year	3,877,873,792	3,318,800,702

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

Investments listed on recognised stock exchanges	2026 £	2025 £
Level 1 fair value measurements (note 15)		
Listed investments	990,101	157,736
	990,101	157,736
Investments in unit trust funds		
Level 2 fair value measurements (note 15)		
UK domiciled unit trust fund (see below)	39,800,521	30,857,826
Overseas domiciled unit trust funds (see below)	870,232,789	748,523,588
	910,033,310	779,381,414
Unlisted investments		
Level 3 fair value measurements (note 15)		
Investments in subsidiaries (see below)	2,085,945,829	1,610,465,026
Investments in associates and joint ventures – ownership interest of greater than 20% (see below)	296,011,215	346,468,097
Investments in associates and joint ventures – ownership interest of less than 20%	988,169,679	929,211,852
	3,370,126,723	2,886,144,975
	4,281,150,134	3,665,684,125

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

Investments in unit trust funds

	2026 £	2025 £
UK domiciled unit trust fund		
Schroder Global Emerging Markets Fund	39,800,521	30,857,826
Overseas domiciled unit trust funds		
Adept Strategy 30 Fund	364,744,058	281,671,667
Adept Strategy 31 Fund	303,976,671	262,856,151
Adept Strategy 27 Fund	197,535,011	187,523,307
Adept Strategy 2 Fund	3,822,146	9,356,320
Adept Strategy 18 Fund	104,121	3,350,652
Adept Strategy 25 Fund	50,782	3,765,491
	870,232,789	748,523,588
	910,033,310	779,381,414

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 27,793,659 units as at the year-end (2025: 29,276,875).

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 27,791,241 units as at the year-end (2025: 23,143,147).

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 22,157,349 units as at the year-end (2025: 21,731,371).

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 13,155,319 units as at the year-end (2025: 13,587,070).

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 264,334 units as at the year-end (2025: 675,380).

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 9,328 units as at the year-end (2025: 316,666).

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 4,082 units as at the year-end (2025: 316,340).

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

	2026 £	2025 £
ICG Strategic Equity Side Car II LP	696,556,363	610,922,040
Troy Investment Co Limited	427,980,000	-
Equitix MA 1 LP	384,569,860	406,154,830
LCM Partners Solo VII SLP	176,419,536	179,979,469
Adams Street UK Mid-Market Solutions II LP	147,361,218	88,563,316
Adams Street UK Mid-Market Solutions LP	111,388,792	149,558,040
AEW UK Urban Real Estate Fund LP	83,561,935	99,775,559
HarbourVest 2017 Global AIF LP	58,108,125	75,511,772
	2,085,945,829	1,610,465,026

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Notes to the financial statements for the year ended 31 March 2026

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

Summary of unconsolidated subsidiaries

		Ownership Interest	
	Registered in	2026	2025
ICG Strategic Equity Side Car II LP	Cayman Islands	98.49%	98.49%
Troy Investment Co Limited	England and Wales	61.50%	-
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 II LP	Scotland	99.99%	99.99%
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%
HarbourVest 2017 Global AIF LP	Scotland	50.58%	50.58%

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 (£665,756,749) (2025: US $878,000,000 – £680,092,951). The undrawn balance as at the year-end was US $381,140,070 (£289,005,209) (2025: US $464,640,070 – £359,907,103).

Troy Investment Co Limited's principal investment comprises equity and shareholder loans supporting the development and construction of Sizewell C nuclear power station. As at the year-end, the fund's total committed investment amounted to £403,166,923 (2025: £Nil), with no undrawn commitments remaining (2025: £Nil).

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 £398,020,000 (2025: £400,000,000). The undrawn balance as at the year-end was £Nil (2025: £Nil).

LCM Partners SOLO VII SLP invests in a 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 (2025: £250,000,000). The undrawn balance as at the year-end was £83,896,328 (2025: £75,947,200).

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 (2025: £240,000,000). The undrawn balance as at the year-end was £112,200,100 (2025: £153,240,100).

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 (2025: £240,000,000). The undrawn balance as at the year-end was £Nil (2025: £Nil).

AEW UK Urban Real Estate Fund LP invests in a multi sector portfolio of commercial property assets throughout the United Kingdom. The fund's total commitment is £120,000,000 (2025: £120,000,000). The undrawn balance as at the year-end was £11,628,412 (2025: £11,628,412).

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 (£94,783,136) (2025: US $125,000,000 – £96,824,167). The undrawn balance as at the year-end was US $17,500,000 (£13,269,639) (2025: US $20,000,000 – £15,491,867).

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

	2026 £	2025 £
HarbourVest 2018 Global Feeder AIF LP	126,837,806	147,200,670
Macquarie Private Debt Funds ICAV	83,115,687	106,141,243
AEW UK Core Plus Property Feeder Fund	71,126,719	77,555,133
Alcentra UK Direct Lending No 1 LP	14,931,003	15,571,051
	296,011,215	346,468,097

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

		Ownership Interest	
	Registered in	2026	2025
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	32.25%	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 (£140,279,042) (2025: US $185,000,000 – £143,299,767). The undrawn balance as at the year-end was US $16,650,000 (£12,625,114) (2025: US $24,975,000 – £19,345,469).

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 (£187,822,137) (2025: EUR 215,000,000 – £179,901,263). The undrawn balance as at the year-end was EUR 13,183,568 (£11,517,051) (2025: EUR 13,183,568 – £11,031,351).

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 62,983,015 units as at the year-end (2025: 62,650,564 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 (2025: £150,000,000). The undrawn balance as at the year-end was £114,919,203 (2025: £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 2026, the fund's total commitment for all the existing level 3 unlisted investments amounted to £4,270,893,148 (2025: £3,873,461,788) of which £985,483,974 (2025: £1,133,227,755) was undrawn commitment.

The percentage ownership interests shown above in subsidiaries, associates and joint ventures represent the fund's economic interest in the relevant investment vehicles. Although certain investments can include shareholder voting rights, day-to-day investment decisions are generally delegated to external managers or general partners under the relevant governance arrangements.

9 Financial assets at fair value through profit or 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 2026	Fair value hierarchy
Investments in subsidiaries	£2,085,945,829 (2025: £1,610,465,026)	Level 3
Investments in associates and joint ventures – ownership interest of greater than 20%	£296,011,215 (2025: £346,468,097)	Level 3
Investments in associates and joint ventures – ownership interest of less than 20%	£988,169,679 (2025: £929,211,852)	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

	2026 £	2025 £
Other receivables		
Other receivables	6,031,153	8,029,853
Accrued income	141,053,436	166,275,094
	147,084,589	174,304,947
Current tax assets		
Corporation tax recoverable		
	62,953,728	81,952,705

The carrying value of the other receivables approximates the fair values.

Accrued income relates to income earned during the year but not received at year-end. The decrease in accrued income was primarily due to lower interest rates, which reduced interest receivable on National Loans Fund deposits received upon the maturity of cash deposits after the year-end.

The corporation tax recoverable balance relates 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:

	2026 £	2025 £
Cash balances with banks	170,348,881	168,610,627
Short-term cash investments	16,209,201,841	16,659,673,896
	16,379,550,722	16,828,284,523

12 Trade and other payables

	2026 £	2025 £
Trade payables	119,866	14,104
Other tax and social security	556,391	563,003
Other payables	12,835	14,210
Accruals	7,071,138	3,111,767
	7,760,230	3,703,084

13 Financial liabilities

	2026 £	2025 £
Liability on financial futures	8,739,988	6,261,299

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

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Notes to the financial statements for the year ended 31 March 2026

14 Currency classification of total assets less current liabilities

Total assets less current liabilities as at 31 March 2026 are analysed by currency as follows:

Currency	Non-current assets £	Cash and cash equivalents £	Other current assets £	Current liabilities £	Total £
Pounds Sterling	2,733,372,612	16,368,693,245	210,038,317	(7,760,230)	19,304,343,944
US Dollar	1,339,113,380	10,758,084	-	(8,739,988)	1,341,131,476
Euro	208,664,142	43,873	-	-	208,708,015
Other Currencies	-	55,520	-	-	55,520
	4,281,150,134	16,379,550,722	210,038,317	(16,500,218)	20,854,238,955

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

15 Financial instruments and financial risk management

Categories of financial instruments as at 31 March 2026:

	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
Financial assets				
Financial assets at fair value through profit and loss	-	-	4,281,150,134	-
Other receivables	6,031,153	-	-	-
Accrued income	141,053,436	-	-	-
Cash balances with banks	170,348,881	-	-	-
Short-term cash investments	16,209,201,841	-	-	-
Financial liabilities				
Trade and other payables	-	7,203,839	-	-
Liability on financial futures	-	-	-	8,739,988

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
Financial assets				
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	-	-	-
Financial liabilities				
Trade and other payables	-	3,140,081	-	-
Liability on financial futures	-	-	-	6,261,299

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

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 2026 amounting to £990,101 (2025: £157,736) are grouped as Level 1 and disclosed as "Financial assets at fair value through profit or loss" (note 9);
- 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 2026 amounting to £910,033,310 (2025: £779,381,414) are grouped as Level 2 and disclosed as "Financial assets at fair value through profit or 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 2026 amounting to £3,370,126,723 (2025: £2,886,144,975) are grouped as Level 3 and disclosed as "Financial assets at fair value through profit or 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:

	2026 £	2025 £
Valuation		
At start of the year	2,886,144,975	2,670,077,029
Additions	498,513,581	281,281,490
Disposal proceeds	(175,216,374)	(168,981,436)
Realised and unrealised gains**	160,684,541	103,767,892
At end of the year	3,370,126,723	2,886,144,975

** These realised and unrealised gains are included in the statement of comprehensive income on page 38 and include: net realised gains of £175,216,374 (2025: realised gains £168,981,436) and net unrealised losses of £14,531,833 (2025: unrealised losses £65,213,544).

During the year the fund received distributions from the above Level 3 investments amounting to £175,216,374 (2025: £168,981,436). 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 £2.7bn (2025: £2.8bn). 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 2026

15 Financial instruments and financial risk management (continued)

	2026 £	2025 £
Listed investments price risk sensitivity analysis		
If there was a 10% (2025: 10%) increase or decrease in the fair values of listed investments, the value of financial assets at fair value through profit or loss would increase or decrease by:	99,010	15,774

The impact of a 10% (2025: 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.

	2026 £	2025 £
Unit trust investments price risk sensitivity analysis		
If there was a 10% (2025: 10%) increase or decrease in the fair values of unit trusts, the value of financial assets at fair value through profit or loss would increase or decrease by:	91,003,331	77,938,141

The impact of a 10% (2025: 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.

	2026 £	2025 £
Unlisted investments price risk sensitivity analysis		
If there was a 10% (2025: 10%) increase or decrease in the fair values of unlisted investments, the value of financial assets at fair value through profit or loss would increase or decrease by:	337,012,672	288,614,497

The board considers a movement of 10% (2025: 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 2026:

	Value subject to fixed rate £	Value subject to variable rate £
Cash balances with banks	-	170,348,881
Short-term cash investments	15,919,084,016	290,117,825

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

The average annual rate of return before tax for short-term cash investments was 4.08% (2025: 4.93%).

Interest rate risk sensitivity analysis

	2026 £	2025 £
If there was a 1% (2025: 1%) increase or decrease in variable interest rates with all other variables held constant, the value of variable interest receivable would increase or decrease by:	4,604,667	4,429,484

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.

	2026 £	2025 £
If there was a 1% (2025: 1%) 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:	159,190,840	163,853,361

The impact of a 1% (2025: 1%) 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.

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

	2026 £	2025 £
If there was a 10% (2025: 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	134,113,147	127,633,812
Euro	20,870,801	19,617,488
Other currencies	5,552	224

A sensitivity of 10% (2025: 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 2026 £	Total 2025 £
At 1 April	100,683,372	20,639,578,445	20,740,261,817	20,596,076,383
EDF Energy contributions	-	6,304,040	6,304,040	28,886,210
Transfer from statement of comprehensive income	-	728,434,756	728,434,756	753,432,908
Payable to EDF Energy	-	(614,207,436)	(614,207,436)	(621,908,879)
Deferred tax movement	(6,554,322)	-	(6,554,322)	(16,224,805)
At 31 March	94,129,050	20,760,109,805	20,854,238,855	20,740,261,817

Deferred tax balance consists of:

	2026 £	2025 £
Accelerated capital allowances	(34,504)	(41,281)
Unrealised gain on investments	94,163,554	100,724,653
	94,129,050	100,683,372

Relevant liabilities provision

In accordance with the Contribution Agreement, fixed contributions are received quarterly from EDF Energy in the sum of £1m (2025: £2m), stated in March 2003 monetary values and indexed to RPI together with £0.15m, 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 the Department for Energy Security and Net Zero 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 or 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 2026

17 Share capital

At 31 March 2025 and 31 March 2026

	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. No amounts were owed to the directors at 31 March 2026 (2025: £Nil).

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 £160,162 (2025: £134,717) 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 capital in accordance with the Statement of Investment Principles and to seek to maximise long-term returns to fulfil the fund's purpose as stated in the strategic report.

20 Other matters and uncertainties

The fund remains engaged in discussions with HM Treasury and the Department for Energy Security and Net Zero regarding proposed amendments to its investment policy. Further information, including the significant judgement applied by the fund in concluding that no provision is required at the reporting date, is set out in Note 2.

Company information

Heysham 2 power station turbine hall. Image supplied courtesy of EDF Energy.



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