MAGNOX LIMITED

Registered No. 2264251

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 March 2014

Magnox Limited Registered No. 2264251

DIRECTORS
C Spottiswoode
Dr C J Marchese
S Jee
N D Baldwin
K G Spooner
M Steedman
T J Joyce
P Thomas

SECRETARY
I S Parmar

AUDITOR
Deloitte LLP
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BS1 6GD

BANKER
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Magnox Limited Registered No. 2264251

STRATEGIC REPORT

STRATEGIES AND OBJECTIVES

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 defueling 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 2014 is £31m (2013: £34m).

Under the Management & Operations (M&O) contract the Company's principal measures of performance are performance based incentives (PBIs). In 2014 the Company achieved 86% of PBIs (2013: 93%).

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.

RESULTS AND DIVIDENDS

The result for the year, after taxation, amounted to £nil (2013: £nil). The Directors are unable to recommend a dividend (2013: £nil).

BUSINESS REVIEW

The company CPI (Cost Performance Index) and SPI (Schedule Performance Index) for 2014 was 1.04 and 1.00 respectively (2013 1.05 and 0.97).

KEY PERFORMANCE INDICATORS

The key performance indicators of the business are the achievement of PBIs, and the CPI and SPI performance metrics, which have been outlined above. The year on year performance has been covered in the business review.

FUTURE DEVELOPMENTS

Magnox Limited will continue the efforts of "bringing the Magnox Optimised Decommissioning Plan (MODP) to life". Significant delivery strides were taken at sites on the accelerated timeframe to Care and Maintenance (C&M).

On 31 March 2014, the NDA named Cavendish Fluor Partnership as the preferred bidder in the competition to take ownership of Magnox Limited. The competition was conducted under the Public Contract Regulations 2006. Following a 5-month Transition Period and completion of Due Diligence, the formal share transfer is scheduled for 1st September 2014.

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

Highlights in 2013/14 included:

- Overall Performance:
  - A very good year, recognised at the highest level by Royal Society for the Prevention of Accidents (RoSPA) with the award of the Sir George Earle Trophy.
- Nuclear Safety:
  - All our performance indicators have shown sustained good performance throughout the year;
  - Our Operating Rule and Maintenance Schedule compliance record still compares very favourably with nuclear sites throughout World Association of Nuclear Operators (WANO).
- Conventional Safety:
  - Our Total Recordable Injury (TRI) rate is at upper docile performance levels (0.25) (2013: 0.20) and our Days Away Rate (DAR) rate stands at 0.02 (2013: 0.13), our best ever figure. The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) Major Injury and greater than 3 Day Injury rates are both now at zero. (2012/13 Major Injury 11, > 3 days away 16)
  - We continue to focus on reducing the risk from our high hazard activities.
- Environmental Management:
  - We have maintained our very good permit compliance record with no demonstrable environmental harm (no events rated above Compliance Classified Scheme/Common Incident Classification Scheme (CCS/CICS) Level 4 on the Environment Agency non-compliance/incident classification systems) and only a very small number of technical non-compliances.
  - We have maintained our environmental index performance (a basket of environmental indicators such as recycling rates and water consumption) at >90%;

STRATEGIC REPORT (continued)

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

- Health:
  - Our levels of sickness remain low and the long term measure is now showing a downward trend as forecast last year.
- Quality:
  - We have maintained certifications with ISO 9001, ISO 14001 and OSHA 18001 standards;
    A more consolidated and coordinated approach to the audit programme is being established and audit action completion remains high.
- Regulatory Interface:
  - We have maintained proactive engagement with our Regulators across a wide range of issues both in terms of routine operations and in the development of arrangements for the C&M of our sites.

PERSONNEL

The average number of people employed by the Company during the year was 3,144 (2013: 3,328). At 31 March 2014 the total number of people employed by the Company was 3,050 (2013: 3,269).

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 practicable, 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 2014 was 16 days (2013: 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 control is designed to manage, rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

POLITICAL AND CHARITABLE DONATIONS

During the year the Company made donations to charitable organisations totalling £665,044 (2013: £824,276) funded by the NDA. The Company made no contributions to political parties. (2013: nil)

By order of the Board

I Narmar
Secretary
28 August 2014

Magnox Limited Registered No. 2264251

DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 March 2014.

GOING CONCERN

Due to the manner in which Magnox 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, when ownership of the Company changes as a result of contract competition, it would continue to be the Site Licence Company managing the sites under contract with the NDA, as would be expected with the PBO transfer from 1 September 2014.

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 financial statements.

DIRECTORS

The Directors who served during the year, and the period to signing the financial statements, were as follows:

C Spottiswoode
S Jee
N D Baldwin
K G Spooner
Dr C J Marchese
M Steedman
T J Joyce
P Thomas (appointed 1 July 13)

COMPANY SECRETARY

I S Parmar

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.

DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is 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 auditor is aware of that information.

There is an elective regime in place which governs the appointment of the auditor. During 2013/14 Deloitte LLP were appointed as auditors (previously Ernst & Young LLP). Deloitte will continue to provide audit services until further notice is given.

Signed on behalf of the Board

I Parmar
Secretary
28 August 2014

DIRECTORS'S RESPONSIBILITIES STATEMENT

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 accounting 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 LIMITED

We have audited the financial statements of Magnox Limited for the year ended 31 March 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses the Balance Sheet, and the related notes 1 to 17. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out 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 and express an opinion on 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 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. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 31 March 2014 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 matter prescribed by the Companies Act 2006

In our opinion 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.

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.

Nigel Thomas.

Nigel Thomas (Senior statutory auditor)
for and on behalf of Deloitte, Chartered Accountants and Statutory Auditor
United Kingdom

29 August 2014

Magnox Limited Registered No. 2264251

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2014

	Notes	2014 £m	2013 £m
Gross revenue (including Site Licence Company costs under management)		**699**	735
Site Licence Company costs under management		**(668)**	(701)
Gross turnover		**31**	34
Net operating expenses		**(26)**	(28)
Operating profit	3	**5**	6
Profit on ordinary activities before taxation		**5**	6
Tax on profit on ordinary activities	6	**(5)**	(6)
Profit for the financial year	13	**-**	-

All amounts for the year ended 31 March 2014 and 31 March 2013 relate to continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2014

	2014 £m	2013 £m
Profit for the financial year	**-**	-
CNPP		
Actuarial loss recognised in the pension scheme (note 14)	**(7)**	-
Actuarial loss borne by the NDA	**7**	-
ESPS		
Actuarial loss recognised in the pension scheme (note 14)	**(105)**	(57)
Actuarial loss borne by the NDA	**105**	57
Total recognised gains and losses relating to the financial year	**-**	-

Magnox Limited Registered No. 2264251

BALANCE SHEET
At 31 March 2014

	Notes	2014 £m	2014 £m	2013 £m	2013 £m
Current assets					
Debtors:	8				
Amounts falling due within one year		**165**		176	
Amounts falling due after one year		**86**		17	
		251		193	
Creditors: amounts falling due within one year	9	**(146)**		(156)	
Net current assets			**105**		37
Creditors					
Amounts falling due after more than one year:					
Pension amount to the benefit of the NDA	9	-		(25)	
Provisions for liabilities	10	**(25)**		(37)	
			(25)		(62)
Net assets/(liabilities) excluding pension			**80**		(25)
Pension (liability) - CNPP	14		**(7)**		-
Pension (liability)/surplus - ESPS	14		**(73)**		25
Net assets including pension			**-**		-
Capital and reserves					
Called up share capital	11		-		-
Profit and loss account	13		-		-
Shareholders' funds – Equity	12		-		-

On behalf of the Board of Directors

M Steedman
Director
28 August 2014

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014

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.

These Financial Statements are consolidated into the Financial Statements of Energy*Solutions* Inc, the only group into which these accounts are consolidated. The consolidated accounts are available from Energy*Solutions* Inc, 423 West 300 South, Salt Lake City, Utah 84101, United States of America.

As the Company is a wholly owned subsidiary of Energy*Solutions* EU 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).

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 performances of contracted obligations are 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 August 2007
Combined Nuclear Pension Plan (CNPP)	Defined Benefit closed to new entrants 31 August 2007
Combined Nuclear Pension Plan (CNPP)	Defined Contribution for staff joining 1 September 2007 onwards

The Group Pension Scheme (GPS) has been removed as a separate scheme and amalgamated into the CNPP scheme. The individuals who were in the GPS have had their benefits ring-fenced so they aren't penalised by moving to the CNPP scheme.

Payments are made to a separately administered fund for the Electricity Supply Pension Scheme (ESPS).

As stated above, the ESPS pension scheme closed to new entrants on 31 August 2007 and provision is made for their pension provision with a defined benefit scheme.

Magnox Limited is the only participant in the Site Licence Company (SLC) Section of the Magnox Group of the ESPS pension scheme. As the principal employer Magnox discloses the entirety of the current net pension surplus or deficit.

Magnox Ltd is not the only participant in the CNPP, however, the assets and liabilities that relate to Magnox Ltd can be separately identified, and therefore Magnox discloses it's element of the current net pension surplus or deficit.

In the prior year, this scheme was treated as a defined contribution scheme, under an available multi-employer exemption. The contributions to each of these funds are based on independent actuarial valuations designed to secure the benefits as set out in the rules.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014 (continued)

1. ACCOUNTING POLICIES (continued)

f. Pensions (continued)

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.

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. TURNOVER

All turnover relates to one segment and was all incurred in the UK.

3. OPERATING PROFIT

	2014 **£m**	2013 £m
Management fees payable from NDA	**31**	34
FRS 17 Pension current service cost	**(42)**	(33)
Reimbursement from NDA for FRS17 Pension current service cost	**42**	33
Reimbursement of taxation charge from Energy*Solutions* EU Limited	**5**	6
Management fees payable to parent Company	**(31)**	(34)
	5	6

Auditor's remuneration was £90,000 (2013: £100,000).

4. EMPLOYEE INFORMATION

	2014 **£m**	2013 £m
Wages and salaries	**177**	182
Social security costs	**17**	17
Pension costs	**29**	41
Other costs	**-**	36
	223	276

Pension costs disclosed above includes FRS 17 current and past service costs (see note 14) 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.

Other costs above relate to severance that was recognised in the year to 31 March 2013 after approval from the NDA and communications had been made to the relevant employees. No severance was recognised in the year to March 2014.

The average number of employees during the year was 3,144 (2013: 3,328)

Employee costs are directly recoverable from the NDA.

5. DIRECTORS' EMOLUMENTS

	2014 **£000**	2013 £000
Aggregate emoluments	**75**	42
Retirement benefits are accruing for nil (2013: nil) Directors under a defined benefit scheme.		
Aggregate emoluments for the highest paid director	**25**	25

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 FINAINCAL STATEMENTS
31 March 2014 (continued)

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of tax charge in year:

	2014 £m	2013 £m
Corporation tax		
Current tax on income for the period	5	6
Tax on profit on ordinary activities	5	6

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 23% (2013: 24%). The differences are reconciled below:

	2014 £m	2013 £m
Profit on ordinary activities before taxation	5	6
Tax on profit at 23% (2013: 24%)	**1**	1
Effects of:		
Transfer pricing adjustment	**6**	7
Current year R&D credit	**(1)**	(1)
Reimbursement of taxation charge	**(1)**	(1)
Current tax charge for the year	5	6

c) Factors affecting future tax charge

In his Budget of 20 March 2013, the Chancellor of the Exchequer announced changes to the corporation tax rate, which if enacted in the proposed manner, will have a significant impact on the Company's future tax position. The reduction in the corporation tax rate to 23% with effect from 1 April 2013, together with a further 2% reduction effective from 1 April 2014 have been enacted since the balance sheet date. A further 1% reduction in the corporation tax rate to 20%, effective 1 April 2015, has been announced but not enacted. No further amendments were made to these changes in the 2014 Budget.

Under the terms of the M&O contract with the NDA the tax liabilities of the company are reimbursed by its PBO. Accordingly no future net tax charges are expected to arise.

7. INVESTMENTS

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

	Shares in subsidiary undertakings £m
Cost	
At 1 April 2013 and 31 March 2014	**2**
Provisions	
At 1 April 2013 and 31 March 2014	**(2)**
Net Book Value	
At 31 March 2013 and 31 March 2014	**-**

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 FINANCIAL STATEMENTS
31 March 2014 (continued)

8. DEBTORS

	2014 £m	2013 £m
Amounts owed by group undertaking	3	4
Working capital recoverable from the NDA	162	172
	165	176

Amounts falling due after more than one year:

	2014 £m	2013 £m
Working capital recoverable from the NDA	6	17
Pension amount to cost to the NDA	80	-
	86	17

9. CREDITORS: amounts falling due within one year

	2014 £m	2013 £m
Trade creditors	77	78
Amounts owed to other group undertakings	17	21
Corporation tax	2	3
Other taxes and social security costs	16	23
Accruals and deferred income	32	31
Bank overdraft	2	-
	146	156

Amounts falling due after more than one year:

	2014 £m	2013 £m
Pension amount to the benefit of the NDA	-	25
	-	25

There has been a reclassification of the 2013 figures for severance from accruals to provisions of £20m.

10. PROVISIONS FOR LIABILITIES

	Other £m
At 1 April 2013	37
Released during the year	(12)
At 31 March 2014	25

The provision relates to voluntary severances of Magnox staff. The provision is expected to be fully utilised by December 2015.

11. SHARE CAPITAL

	2014 £	2013 £
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
	2	12,502

On 17 February 2014 the Board passed a Special Resolution to reduce the share capital from 2 ordinary shares at £1 each and 49,998 ordinary shares of £1 of which 25p was paid, to 2 shares of £1 each fully paid.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2014 (continued)

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 **£m**	2013 £m
Profit for financial year	-	-
Actuarial loss recognised in the pension scheme:-		
ESPS	(105)	(57)
CNPP	(7)	-
Actuarial loss borne by the NDA	112	57
	-	-
Opening shareholders' funds	-	-
Closing shareholders' funds	-	-

13. RESERVES

	Profit and loss account £m
Balance at 1 April 2013	-
Profit for the financial year	-
Balance at 31 March 2014	-

14. 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. CNPP (DB) is a funded scheme. Magnox Limited employees are covered by the Site Licence Company (SLC) Section of the Magnox Group Section of the scheme.
On 31 March 2007, the CNPP Group Pension Scheme was split into various sections. Until 31 March 2014, the company had taken an exemption from treating this scheme as a defined benefit scheme under the multi-employer exemption. Following the sectionalisation of the scheme, as at 31 March 2014 the company has been able to identify its share of the assets and liabilities of the scheme, and therefore these financial statements reflect the company's share of the FRS 17 assets and liabilities at that date. The resulting pension asset has been reflected in the balance sheet through the statement of total recognised gains and losses.

The most recent triennial actuarial valuation of the scheme by a qualified independent actuary took place at 31 March 2013. The projected unit credit method was used and the main long-term assumptions made were as follows:

Discount Rate – Post retirement	3.5% per annum
Discount Rate – Pre retirement	6.1% per annum
Salary Increase	3.75% per annum
Pension Increase	3.75% per annum
Inflation assumption	3.25% per annum

The results of the valuation were as follows:

Market value of scheme assets	£34M
Level of funding	100%

Agreed contributions by Magnox Limited:

- Increase future service contributions to 23.5% of pensionable salaries with effect from 1 April 2015 on an ongoing basis; and
- Pay contributions of £236k p.a. for 8 years from 1 April 2012.

The latest actuarial valuation has also been updated by a qualified independent actuary to 31 March 2014 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 £5m. These contributions payable are recoverable from the NDA. There were no outstanding contributions at the year end. Regular employer contributions to the Section for the year starting on 1 April 2014 are estimated to be £5m. Additional employer contributions might be required if there are any redundancies or benefit augmentations during the year.

NOTES TO THE ACCOUNTS
At 31 March 2014 (continued)

14. PENSIONS (continued)

Due to the change in reporting of the CNPP scheme in the current year (previous years were covered by a multi-employee exemption) there are no comparatives presented for 2013.

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

	2014
Discount rate	**4.3%**
Rate of increase in salaries	**3.6%**
Rate of increase in pensions	**3.6%**
Inflation assumption	**3.6%**

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 27.9 years if they are male and a further 30.3 years if they are female. For a member who retires in 2034 at the age of 60 the assumptions are that they will live on average for a further 29.9 years after retirement if they are male and for a further 32.3 years after retirement if they are female.

Under FRS17 the fair value of the assets and liabilities of the SLC Section of the Magnox Electric Group Section of the Combined Nuclear Pension Plan is detailed below.

Expected return on assets:

	Long-term rate of return expected at 31 March 2014 (%p.a)	**Value at 31 March 2014 £m**
Equity	**7.4%**	**22**
Government bonds	**3.4%**	**6**
Corporate bonds	**4.3%**	**8**
Property	**7.2%**	**4**
Other (including cash)	**0.8%**	**-**
Total fair value of assets		**40**
Present value of scheme liabilities		**(47)**
(Deficit)/Surplus in the scheme		**(7)**
Amount to the cost/(benefit) of the NDA		**7**
Net pension (liability)/asset		**-**

Magnox 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 2014.

NOTES TO THE ACCOUNTS
At 31 March 2014 (continued)

14. PENSIONS (continued)

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

	Year ended 31 March 2014 £m
Opening defined benefit obligation	40
Current service cost	5
Interest cost	2
Actuarial loss on scheme liabilities*	-
Net benefits paid out	(1)
Past service costs	1
Closing defined benefit obligations	47

* Includes changes to the actuarial assumptions

	2014 £m
Fair value of sections assets	40
Defined benefit obligation	(47)
Surplus/(Deficit) in section	(7)

In the year to 31 March 2014 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.

ESPS

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

The most recent triennial actuarial valuation of the scheme by a qualified independent actuary took place at 31 March 2013. The projected unit credit method was used and the main long-term assumptions made were as follows:

Discount Rate	4.3% per annum
Salary Increase	3.6% per annum
Pension Increase	3.4% per annum
Inflation assumption	3.6% per annum

The results of the valuation were as follows:

Market value of scheme assets	£2,542M
Level of funding	100%

Agreed contributions by Magnox Limited:

- Increase future service contributions to 24.0% of pensionable salaries with effect from 1 January 2014 on an ongoing basis; and
- Pay contributions of £20M on 31 July 2014 for final payment of the previously agreed deficit repair plan.

The latest actuarial valuation has also been updated by a qualified independent actuary to 31 March 2014 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 £33.9m, (2013: £41.7m). These contributions payable are recoverable from the NDA. There were outstanding contributions at the year end of £3.4m (2013: £3.1m). Regular employer contributions to the Section for the year starting on 1 April 2014 are estimated to be £43.3m. Additional employer contributions might be required if there are any redundancies or benefit augmentations during the year.

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

NOTES TO THE ACCOUNTS
At 31 March 2014 (continued)

14. PENSIONS (continued)

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

	2014	2013
Discount rate	**4.3%**	4.3%
Rate of increase in salaries	**3.6%**	3.6%
Rate of increase in pensions	**3.4%**	3.4%
Inflation assumption	**3.6%**	3.6%

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 27.9 years if they are male and a further 30.3 years if they are female. For a member who retires in 2034 at the age of 60 the assumptions are that they will live on average for a further 29.9 years after retirement if they are male and for a further 32.3 years after retirement if they are female.

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

Expected return on assets:

	Long-term rate of return expected at 31 March 2014 (%p.a)	**Value at 31 March 2014 £m**	Long-term rate of return expected at 31 March 2013 (%p.a)	Value at 31 March 2013 £m
Equity	**7.4%**	**1,002**	7.5%	903
Government bonds	**3.4%**	**823**	2.8%	850
Corporate bonds	**4.3%**	**403**	4.3%	515
Property	**7.2%**	**128**	7.3%	121
Other (including cash)	**0.8%**	**127**	0.8%	140
Total fair value of assets		**2,483**		2,529
Present value of scheme liabilities		**(2,556)**		(2,504)
(Deficit)/Surplus in the scheme		**(73)**		25
Amount to the cost/(benefit) of the NDA		**73**		(25)
Net pension (liability)/asset		**-**		-

Magnox 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 2014.

NOTES TO THE ACCOUNTS
At 31 March 2014 (continued)

14. PENSIONS (continued)

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

	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
Opening defined benefit obligation	**2,504**	2,244
Current service cost	**37**	33
Interest cost	**106**	104
Actuarial loss on scheme liabilities*	**5**	216
Net benefits paid out	**(101)**	(106)
Past service costs	**5**	13
Closing defined benefit obligations	**2,556**	2,504

* Includes changes to the actuarial assumptions

Changes to the fair value of scheme assets during the year

	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
Opening fair value of scheme assets	**2,529**	2,318
Expected return on scheme assets	**122**	117
Actuarial gains on scheme assets	**(101)**	159
Contributions by the employer	**34**	41
Net benefits paid out	**(101)**	(106)
Closing fair value of scheme assets	**2,483**	2,529

Analysis of profit and loss charge:

	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
Current service cost	**37**	33
Past service cost	**5**	14
Interest cost	**106**	104
Expected return on scheme assets	**(122)**	(117)
Expense recognised in profit and loss	**26**	34

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

Actual return on scheme assets:

	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
Expected return on scheme assets	**122**	117
Actuarial gain on scheme assets	**(101)**	159
Actual return on scheme assets	**21**	276

NOTES TO THE ACCOUNTS
At 31 March 2014 (continued)

14. PENSIONS (continued)

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

	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
Total actuarial (loss)/gain	**(105)**	(57)
Total loss in STRGL	**(105)**	(57)
Cumulative amount of gain recognised in STRGL	**(93)**	13

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

	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Present value of scheme assets	**2,483**	2,529	2,318	2,092	1,953
Present value of scheme liabilities	**(2,556)**	(2,504)	(2,244)	(1,989)	(2,081)
Surplus/(Deficit) in the scheme	**(73)**	25	74	103	(128)
Actual return less expected return on scheme assets	**(101)**	159	142	60	282
Experience (loss)/gain on scheme liabilities	**16**	(23)	(11)	54	(3)

In the year to 31 March 2014 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.

15. FINANCIAL COMMITMENTS

Capital Commitments are as follows:

	2014 £m	2013 £m
Contracted for but not provided for		
- Other	**2**	4
	2	4

Annual Commitments under non-cancellable operating leases are as follows:

	2014 £m	2013 £m
Expiry date		
- within one year	**1**	1
- between two and five years	**1**	3
	2	4

No land and buildings are held under lease

16. ULTIMATE PARENT UNDERTAKING

The ultimate controlling party and parent company at the balance sheet date is Rockwell Holdco Inc, a Delaware corporation which was formed by Energy Capital Partners II, LP and its parallel funds. On 24 May 2013, Energy*Solutions* Inc. announced the closing of its merger with Energy Capital Partners II, LLC. The consolidated accounts of Energy*Solutions* Inc are available to the public and may be obtained from 423 West 300 South, Suite 200, Salt Lake City, UTAH, 84101.

On 31 March 2014, NDA named Cavendish Fluor Partnership (CFP) as the Preferred Bidder in the competition to take ownership of Magnox Limited. It is expected CFP will take ownership via share transfer on 1 September 2014.

NOTES TO THE ACCOUNTS
At 31 March 2014 (continued)

17. 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.