

MAGNOX NORTH LIMITED

Registered No 2264251

ANNUAL REPORT AND ACCOUNTS

31 March 2010

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COMPANIES HOUSE

Magnox North Limited Registered No 2264251

DIRECTORS

N D Baldwin
A R Brandwood
Dr M J Cogbill
T Darkey
T J Joyce
Dr C J Marchese
A M Parker (Chairman)
K G Spooner
G Voorheis

SECRETARY

Dr M J Cogbill

AUDITORS

Ernst & Young LLP
The Paragon Building
Counterslip
Bristol
BS1 6BX

BANKERS

National Westminster Bank Plc
Spring Gardens
Manchester
M60 2DB

SOLICITORS

DLA Piper UK LLP
3 Noble Street
London
EC2V 7EE

Burges Salmon LLP
Narrow Quay House
Narrow Quay
Bristol
BS1 4AH

REGISTERED OFFICE

Berkeley Centre
Berkeley
Gloucestershire
GL13 9PB

DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 March 2010

RESULTS AND DIVIDENDS

The result for the year, after taxation, amounted to £nil (2009 £nil) The Directors are unable to recommend a dividend (2009 £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

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 2010 is £26M (2009 Discontinued operations £4M, Continuing operations £23M) During the year, the company achieved electricity generation of 8 142TWh (2009 7 352TWh) which resulted in fee being earned of £13M (2009 £8M), included in gross turnover

Under the Management & Operations contract the Company's principal measures 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 2010 were an SPI of 1 00 (2009 0 98) and CPI of 1 09 (2009 1 12) This performance was achieved on an enhanced programme of work performed valued at £405M (2009 £523M, Discontinued operations £118M, Continuing operations £405M) delivered at a cost of £370M (2009 £466M, Discontinued operations £102M, Continuing operations £364M) showing an overall cost saving of £35M (2009 £57M, Discontinued operations £16M, Continuing operations £41 M)

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

Discontinued operations in the prior year refer to 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

The Directors have announced their intention for a restructuring of the Company within the next year The five sites currently operated by Magnox South Limited under contract to the NDA, will at a date to be agreed be managed by Magnox North Limited This will allow better alignment with the NDA's strategic priorities and improved cost efficiencies This restructuring is dependent on obtaining the necessary regulatory authorisations to proceed

ENVIRONMENT, HEALTH, SAFETY, SECURITY AND QUALITY (EHSS&Q)

There have been progressive improvements across the majority of performance metrics All leading indicator annual improvement milestones (AIMs) have been achieved with one exception, all lagging indicator AIMs have been achieved with the exception of conventional safety although this remains consistent with good performance in the construction industry All sites have maintained certifications with ISO 9001, ISO14001 and OSHA 18001 standards

Other highlights in 2009/10 included

- low carbon generation of electricity at Oldbury and Wylfa achieving the equivalent to a CO₂ annual saving of 4M tonnes
- the company achieving a significant reduction in business related driving mileage by 30% which is the equivalent to approx 800,000 miles saved by either alternative means of travel or avoidance of travel altogether through greater use of telephone or video conferencing This reduction taken together with the on-going training of staff has reduced the risk of any driving related injury by 50%
- awards achieved including RoSPA Gold Medals for Occupational Health and Safety and for Managing Occupational Road Risk (2010), and highly commended in International Dilmun Environmental Award
- Wylfa being recognised for health and safety performance by the British Safety Council with the awards of the prestigious Sword of Honour for the second year running and also a 5 Star environmental rating, the highest score awarded to a UK Company
- Oldbury winning the best achievement in the Utility and Offshore Category at the SHP, IOSH Awards for a major project

DIRECTORS' REPORT (continued)

GOING CONCERN

Due to the manner in which Magnox North Limited operates, with assurance provided by the obligations of the NDA under the M&O contract, the Directors can be confident in the assessment of the Company as a going concern, in particular in the company's ability to meet all its current liabilities. It should be noted that as a transferable entity, even if ownership of the Company should change as a result of contract competition, it would continue to be the Site Licence Company, managing the sites under contract with the NDA.

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

DIRECTORS

The Directors who served during the year were as follows

N D Baldwin	T J Joyce
A R Brandwood	Dr C J Marchese
Dr M J Cogbill	M Morant (resigned 27/11/09)
R S Creamer (resigned 27/11/09)	A M Parker (Chairman) (appointed 27/11/09)
T Darkey (appointed 27/11/09)	K G Spooner
N J Gore (resigned 31/03/10)	G Voorheis

PERSONNEL

The average number of people employed by the Company during the year was 2,157 (2009 Discontinued operations 794, Continuing operations 2,184). At 31 March 2010 the total number of people employed by the Company was 2,227 (2009 Discontinued operations nil, Continuing operations 2,173).

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 2010 was 37 days (2009 16 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 £220,829 (2009 £227,947) funded by the NDA. The Company made no contributions to political parties.

DIRECTORS' REPORT (continued)

DISCLOSURE OF INFORMATION TO AUDITORS

In accordance with Section 418 of the Companies Act 2006, 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

AUDITORS

There is an elective regime in place which governs the appointment of Ernst & Young LLP as Auditors. Ernst & Young LLP will continue to provide audit services until further notice is given.

By order of the Board

T J Joyce
Company Director
8th November 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 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 legislations in other jurisdictions.

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

We have audited the financial statements of Magnox North Ltd for the year ended 31st March 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31st March 2010 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where 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.

Ernst & Young LLP

Ken Griffin (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol
Date

2 December 2010

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2010

		2010		2009
	Notes	£M	Discontinued operations £M	Continuing operations £M
Gross revenue (including Site Licence Company costs under management)		396	106	387
Site Licence Company costs under management		(370)	(102)	(364)
Gross turnover		26	4	23
Net operating costs and expenses	2	(24)	(4)	(21)
Operating profit		2	-	2
Profit on ordinary activities before taxation		2	-	2
Tax on profit on ordinary activities	5	(2)	-	(2)
Profit on ordinary activities after taxation	11	-	-	-

All amounts for the year ended 31st March 2010 relate to continuing activities

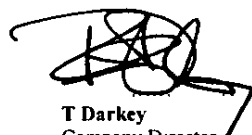
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2010

	2010 £M	2009 £M
Profit for the financial year	-	-
Actuarial loss recognised in the pension scheme (note 12)	(172)	(147)
Actuarial loss borne by the NDA	172	147
Total recognised gains and losses relating to the financial year	-	-

BALANCE SHEET
At 31 March 2010

	Notes	£M	2010 £M	£M	2009 £M
Current assets					
Debtors					
Amounts falling due within one year	7	92		88	
Amounts falling due after one year	12	128		-	
Cash at bank and in hand		14		-	
		<u>234</u>		<u>88</u>	
Creditors amounts falling due within one year	8	<u>(106)</u>		<u>(88)</u>	
Net current assets			<u>128</u>		<u>-</u>
Creditors amounts falling due after more than one year					
Pension amount to the benefit of the NDA	12	<u>-</u>		<u>(36)</u>	
			<u>-</u>		<u>(36)</u>
Net assets/(liabilities) excluding pension (liability)/asset			<u>128</u>		<u>(36)</u>
Pension (liability)/asset	12		<u>(128)</u>		<u>36</u>
Net assets including pension (liability)/asset			<u>-</u>		<u>-</u>
Capital and reserves					
Called up share capital	9		-		-
Profit and loss account	11		-		-
Shareholders' Funds – Equity	10		<u>-</u>		<u>-</u>

On behalf of the Board of Directors


T Darkey
Company Director
8th November 2010

NOTES TO THE ACCOUNTS

At 31 March 2010

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 401 of the Companies Act 2006. 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 EnergySolutions EU Limited, and the Company's voting rights are controlled within the group headed by EnergySolutions, 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 EnergySolutions, Inc. within which this Company is included, can be obtained from the address given in note 13

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

There are 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. 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 2010 (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 due 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

	2010	Discontinued operations	Continuing operations	2009
	Total			Total
	£M	£M	£M	£M
Management fees payable to parent Company	26	4	23	27
FRS 17 Pension current service cost	25	-	18	18
Reimbursement from NDA for FRS17 Pension current service cost	(25)	-	(18)	(18)
Reimbursement of taxation charge from Reactor Sites Management Company Limited	(2)	-	(2)	(2)
	24	4	21	25

All amounts for the year ended 31st March 2010 relate to continuing activities

Auditors' remuneration was £54,052 (2009 £102,080) £31,552 for statutory audit fees (2009 £30,934) and £22,500 (2009 £71,146) for other services which were reviews undertaken for the purpose of parent body and group accounting

3 EMPLOYEE INFORMATION (including Executive Directors)

	2010	2009
	Total	Total
	£M	£M
Wages and salaries	111	145
Social security costs	10	13
Pension costs	38	24
Other staff costs	4	6
	163	188

Pension costs disclosed above includes FRS 17 current and past service costs (see note 12) 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 of and is funded by the NDA.

The average number of employees during the year was 2,157 (2009 Discontinued operations 794, Continuing operations 2,184)

Employee costs are directly recoverable from the NDA

4 DIRECTORS' EMOLUMENTS

	2010	2009
	£000	£000
Aggregate emoluments	30	30
Retirement benefits are accruing to nil Directors (2009 nil) under a defined benefit scheme		
Aggregate emoluments for the highest paid director	15	15
Defined benefit pension scheme for highest paid director. Accrued pension at end of year	-	-

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

NOTES TO THE ACCOUNTS

At 31 March 2010 (continued)

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of tax charge in year

	2010 £M	2009 £M
Corporation tax		
Current tax on income for the period	5	3
Adjustments in respect of prior periods	(3)	(1)
Tax on profit on ordinary activities	2	2

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% (2009 28%). The differences are reconciled below

	2010 £M	2009 £M
Profit on ordinary activities before taxation	2	2
Tax on profit at 28% (2009 28%)	1	1
Effects of		
Transfer pricing adjustment	7	4
Current year R&D credit	(2)	(2)
Adjustments to tax in respect of earlier periods	(3)	(1)
Reimbursement of taxation charge from Reactor Sites Management Company Limited	(1)	-
Current tax charge for the year	2	2

c) Factors affecting future tax charge

In his budget of 22 June 2010, the Chancellor of the Exchequer announced Budget tax changes, which, if enacted in the proposed manner, will have a significant effect on the company's future tax position. As at 31 March 2010, the tax changes announced in the Budget had not yet been 'substantively enacted' and as such, in accordance with accounting standards, the changes have not been reflected in the company's financial statements as at 31 March 2010.

The budget proposed a decrease in the rate of UK corporation tax from 28% to 24% by 1% each year, from April 2011, which will be enacted annually.

6 INVESTMENTS

	Shares in subsidiary undertakings £M
Cost	
At 1 April 2009 and 31 March 2010	2
Provisions	
At 1 April 2009 and 31 March 2010	(2)
Net Book Value	
At 31 March 2009 and 31 March 2010	-

The investment in Energy Sales and Trading Limited has been 100% impaired as this company is no longer trading.

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

NOTES TO THE ACCOUNTS
At 31 March 2010 (continued)

7 DEBTORS

	2010 £M	2009 £M
Amounts falling due within one year:		
Amounts owed by group undertaking	-	1
Amounts owed by parent undertaking	-	1
Working capital recoverable from the NDA	92	86
	92	88

8. CREDITORS amounts falling due within one year

	2010 £M	2009 £M
Trade creditors	50	37
Amounts owed to parent undertaking	19	11
Amounts owed to other group undertakings	1	1
Other taxes and social security costs	13	11
Accruals and deferred income	23	23
Bank overdraft	-	5
	106	88

9 SHARE CAPITAL

	2010 £	2009 £
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

10 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2010 £M	2009 £M
Profit for financial year	-	-
Actuarial loss recognised in the pension scheme	(172)	(147)
Actuarial loss borne by the NDA	172	147
	-	-
Opening shareholders' funds	-	-
Closing shareholders' funds	-	-

11. RESERVES

	Profit and loss account £M
Balance at 1 April 2009	-
Profit for the financial year	-
Balance at 31 March 2010	-

NOTES TO THE ACCOUNTS
At 31 March 2010 (continued)

12. 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 £4.1M. There were no outstanding or prepaid contributions at 31st March 2010.

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 2010, however, the valuation was not yet completed as at the approval date of the statutory accounts. Therefore the figures here are from the prior valuation carried out at 31 March 2007. The projected unit credit 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%

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 on an ongoing basis
- Pay a contribution of £20.6M no later than 31 July 2011, which was paid in advance by the Company on 26th March 2010
- Pay contributions of £21.4M no later than each 31 July, from 2012 to 2014 inclusive

The latest actuarial valuation has also been updated by a qualified independent actuary to 31 March 2010 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 £63M, (2009: £59M). These contributions payable are recoverable from the NDA. There were outstanding contributions at the year end of £5M (2009: £3M).

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

NOTES TO THE ACCOUNTS
At 31 March 2010 (continued)

12 PENSIONS (continued)

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

	2010	2009
Discount rate	5.5%	6.7%
Rate of increase in salaries	4.7%	4.3%
Rate of increase in pensions	3.9%	3.3%
Inflation assumption	3.9%	3.3%

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 26.9 years if they are male and a further 29.0 years if they are female. For a member who retires in 2030 at the age of 60 the assumptions are that they will live on average for a further 29.0 years after retirement if they are male and for a further 30.8 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 2010 (%p a)	Value at 31 March 2010 £M	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
Equity	8.5%	355	8.0%	261	7.8%	340	7.9%	568	7.5%	833
Government bonds	4.5%	1,084	4.0%	710	4.6%	1,145	4.7%	763	4.3%	515
Corporate bonds	5.5%	392	5.5%	535	5.1%	67	5.2%	93	4.7%	99
Property	8.5%	87	7.0%	83	6.8%	107	6.9%	123	6.5%	120
Other (including cash)	1.2%	35	2.0%	26	6.0%	20	5.5%	82	4.6%	89
Total fair value of assets		1,953		1,615		1,679		1,629		1,656
Present value of scheme liabilities		(2,081)		(1,579)		(1,522)		(1,713)		(1,647)
(Deficit)/surplus in the scheme		(128)		36		157		(84)		9
Net pension (liability)/asset		(128)		36		157		(84)		9
Amount to the cost/(benefit) of the NDA		128		(36)		(157)		84		(9)
Net pension asset/(liability)		-		-		-		-		-

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 2010.

NOTES TO THE ACCOUNTS
At 31 March 2010 (continued)

12. PENSIONS (continued)

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

	Year ended 31 March 2010 £M	Year ended 31 March 2009 £M
Opening defined benefit obligation	1,579	1,522
Current service cost	25	18
Interest cost	104	103
Contributions by scheme participants	0	8
Actuarial losses on scheme liabilities*	454	6
Net benefits paid out	(90)	(80)
Past service costs	9	2
Closing defined benefit obligations	2,081	1,579

* Includes changes to the actuarial assumptions

Changes to the fair value of scheme assets during the year

	Year ended 31 March 2010 £M	Year ended 31 March 2009 £M
Opening fair value of scheme assets	1,615	1,679
Expected return on scheme assets	83	91
Actuarial gains/ (losses) on scheme assets	282	(142)
Contributions by the employer	63	59
Contributions by scheme participants	0	8
Net benefits paid out	(90)	(80)
Closing fair value of scheme assets	1,953	1,615

Reconciliation of funded status to balance sheet:

	Value at 31 March 2010 £M	Value at 31 March 2009 £M
Fair value of scheme assets	1,953	1,615
Present value of funded defined benefit obligations	(2,081)	(1,579)
	(128)	36
Unrecognised asset due to limit in para 41	-	-
(Liability)/asset recognised on the balance sheet	(128)	36
Related deferred tax liability	-	-
Net pension (liability)/ asset	(128)	36

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

NOTES TO THE ACCOUNTS
At 31 March 2010 (continued)

12. PENSIONS (continued)

Analysis of profit and loss charge

	Year ended 31 March 2010 £M	Year ended 31 March 2009 £M
Current service cost	25	18
Past service cost	9	3
Interest cost	104	103
Expected return on scheme assets	(83)	(91)
Expense recognised in profit and loss	55	33

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

Actual return/(loss) on scheme assets*

	Year ended 31 March 2010 £M	Year ended 31 March 2009 £M
Expected return on scheme assets	83	91
Actuarial gain/(loss) on scheme assets	282	(142)
Actual return/(loss) on scheme assets	365	(51)

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

	Year ended 31 March 2010 £M	Year ended 31 March 2009 £M
Total actuarial losses	(172)	(147)
Change in irrecoverable surplus, effect of limit in para 41	-	-
Total loss in STRGL	(172)	(147)
Cumulative amount of (loss)/gain recognised in STRGL	(90)	82

Actuarial losses and gains in both the current and previous years are attributable to the NDA

NOTES TO THE ACCOUNTS
At 31 March 2010 (continued)

12 PENSIONS (continued)

History of experience gains and losses

	2010 £M	2009 £M	2008 £M	2007 £M	2006 £M
Actual return less expected return on scheme assets	282	(142)	(6)	(59)	196
Percentage of scheme assets at end of year	14.4%	(8.8)%	(0.4)%	(3.5)%	11.8%
Experience gains and losses on scheme liabilities	(3)	(19)	(24)	(18)	2
Percentage of scheme liabilities at end of year	(0.2)%	(1.2)%	(1.6)%	(1.0)%	0.1%
Total amount recognised in statement of total recognised gains and losses	(90)	82	229	(113)	63
Percentage of scheme liabilities at end of year	(4.3)%	5.2%	15.0%	(6.5)%	3.8%

In the year to 31 March 2010 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.

13 ULTIMATE PARENT UNDERTAKING

The Company is a subsidiary undertaking of EnergySolutions EU Limited, a Company registered and incorporated in England and Wales. The ultimate parent undertaking is EnergySolutions, 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.

14 RELATED PARTY TRANSACTIONS

As the Company is a wholly owned subsidiary of EnergySolutions, 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.

15. POST BALANCE SHEET EVENT

The Directors have announced their intention for a restructuring of the Company within the next year. The five sites currently operated by Magnox South Limited under contract to the NDA, will at a date to be agreed be managed by Magnox North Limited. This will allow better alignment with the NDA's strategic priorities and improved cost efficiencies. This restructuring is dependent on obtaining the necessary regulatory authorisations to proceed. No adjustment has been made to the accounts in relation to this announcement.