MAGNOX NORTH LIMITED

(Formerly Magnox Electric Limited)
Registered No. 2264251

ANNUAL REPORT AND ACCOUNTS

31 March 2009

Magnox North Limited Registered No. 2264251

DIRECTORS
N D Baldwin
A R Brandwood
Dr M J Cogbill
R S Creamer
N J Gore
T J Joyce
Dr C J Marchese
M Morant (Chairman)
K G Spooner
G Voorheis

SECRETARY
Dr M J Cogbill

AUDITORS
Ernst & Young LLP
One Bridewell Street
Bristol
BS1 2AA

BANKERS
National Westminster Bank Plc
Spring Gardens
Manchester
M60 2DB

SOLICITORS
Burges Salmon LLP
Narrow Quay House
Narrow Quay
Bristol
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REGISTERED OFFICE
Berkeley Centre
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GL13 9PB

Magnox North Limited Registered No. 2264251

DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 March 2009.

RESULTS AND DIVIDENDS

The result for the year, after taxation, amounted to £nil (2008: £nil). The Directors are unable to recommend a dividend (2008: £nil).

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

During the year the Company has acted under contract to the Nuclear Decommissioning Authority (NDA) providing services in relation to the generation and supply of electricity, and the defuelling and decommissioning of non-generating sites.

In March 2006, the NDA published "NDA Strategy" its current government approved strategy document which set out its intention to compete the management and operation of the sites operated by the company. This required the restructuring of the company and the transfer of certain assets and liabilities to Magnox South Limited. Following the delivery of an organisational change programme, certain property, rights and liabilities were transferred to Magnox South Limited under a Nuclear Transfer Scheme (made under Section 40 of the Energy Act 2004) enacted on 1st of October 2008. Following the enactment of the scheme the company changed its name from Magnox Electric Limited to Magnox North Limited.

The Company's fee is earned by meeting certain contractual criteria as defined and agreed with the NDA for the provision of the services stated above. The gross turnover for the year to 31 March 2009 is £27M (2008: £41M).

Under the Management & Operations contract the Company's principal measure of operational performance are schedule performance index (SPI) and cost performance index (CPI) against a baseline programme of work. The target for SPI being 1.00 and the target for CPI being greater than 1.08. The results for the year to 31 March 2009 were an SPI of 0.98 (2008: 0.99) and CPI of 1.12 (2008: 1.14). This performance was achieved on an enhanced programme of work performed valued at £523M (2008: £619M) delivered at a cost of £466M (2008: £543M) showing an overall cost saving of £57M (2008: £76M).

During the year the Company exceeded its targets for electricity generation achieving 7.352 TWh against a target of 5.82 TWh. This resulted in fee being earned for electricity generation in excess of the enhanced band (over £8M earned for the year against a base fee of £3M) with Oldbury exceeding their target by 0.642 TWh (2008: 0.437 TWh) and Wylfa exceeding target by 0.89 TWh (2008: below by 0.410 TWh)

Due to the manner in which the Company operates, substantially all risks and rewards from operating activities, except the fee income, are borne by the NDA.

ENVIRONMENT, HEALTH, SAFETY, SECURITY AND QUALITY

Performance relating to continuing operations has been good. Annual Improvement Milestones have been achieved or exceeded in most areas, with a notable further improvement in industrial safety performance.
For Magnox North Limited relating to the continuing operations, other highlights following the restructuring in 2008/09 included:

- A seamless transition to new Company working has been achieved: cross Company learning and sharing with Magnox South Limited and other nuclear and non nuclear companies continues.
- Overall there has been very good EHSS&Q performance with exceptional DACR (Days Away Case Rate) with 5 out of 6 sites at Zero DACR which is the best ever recorded performance.
- Wylfa has been recognised by the British Safety Council for its overall safety performance: Oldbury has been recognised by the Environment Agency for its Nuclear Sector Plan alignment.
- The 3P (People, Plant and Process) EHSS&Q Improvement Plan is ongoing and we continue to benchmark best practice with other organisations.
- RoSPA Sector and Astor Trophy Submissions have been made.
- The embedding of human performance will be a key enabler to sustaining and improving performance in 2009/10

DIRECTORS

The Directors who served during the year were as follows:

N D Baldwin
A R Brandwood
Dr M J Cogbill (appointed 01/10/08)
R S Creamer
N J Gore (appointed 01/10/08)
T J Joyce
Dr C J Marchese
M Morant (Chairman)
K Powers (resigned 25/07/08)
K G Spooner (appointed 01/10/08)
G Voorheis

Magnox North Limited Registered No. 2264251

DIRECTORS' REPORT (continued)

PERSONNEL

The average number of people employed by the Company during the year was 2,978 (2008: 3,712). At 31 March 2009 the total number of people employed by the Company was 2,173 (2008: 3,708).

	2009			2008		
	Discontinued operations Magnox South Limited	**Continuing operations Magnox North Limited**	**Total**	Discontinued operations Magnox South Limited	Continuing operations Magnox North Limited	Total
Average number of staff employed by Company	794	2,184	2,978	1,582	2,131	3,712
Total number of staff employed by Company as at 31st March 2009	0	2,173	2,173	1,579	2,129	3,708

The Company continues to attach importance to the involvement of its employees in the Company's development and has continued to keep them informed of matters affecting them as employees and also on the performance of the Company.

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

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The Company has continued its commitment to the Prompt Payers Code of Practice drawn up by the Confederation of British Industry (CBI) with rigorous monitoring of payment performance. Copies of the Code are available from CBI, Centre Point, 103 New Oxford Street, London, WC1A 1DU. The Company's main payment terms are net monthly. Suppliers are made aware of the terms of payment and the terms are settled when agreeing the details of each transaction. The number of days of creditors outstanding at 31 March 2009 was 16 days (2008: 12 days).

CORPORATE GOVERNANCE

The directors are responsible for the Company's system of internal control and reviewing its effectiveness. The directors confirm that they have reviewed the effectiveness of controls during the year. However, the system of controls is designed to manage, rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company maintains directors' and officers' liability insurance covering the defence costs of civil legal proceedings and the damages resulting from the unsuccessful defence of such proceedings except, in each case, to the extent that a Director or Officer acted fraudulently or dishonestly.

POLITICAL AND CHARITABLE DONATIONS

During the year the Company made donations to charitable organisations totalling £227,947 (2008: £304,069) funded by the NDA. The Company made no contributions to political parties.

DISCLOSURE OF INFORMATION TO AUDITORS

In accordance with Section 234A of the Companies Act 1985, each of the above directors:

- is not aware of any relevant audit information of which the Company's auditors are unaware; and
- has taken all the steps that ought to be taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board

J Joyce
Company Director
07 | 01 | 2010

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

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 in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that 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 1985. 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 legislations in other jurisdictions.

Magnox North Limited Registered No. 2264251

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGNOX NORTH LIMITED

We have audited the Company's financial statements for the year ended 31 March 2009 which comprise the Profit and Loss Account, the Balance Sheet and the Statement of Total Recognised Gains and Losses and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2009 and of its results for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP
Registered auditor
Bristol

Ernst & Young LLP
12 January 2010

Magnox North Limited Registered No. 2264251

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2009

	Notes	Discontinued operations £M	Continuing operations £M	2009 Total £M	Discontinued operations £M	Continuing operations £M	2008 Total £M
Gross revenue (including Site Licence Company costs under management)		106	387	493	234	350	584
Site Licence Company costs under management		(102)	(364)	(466)	(220)	(323)	(543)
Gross turnover		4	23	27	14	27	41
Net Operating costs and expenses	2	(4)	(21)	(25)	(14)	(17)	(31)
Operating profit		-	2	2	-	10	10
Profit on ordinary activities before taxation		-	2	2	-	10	10
Tax on profit on ordinary activities	6	-	(2)	(2)	-	(10)	(10)
Profit on ordinary activities after taxation	12	-	-	-	-	-	-
Profit transferred to reserves		-	-	-	-	-	-

The discontinued operations are in relation to the transfer scheme enacted on 1st October 2008. Details of the transfer scheme are shown in Note 3

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2009

	2009 £M	2008 £M
Profit for the financial year	-	-
Actuarial (loss)/gain recognised in the pension scheme (note 13)	(147)	229
Actuarial loss/(gain) borne by the NDA	147	(229)
Total recognised gains and losses relating to the financial year	-	-

Magnox North Limited Registered No. 2264251

BALANCE SHEET
At 31 March 2009

	Notes	£M	2009 £M	£M	2008 £M
Current assets					
Debtors:					
Amounts falling due within one year	8	**88**		170	
		88		170	
Creditors: amounts falling due within one year	9	**(88)**		(170)	
Net current assets			**-**		-
Total assets less current liabilities			**-**		
Creditors:					
Pension amount to the benefit of the NDA	13	**(36)**		(157)	
			(36)		(157)
Net liabilities excluding pension asset			**(36)**		(157)
Pension asset	13		**36**		157
Net assets including pension asset			**-**		-
Capital and reserves					
Called up share capital	10		**-**		-
Profit and loss account	12		**-**		-
Shareholders' Funds – Equity	11		**-**		-

On behalf of the Board of Directors

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T J Joyce
Company Director

07/01/2010

NOTES TO THE ACCOUNTS
At 31 March 2009

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

a. Accounting convention

The accounts are prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards.

These accounts have been prepared on a going concern basis.

b. Group accounts

The Company is exempt from preparing group accounts in accordance with section 228a of the Companies Act 1985. Accordingly the accounts present information about the Company as an individual undertaking and not about its Group.

As the Company is a wholly owned subsidiary of Reactor Sites Management Company Limited and the Company's voting rights are controlled within the group headed by Energy*Solutions*, Inc., the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Energy*Solutions*, Inc. within which this Company is included, can be obtained from the address given in note 14.

c. Gross turnover

Gross turnover is net of costs recoverable from the NDA and represents the net fees earned under contract with the NDA. Fees are recognised when the right to consideration in exchange for performance is obtained. Partial performance of contracted obligations is recognised to the extent that the right to consideration has been obtained.

d. Taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, with the following exceptions:

- Deferred taxation assets are only recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing difference can be deducted; and
- Provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets.

Deferred taxation is measured on a non-discounted basis at the taxation rates that are expected to apply in the periods in which timing differences reverse, based on taxation rates and laws enacted or substantively enacted at the balance sheet date.

e. Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. Exchange differences are taken to the profit and loss account.

f. Pensions

The Company provides pension schemes for the benefit of the majority of its employees. The schemes are funded by contributions partly from the employees and partly from the Company.

Pensions Schemes applicable for Magnox Group Staff

Pension Scheme	Pension Type
Electricity Supply Pension Scheme (ESPS)	Defined Benefit closed to new entrants 31st August 2007
Combined Nuclear Pension Plan (CNPP)	Defined Benefit closed to new entrants 31st August 2007
Combined Nuclear Pension Plan (CNPP)	Defined Contribution for staff joining 1st September 2007 onwards
Group Pension Scheme (GPS)	Defined Benefit closed to new entrants 31st August 2007

Payments are made to a separately administered fund for the Electricity Supply Pension Scheme (ESPS). The Combined Nuclear Pension Plan (CNPP) and the Group Pension Scheme (GPS) are accounted for as defined contribution schemes as they are covered by the multi employer exemption under Financial Reporting Standard FRS17 'Retirement Benefits'.

The ESPS pension scheme closed to new entrants on 31st August 2007 and provision is made for their pension provision with a defined contribution scheme.

As a result of the transfer of assets and liabilities there are now two participants in the Site Licence Company (SLC) Section of the Magnox Group of the ESPS pensions scheme, Magnox North Limited and Magnox South Limited. However as the SLC Section of the Magnox Section of the ESPS pension scheme has not been segregated Magnox North Limited is deemed to be a principal employer and therefore discloses the entirety of the current net pension surplus or deficit. Magnox South Limited accounts for its participation in the ESPS pension scheme as a defined contribution scheme.

The contributions to each of these funds are based on independent actuarial valuations designed to secure the benefits as set out in the rules.

For those schemes with separately administered funds the assets are measured using market values whilst the liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

NOTES TO THE ACCOUNTS
At 31 March 2009 (continued)

1. ACCOUNTING POLICIES (continued)

f. Pensions (continued)

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full with a corresponding asset or liability to the NDA for the full value of the deficit/surplus. The movement in the scheme surplus/deficit after taking account of any amounts falling to/from the NDA are split between operating charges, finance items and, actuarial gains and losses, within the Statement of Total Recognised Gains and Losses.

2. NET OPERATING COSTS AND EXPENSES

			2009			2008
	Discontinued operations	**Continuing operations**	**Total**	Discontinued operations	Continuing operations	Total
	£M	**£M**	**£M**	£M	£M	£M
Management fees payable to parent Company	**4**	**23**	**27**	14	27	41
Bonus payable to employees	**-**	**-**	**-**	5	7	12
FRS 17 Pension current service cost	**-**	**18**	**18**	-	24	24
Reimbursement from NDA for FRS17 Pension current service cost	**-**	**(18)**	**(18)**	-	(24)	(24)
Reimbursement from British Nuclear Fuels Plc for bonus paid to employees	**-**	**-**	**-**	(5)	(7)	(12)
Reimbursement of taxation charge from RSMC	**-**	**(2)**	**(2)**	-	(10)	(10)
	4	**21**	**25**	14	17	31

Auditors' remuneration was £102,080 (2008: £94,438). £30,934 for statutory audit fees (2008: £72,500) and £71,146 (2008: £21,938) for other services which were reviews undertaken for the purpose of parent body and group accounting.

3. TRANSFER SCHEME

On 1st October 2008 after the completion of an organisation change programme, a Nuclear Transfer Scheme made under Section 40 of the Energy Act 2004 was enacted in respect of certain property rights and liabilities to Magnox South Limited. The details of assets and liabilities transferred into Magnox South Limited are detailed below.

Transactions relating to Magnox South Limited are disclosed in the accounts of Magnox North Limited as discontinued operations.

Analysis of the transfer scheme

	Magnox North Limited As at 30th Sept 08	Transferred Out to Magnox South Limited	**Magnox North As at 1st Oct 08**
	£M	£M	**£M**
Current Assets			
Debtors:			
Amounts falling due within 1 year			
Working capital recoverable from NDA	85	46	**39**
Income taxes receivable	4	1	**3**
Other debtors	1	1	**-**
	90	48	**42**
Creditors amounts falling due within one year			
Trade creditors	(41)	(18)	**(23)**
Due to affiliated company	(2)	(2)	**-**
Accrued expenses	(39)	(24)	**(15)**
Other liabilities	(5)	(3)	**(2)**
Bank overdraft	(1)	-	**(1)**
Liability for pension benefits	(2)	(1)	**(1)**
Net current assets	-	-	**-**
Total assets less current liabilities	-	-	**-**

NOTES TO THE ACCOUNTS
At 31 March 2009 (continued)

4. EMPLOYEE INFORMATION (including Executive Directors)

	2009			2008		
	Discontinued operations	**Continuing operations**	**Total**	Discontinued operations	Continuing operations	Total
	£M	**£M**	**£M**	£M	£M	£M
Wages and salaries	**41**	**104**	**145**	80	100	180
Social security costs	**4**	**9**	**13**	8	9	17
Pension costs	**-**	**24**	**24**	-	34	34
Other staff costs	**-**	**6**	**6**	1	-	1
	45	**143**	**188**	89	143	232

Pension costs disclosed above includes FRS 17 current and past service costs (see note 13) charged to the profit and loss account together with contributions paid to defined contribution schemes. All contributions paid are included in site licence costs under management and are recovered from the NDA on a paid basis. Amounts relating to FRS 17 charges are included in the profit and loss account together with offsetting amounts reflecting the fact that any overall pension surplus or deficit is for the benefit and is funded by the NDA.

The average number of employees during the year was 2,978 (2008: 3,712).

Employee costs are directly recoverable from the NDA.

5. DIRECTORS' EMOLUMENTS

	2009	2008
	£000	£000
Aggregate emoluments	**30**	1,190
Retirement benefits are accruing to nil Directors (2008: 4) under a defined benefit scheme.		
Aggregate emoluments for the highest paid director	**15**	312
Defined benefit pension scheme for highest paid director:		
Accrued pension at end of year	**-**	17

A number of Directors are employed by the ultimate parent undertaking or its subsidiaries. The emoluments detailed above include no remuneration for those directors whose emoluments were borne by other group undertakings.

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of tax charge in year:

	2009	2008
	£M	£M
Corporation tax		
Current tax on income for the period	3	10
Adjustments in respect of prior periods	(1)	-
Tax on profit on ordinary activities	**2**	10

b) Factors affecting tax charge for year

The tax assessed on the profit on ordinary activities for the year is the standard rate of Corporation tax in the UK of 28% (2008: 30%). The differences are reconciled below:

	2009	2008
	£M	£M
Profit on ordinary activities before taxation	2	10
Tax on profit at 28% (2008: 30%)	1	3
Effects of:		
Transfer pricing adjustment	4	-
Current year R&D credit	(2)	-
Reimbursement of tax charge	-	10
Adjustments to tax in respect of earlier periods	(1)	-
Non taxable income	-	(3)
Current tax charge for the year	**2**	10

NOTES TO THE ACCOUNTS
At 31 March 2009 (continued)

7. INVESTMENTS

	Shares in subsidiary undertakings £M
Cost	
At 1 April 2008 and 31 March 2009	2
Provisions	
At 1 April 2008 and 31 March 2009	(2)
Net Book Value	
At 31 March 2008 and 31 March 2009	-

The investment in Energy Sales and Trading Limited has been 100% impaired as all proceeds from disposing of the investment were remitted directly to the NDA.

Details of the principal investment in which the Company held more than a 20% participating interest during the year is as follows:

Name	**Country of Incorporation**	**Holding**	**Proportion Held**	**Nature of Business**
Energy Sales and Trading Limited	England and Wales	Ordinary Shares	100%	Dormant

8. DEBTORS

	2009 £M	2008 £M
Amounts falling due within one year:		
Amounts owed by group undertaking	**1**	-
Amounts owed by parent undertaking	**1**	8
Working capital recoverable from the NDA	**86**	162
	88	170

9. CREDITORS: amounts falling due within one year

	2009 £M	2008 £M
Trade creditors	**37**	58
Amounts owed to parent undertaking	**11**	18
Amounts owed to other group undertakings	**1**	-
Corporation tax	**-**	7
Other taxes and social security costs	**11**	31
Accruals and deferred income	**23**	50
Bank overdraft	**5**	6
	88	170

10. SHARE CAPITAL

	2009 £	2008 £
Authorised:		
50,000 ordinary shares of £1 each	**50,000**	50,000
Allotted and called up:		
2 ordinary shares of £1 each fully paid	**2**	2
49,998 ordinary shares of £1 each 25p paid	**12,500**	12,500
	12,502	12,502

NOTES TO THE ACCOUNTS
At 31 March 2009 (continued)

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2009 £M	2008 £M
Profit for financial year	-	-
Actuarial (loss)/gain recognised in the pension scheme	(147)	229
Actuarial loss/(gain) borne by the NDA	147	(229)
	-	-
Opening shareholders' funds	-	-
Closing shareholders' funds	-	-

12. RESERVES

	Profit and loss account £M
Balance at 1 April 2008	-
Profit for the financial year	-
Balance at 31 March 2009	-

13. PENSIONS

Defined Benefit Schemes

CNPP DB

The Combined Nuclear Pension Plan Defined Benefit (CNPP DB) Scheme is a multi-employer scheme which provides defined benefits to its members.

The CNPP DB is a defined benefit plan but is accounted for as a defined contribution scheme as it is covered by the multi-employer exemption under the Financial Reporting Standard FRS 17 'Retirement Benefits' This is due to the Company being unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. Any surplus/deficit generated within the scheme would be a gain/loss for the benefit of the NDA. The costs of the CNPP DB for the year were £3.4M. There were no outstanding or prepaid contributions at 31st March 2009.

A Scheme Valuation was carried out at 26th June 2007 under the projected unit methodology with a 3 year control period. The assumptions used were: discount rate pre retirement 6.9%, post retirement 4.9%, these are set with reference to gilt yields post retirement and a margin over gilts pre retirement. Inflation was assumed to be 3.15%, with pension increase also assumed to be 3.15% and salary growth set at inflation +0.5% (i.e. 3.65%) plus a scale.

The assumptions for FRS17 will be largely the same as these (bar the discount rate). Under FRS17 the discount rate is set by the Company on the advice of the actuary and is set by reference to corporate bonds yields rather than gilts, with the same discount rate used for pre and post retirement. The inflation assumption will be set by reference to market conditions at the accounting date. The date of the FRS17 figures would be the accounting date rather than the scheme valuation date, for this industry it would be 31 March.

ESPS

The Electricity Supply Pension Scheme (ESPS) is a funded scheme. Magnox North Limited employees are covered by the Site Licence Company (SLC) Section of the Magnox Group of the scheme.

The most recent triennial actuarial valuation of the scheme by a qualified independent actuary took place at 31 March 2007. The projected unit method was used and the main long-term assumptions made were as follows:

Discount Rate	4.9% per annum
Salary Increase	4.2% per annum
Pension Increase	3.2% per annum
Inflation assumption	3.2% per annum

The results of the valuation were as follows:

Market value of scheme assets	£1,636.4M
Level of funding	95.00%

NOTES TO THE ACCOUNTS
At 31 March 2009 (continued)

13. PENSIONS (continued)

In light of the valuation results Magnox North Limited agreed to:

- Increase future service contributions to 21.4% of pensionable salaries with effect from 31 March 2007.
- Pay a contribution of £12.8 M no later than 31 July 2010; which was paid in advance by the Company on 31st March 2009
- Pay contributions of £21.4 M no later than each 31 July, from 2011 to 2014 inclusive.

The latest actuarial valuation has also been updated by a qualified independent actuary to 31 March 2009 on a basis consistent with FRS17.

The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £59M, (2008:£41M). These contributions payable are recoverable from the NDA. There were outstanding contributions at the year end of £3M (2008:£16M)

As a result of the transfer of assets and liabilities there are now two participants in the ESPS pensions scheme, Magnox North Limited and Magnox South Limited. However as the ESPS pension scheme has not been segregated. Magnox North Limited is deemed to be a sponsoring employer and therefore discloses the entirety of the current net pension surplus or deficit. Magnox South Limited accounts for its participation in the ESPS pension scheme as a defined contribution scheme. All disclosures under FRS 17 by Magnox North Limited are for the scheme in its entirety.

The ESPS pension scheme closed to new entrants on 31st August 2007 and provision is made for their pension provision with a defined contribution scheme.

The major financial assumptions used by the actuary for the FRS17 actuarial assessment were:

	2009	2008
Discount rate	**6.7%**	6.9%
Rate of increase in salaries	**4.3%**	4.7%
Rate of increase in pensions	**3.3%**	3.7%
Inflation assumption	**3.3%**	3.7%

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 60 will live on average for a further 26.8 years if they are male and a further 28.9 years if they are female. For a member who retires in 2029 at the age of 60 the assumptions are that they will live on average for a further 28.9 years after retirement if they are male and for a further 30.7 years after retirement if they are female.

Under FRS17 the fair value of the assets and liabilities of the Magnox Electric Group of the Electricity Supply Pension Scheme is detailed below.

Expected return on assets:

	Long-term rate of return expected at 31 March 2009 (%p.a)	**Value at 31 March 2009 £M**	Long-term rate of return expected at 31 March 2008 (%p.a)	Value at 31 March 2008 £M	Long-term rate of return expected at 31 March 2007 (%p.a)	Value at 31 March 2007 £M	Long-term rate of return expected at 31 March 2006 (%p.a)	Value at 31 March 2006 £M	Long-term rate of return expected at 31 March 2005 (%p.a)	Value at 31 March 2005 £M
Equity	**8.0%**	**261**	7.8%	340	7.9%	568	7.5%	833	7.7%	886
Government bonds	**4.0%**	**710**	4.6%	1,145	4.7%	763	4.3%	515	4.7%	209
Corporate bonds	**5.5%**	**535**	5.1%	67	5.2%	93	4.7%	99	5.2%	84
Property	**7.0%**	**83**	6.8%	107	6.9%	123	6.5%	120	6.2%	104
Other (including cash)	**2.0%**	**26**	6.0%	20	5.5%	82	4.6%	89	4.8%	74
Total fair value of assets		**1,615**		1,679		1,629		1,656		1,357
Present value of scheme liabilities		**(1,579)**		(1,522)		(1,713)		(1,647)		(1,470)
Surplus/(deficit) in the scheme		**36**		157		(84)		9		(113)
Net pension asset/(liability)		**36**		157		(84)		9		(113)
Amount to the (benefit)/cost of the NDA		**(36)**		(157)		84		(9)		-
Net pension asset/(liability)		**-**		-		-		-		(113)

NOTES TO THE ACCOUNTS
At 31 March 2009 (continued)

13. PENSIONS (continued)

Magnox North Limited employs a building block approach in determining the long term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed long-term rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the scheme at 31 March 2009

Changes to the present value of the defined benefit obligation during the year

	Year ended 31 March 2009 £M	Year ended 31 March 2008 £M
Opening defined benefit obligation	**1,522**	1,713
Current service cost	**18**	24
Interest cost	**103**	91
Contributions by scheme participants	**8**	7
Actuarial losses/(gains) on scheme liabilities*	**6**	(235)
Net benefits paid out	**(80)**	(88)
Past service costs	**2**	10
Closing defined benefit obligations	**1,579**	1,522

* Includes changes to the actuarial assumptions

Changes to the fair value of scheme assets during the year

	Year ended 31 March 2009 £M	Year ended 31 March 2008 £M
Opening fair value of scheme assets	**1,679**	1,628
Expected return on scheme assets	**91**	97
Actuarial losses on scheme assets	**(142)**	(6)
Contributions by the employer	**59**	41
Contributions by scheme participants	**8**	7
Net benefits paid out	**(80)**	(88)
Closing fair value of scheme assets	**1,615**	1,679

Reconciliation of funded status to balance sheet:

	Value at 31 March 2009 £M	Value at 31 March 2008 £M
Fair value of scheme assets	**1,615**	1,679
Present value of funded defined benefit obligations	**(1,579)**	(1,522)
	36	157
Unrecognised asset due to limit in para 41	**-**	-
Asset recognised on the balance sheet	**36**	157
Related deferred tax liability	**-**	-
Net pension asset	**36**	157

NOTES TO THE ACCOUNTS
At 31 March 2009 (continued)

13. PENSIONS (continued)

Amounts charged to operating profit in both the current and previous year have been borne by the NDA.

Analysis of profit and loss charge:

	Year ended 31 March 2009 £M	Year ended 31 March 2008 £M
Current service cost	**18**	24
Interest on pension scheme liabilities	**3**	10
Interest cost	**103**	91
Expected return on scheme asset	**(91)**	(97)
Expense recognised in profit and loss	**33**	28

Finance payable on the pension scheme in both the current and previous year has been borne by the NDA.

Actual (loss)/return on scheme assets:

	Year ended 31 March 2009 £M	Year ended 31 March 2008 £M
Expected return on scheme assets	**91**	97
Actuarial loss on scheme assets	**(142)**	(6)
Actual (loss)/return on scheme assets	**(51)**	91

Analysis of the amount that has been recognised in the Statement of Total Recognised Gains and Losses:

	Year ended 31March 2009 £M	Year ended 31 March 2008 £M
Total actuarial (losses)/gains	**(147)**	229
Change in irrecoverable surplus, effect of limit in para 41	**-**	-
Total (loss)/gain in STRGL	**(147)**	229
Cumulative amount of (loss)/gain recognised in STRGL	**(82)**	229

Actuarial gains and losses in both the current and previous year has been borne/for the benefit of the NDA.

History of asset values, DBO and surplus/deficit in scheme:

	Year ended 31March 2009 £M	Year ended 31 March 2008 £M
Fair value of scheme assets	**1,615**	1,679
Defined benefit obligation	**(1,579)**	(1,422)
Surplus in scheme	**36**	157

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NOTES TO THE ACCOUNTS
At 31 March 2009 (continued)

13. PENSIONS (continued)

History of experience in gains and losses:

	2009	2008	2007	2006	2005
	£M	£M	£M	£M	£M
Actual return less expected return on scheme assets	**(142)**	(6)	(59)	196	44
Percentage of scheme assets at end of year	**(8.8)%**	(0.4)%	(3.5)%	11.8%	3.2%
Experience gains and losses on scheme liabilities	**(19)**	(24)	(18)	2	(27)
Percentage of scheme liabilities at end of year	**(1.2)%**	(1.6)%	(1.0)%	0.1%	(1.8)%
Total amount recognised in statement of total recognised gains and losses	**82**	229	(113)	63	(21)
Percentage of scheme liabilities at end of year	**5.2%**	15.0%	(6.5)%	3.8%	(1.4)%

In the year to 31 March 2009 and going forward the pension fund has been and will be 100% funded by the NDA. Any deficit on the fund is receivable from the NDA and consequently any surplus is to the benefit of the NDA

14. ULTIMATE PARENT UNDERTAKING

The Company is a subsidiary undertaking of Reactor Sites Management Company Limited, a Company registered and incorporated in England and Wales. The ultimate parent undertaking is Energy*Solutions*, Inc. The consolidated accounts of this Company are available to the public and may be obtained from 423 West 300 South, Suite 200, Salt Lake City, UTAH, 84101.

15. RELATED PARTY TRANSACTIONS

As the Company is a wholly owned subsidiary of Energy*Solutions*, Inc. the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.