Registered number
2264251

Magnox Limited

Annual report and financial statements

Year ended 31 March 2015

Contents

Strategic report for the year ended 31 March 2015

The Directors present their strategic report on Magnox Limited ("the Company") for the year ended 31 March 2015.

Principal activities

During the year the Company has operated 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 operates under contract to the Nuclear Decommissioning Authority (NDA) and is a wholly owned subsidiary of the Cavendish Fluor Partnership Limited. The ultimate parent undertakings are Babcock International Group plc and Fluor Inc.

Business review

The NDA announced on 31st March 2014 that the Cavendish Fluor Partnership was the preferred bidder in the competition for a new Parent Body Organisation (PBO) and would take over responsibility for management of both Magnox Limited and Research Sites Restoration Limited (RSRL) sites from 1 September 2014. Cavendish Fluor Partnership replaced Energy Solutions (EU) as the PBO for Magnox Ltd, who continue to hold a B-share, primarily to enable close out of prior arrangements. The Company is pleased to report that the transition exercise was successfully completed to schedule on 31 August 2014.

Discussions began with regulators in the summer of 2014 to transfer the site licences for Harwell and Winfrith sites from RSRL into Magnox Limited as part of a re-licensing process. Following the successful demonstration of shadow working, the ONR signed the new site licence for Magnox (incorporating Harwell and Winfrith) with effect from 1 April 2015. The acquisition of RSRL by Magnox Limited was also approved by the Boards of both companies with effect from the same date.

During the reporting period the Company continued to make good progress on hazard reduction and decommissioning programmes and agreed an extension to continue generation at Wylfa until December 2015. In relation to de-commissioning some key highlights were the completion of de-fuelling at Sizewell A; emptying of the first of five Intermediate Level Waste bunkers at Hunterston A; completion of the bulk asbestos programme at Chapelcross (one of Europe's biggest asbestos removal programmes); plus completion of draining and stabilising the first of two cooling ponds at Hinkley Point A.

The new contract arrangements introduced in the year were designed to deliver further efficiencies in the decommissioning programme. As a result, the company set about a review of the staffing required across the sites, plus a review of the remainder of the cost base. Following this the company announced, in May 2015, a significant reduction in headcount that is expected to happen over the period to September 2016. This is in addition to specific site programmes provided for at 31st March 2015.

The Magnox Limited board together with its employees, trade unions, and contractors, continue to strive to deliver excellent customer service to the NDA whilst ensuring the highest standards of safety, security and environmental performance.

Financial review

The Company's turnover for the year was £675,431k (£705,475k for the year ended 31 March 2014). Profit on ordinary activities before taxation was £9,127k (£4,989k for the year ended 31 March 2014). The Company's profit for the financial year is £6,565k (NIL in 2013/2014).

Principal risks and uncertainties

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. The Company's fee is earned through meeting delivery milestones and performance based incentives as defined and agreed with the NDA under the SLCA (site licence company agreement) contract. The overall fee paid is made with reference to an agreed target cost, so presenting the primary financial risk for the Company.

The Company's operational risks primarily include environmental, health and safety, and IT/power failures, though these are heightened at our fuelled and generating sites. Environmental and social effects are always considered. Documented procedures and risk assessments exist to manage risks across the business, including those concerning health and safety. Disaster recovery procedures exist which would be implemented in the event of power and IT outages.

The costs incurred by the Company are reimbursed by the NDA and therefore the Company does not have significant exposure to price, credit, liquidity or cash flow risk.

Environment, Health, Safety, Security and Quality (EHSS&Q)

Overall Performance

Our EHSS&Q performance is broadly comparable with other companies in the sector, although there has been an adverse trend in our personal injury statistics as a result of an increased number of slips, trips and falls. Our EHSS&Q improvement programme is designed to maintain a strong focus during a period of significant change for the company and our workforce.

Nuclear Safety

We have not had any significant nuclear safety incidents, the dose to workers from radiation remains at a low level and our nuclear safety metrics have shown good performance throughout the year.

Conventional Safety

Our Total Recordable Injury (TRI) rate has increased to 0.52 (2014: 0.25) and our Days Away Case Rate (DACR) rate stands at 0.28 (2014: 0.02). A safety improvement programme has been refocussed to address the increase in injuries, with a particular focus on slips, trips and falls. Unfortunately, a scaffolder working at our Sizewell site was injured from a fall in July 2014; we have since implemented a series of improvements to reduce the potential for recurrence through a company wide working at height campaign.

Environmental Management

We have not had any incidents that caused 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). However, we have had a small number of technical non-compliances and are taking action to enhance our data verification processes.

Health

We continue to ensure health and wellbeing of our employees through the provision of occupational health support.

Security

We have not had any significant security incidents but in line with changing circumstances we have taken action to raise the profile of security across the company.

Quality

We have maintained certifications with ISO 9001, ISO 14001 and OSHA 18001 standards. A more consolidated and coordinated approach to the audit programme has been introduced and audit action close-out rate remains good.

Regulatory Interface

We have maintained proactive engagement with our regulators across a wide range of issues.

By order of the Board

Darren Bailey

Secretary

30th October 2015

Directors' report for the year ended 31 March 2015

The Directors present their report and the audited financial statements of Magnox Limited for the year ended 31 March 2015.

Going concern

Due to the manner in which Magnox Limited operates, with assurance provided by the obligations of the NDA under the SLCA 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 occurred 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.

Dividends

A dividend of £3,605k was paid in March 2015. A further dividend for 2014/15 – for both A and B shareholders - will be proposed and approved by the Magnox Board in due course.

Political and charitable donations

During the year the Company made donations to charitable organisations totalling £870,815 (2014: £665,044) funded by the NDA. The Company made no contributions to political parties. (2014: nil)

Financial risk management

Owing to the nature of its activities, the Company is not exposed to the same degree of financial risk faced by many other business entities. Financial instruments play a limited role in creating or changing risk and generally financial assets and liabilities are generated from day-to-day operational activities and not held to change the risks facing the Company in undertaking its activities. The Company has access to working capital funding from its parent Company to meet any temporary cash flow shortages.

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.

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. 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 2015 was 15 days (2014: 16 days).

Employees

The average number of people employed by the Company during the year was 2,944 (2014: 3,144). At 31 March 2015 the total number of people employed by the Company was 2,829 (2014: 3,050). These figures are prior to the addition of the employees that transferred under TUPE from RSRL on 1st April 2015.

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.

Retirement benefits

Under the SLCA contract, the risks and rewards of pension fund performance rest with the Nuclear Decommissioning Authority, rather than the Company. As a result, the Company has decided to account for the defined benefit section of both the ESPS (Electricity Supply Pension Scheme) and the Combined Nuclear Pension Plan (CNPP) as though it were a defined contribution scheme. This has been implemented as a prior year adjustment in 2014/2015, with the comparative figures having been restated, as set out in note 17.

Directors

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

Kenneth Douglas	(date of appointment 1 September 2014)
Stan Gordelier	(date of appointment 12 May 2015)
Beverley Grey	(date of appointment 1 September 2014)
Roger Hardy	(date of appointment 1 September 2014)
Susan Jee	
Peter Knollmeyer	(date of appointment 1 September 2014)
Chris Marchese	
Paul Thomas	
Anthony Wratten	(date of appointment 1 September 2014)
Neil Baldwin	(date of resignation 31 August 2014)
Tim Joyce	(date of resignation 31 August 2014)
Keith Spooner	(date of resignation 31 August 2014)
Clare Spottiswoode	(date of resignation 31 August 2014)
Monica Steedman	(date of resignation 31 August 2014)

Company secretary

Darren Bailey	(date of appointment 12 May 2015)
Inderjit Parmar	(date of resignation 12 May 2015)

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 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 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 2014/15 PricewaterhouseCoopers LLP replaced Deloitte LLP following the change of ownership in September 2014. PricewaterhouseCoopers LLP will continue to provide audit services until further notice is given.

Signed by order of the Board

Darren Bailey
Secretary

30th October 2015

Statement of Directors' responsibility

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss 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 judgements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditors' report to the members of Magnox Limited

Report on the financial statements

Our opinion

In our opinion, Magnox Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its profit 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.

What we have audited

Magnox Limited's financial statements comprise:

- the balance sheet as at 31 March 2015;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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 to 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.

Phil Harrold (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

16th November 2015

Profit and loss account

for the year ended 31 March 2015

	Note	2015 £'000	2014 As re-stated £'000
Turnover	4	**655,932**	674,117
Other income	5	**19,499**	31,358
		675,431	705,475
Sub-contract, materials and consumables		**(324,170)**	(364,654)
Other external charges	6	**(10,311)**	(31,358)
Staff costs	8	**(257,888)**	(223,133)
Other operating charges		**(73,935)**	(81,341)
Profit on ordinary activities before taxation	7	**9,127**	4,989
Tax on profit on ordinary activities	10	**(2,562)**	(4,989)
Profit on ordinary activities after taxation		**6,565**	-

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical costs equivalents in both current and prior years.

All amounts for the year ended 31 March 2015 and 31 March 2014 relate to continuing activities.

There are no recognised gains and losses other than shown in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

Previous year figures have been re-stated due to the FRS17/IAS 19 disclosure being removed, see notes 3.5 and 16a.

The notes on pages 14 to 23 are an integral part of these financial statements.

Balance Sheet

as at 31 March 2015

	Note	2015	2014
			As re-stated
		£'000	£'000
Current assets			
Cash at bank and in hand		**9,365**	-
Debtors:	13		
Amounts falling due within one year		**143,793**	164,742
Amounts falling due after one year		**640**	6,415
		153,798	171,157
Creditors: amounts falling due within one year	14	**(120,956)**	(146,001)
Net current assets		**32,842**	25,156
Provision for liabilities	15	**(30,610)**	(25,156)
Net assets		**2,232**	-
Capital and reserves			
Called up share capital	18	-	-
Profit and loss reserve	19	**2,232**	-
Total shareholders' fund		**2,232**	-

The notes on pages 14 to 23 are an integral part of these financial statements.

The financial statements on pages 12 to 23 were approved by the Board of Directors on 30th October 2015 and were signed on its behalf by:

Kenneth Douglas
Managing Director

30th October 2015

Notes to the financial statements

1. General information

Magnox Limited ("the Company") is a limited company incorporated in England and Wales. The address of its registered office is Berkeley Centre, Berkeley, Gloucestershire, GL13 9PB.

These financial statements were authorised for issue by the Board of Directors on 30th October 2015.

2. Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The accounting policies have been applied consistently, other than where new policies have been adopted.

The risks and benefits associated with expenditure on intangible and tangible fixed assets by the Company lie with Nuclear Decommissioning Authority (NDA). In accordance with FRS 5, this expenditure is treated as revenue expenditure in these financial statements. The expenditure is capitalised in NDA's financial statements.

As permitted by Financial Reporting Standard No 1 (Revised) "Cash flow statements" the company has not included a cash flow statement as part of its financial statements because the consolidated financial statements of the parent company Cavendish Fluor Partnership Limited are publicly available.

Advantage has been taken of the exemption offered by FRS8 from disclosure of transactions with other group companies post 1 September 2014 following the change in Parent Body Organisation.

3. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. With the exception of sections 3.2 and 3.5 the following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

3.1 Group financial statements

The Company is exempt from preparing group financial statements in accordance with section 401 of the Companies Act 2006. Accordingly the financial statements present information about the Company as an individual undertaking and not about its Group.

These Financial Statements are consolidated into the Financial Statements of Cavendish Fluor Partnership Ltd.

3.2 Turnover

Revenue is recognised as cost incurred (less those special items treated as pass through costs) plus margin calculated on a long term contract accounting basis. The margin percentage is calculated through an assessment of the likely outturn for phase 1 outturn of the SLCA contract, taking account of anticipated shareline adjustments.

It is recognised that certain items of expenditure which are not fully within control of the Company might affect fee performance. These have been designated Special Items in the SLCA and such costs are passed through to the customer, and are not recognised as turnover.

Any expected loss is recognised immediately in the profit and loss account.

3.3 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.

Under Energy Solutions tenure Magnox Ltd elected to adopt the RDEC (research and development expenditure credit) "above the line" treatment for Research and Development (R&D) tax credits. Once RDEC treatment is adopted, under the regime rules it must then be applied for all subsequent accounting periods. The 2015 presentation reflects this accounting policy.

3.4 Foreign currencies

Transactions in foreign currencies are translated to the functional currency of the Company using the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency using the exchange rates at that date. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities are recognised in the profit and loss account.

3.5 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. The primary schemes are:

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 opened to new entrants 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 are not penalised by moving to the CNPP scheme.

The schemes are administered by separate Trustee companies. For the defined benefit schemes independent qualified actuaries complete valuations periodically and, in accordance with their recommendations, annual contributions from employees and employer are paid to the scheme so as to secure the benefits set out in the rules.

Under the SLCA between the NDA and the Company, in the normal course of activity, the Company bears no commercial risk for the performance of the defined benefit schemes with any surplus or deficit ultimately falling to the NDA. During the life of the SLCA any changes to employer contributions would be treated as a Special Items and these changes would be reflected in an adjustment to the target cost. As a result the Company does not believe the accounting treatment for a defined benefit scheme is appropriate for these schemes and is therefore accounting for it in line with that required for a defined contribution scheme. The cost of the employer contributions charged to the profit and loss account is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

The accounting treatment has been implemented for the first time in 2014/2015. The comparatives have been restated to reflect this new accounting policy.

3.6 Operating leases

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives are recognised as an integral part of the total lease expense over the term of the lease.

3.7 Research expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the profit and loss account when incurred.

3.8 Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Termination costs are reimbursed through the contract by NDA and are only recognised where agreement to incur the costs has been received from NDA.

3.9 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

4. Turnover

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

Other income relates to fee earned by Energy Solutions up to the end of their contract at 31 August 2014, and fee earned by Cavendish Fluor Partnership Ltd from 1 September 2014 to 31 March 2015.

5. Other Income

	2015 **£'000**	2014 £'000
Management fees payable from NDA	**19,499**	31,358

Under Energy Solutions tenure management fees earned were recovered by the PBO via management charge invoice. Those paid are detailed in note 6. Under the SLCA, during CFP tenure no management charge will be made.

6. Other external charges

	2015	2014
	£'000	£'000
Management fees payable to Energy Solutions	**(13,104)**	(31,358)
R&D Tax credit (RDEC treatment)	**3,482**	-
50% R&D tax benefit share payable to NDA	**(689)**	-
	(10,311)	(31,358)

7. Operating profit

	2015	2014
	£'000	£'000
Management fees payable from NDA	**19,499**	31,358
R&D Tax credit (above the line)	**3,482**	
Reimbursement of taxation charge from Energy*Solutions* EU Limited	**-**	4,989
Management fees payable to parent Company	**(13,104)**	(31,358)
50% R&D tax benefit share payable to NDA	**(689)**	-
Disallowable costs	**(61)**	-
	9,127	4,989

Operating profit has been arrived at after charging:

	2015	2014
	£'000	£'000
Plant and machinery	**-**	-
Charitable donations	**871**	665
Audit fee	**95**	90

8. Employee information

	2015	2014
	£'000	£'000
Wages and salaries	**166,653**	177,151
Social security costs	**16,088**	17,255
Pension costs	**49,638**	28,727
Other costs	**25,509**	-
	257,888	223,133

Other costs above relate to redundancy costs that were recognised in the year to 31 March 2015 following approval from the NDA and communication to affected employees.

The average number of employees during the year was 2,944 (2014: 3,144)

9. Directors' emoluments

	2015 £	2014 £
Aggregate emoluments	**80,205**	75,000
Retirement benefits are accruing for nil (2014: nil) Directors under a defined benefit scheme		
Aggregate emoluments for the highest paid director	**30,205**	25,000

The directors are not in any of the pension schemes provided by Magnox Limited.

A number of Directors are employed by the ultimate parent undertakings or its subsidiaries. The emoluments detailed do not include remuneration for those directors whose emoluments were borne by other group undertakings.

10. Tax on profit on ordinary activities

(a) Analysis of tax charge in year:

	2015 £'000	2014 £'000
Corporation tax		
Current tax on income for the year	**2,562**	4,989
Tax on profit on ordinary activities	**2,562**	4,989

(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 21% (2014: 23%).

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation	**9,127**	4,989
Add:		
Transfer pricing adjustment (Energy Solutions)	**4,992**	25,904
Less:		
Super deduction R&D credit	-	(4,870)
Reimbursement of profit on ordinary activities before taxation	-	(4,989)
Energy Solutions Group relief	**(1,919)**	-
Total taxable profits	**12,200**	21,034
Tax on profits at 21% (2014: 23%)	**2,562**	4,838
Prior Year adjustment	-	151
Current tax charge for the year	**2,562**	4,989

Following agreement with HMRC the tax charge and corporation tax calculation has been split into two periods - the 5 months to 31 August 2014 for the Energy Solutions tenure, and the 7 months to 31 March 2015 for the CFP tenure.

The R&D tax credit is presented per the RDEC ("above the line") method for the current financial year, versus the superdeduction presentation that was used in the prior financial year.

There is no unprovided deferred tax.

(c) Factors affecting future tax charge

The main rate of corporation tax reduced from 23% to 21% from 1 April 2014. This change, previously announced in the March 2013 Budget Statement, has been enacted at the balance sheet date and, therefore the impact is included in these financial statements. 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 2015 Budget.

11. Dividends

A dividend of £3,605,000 was paid to CFP in March 2015 for the period from September 2014 to December 2014 derived from the fee earned during that time. A further dividend is owed to Energy Solutions, through their B-share, for the 5 months to 31 August 2014. This dividend of £727,884 is the net effect of their share of the R&D tax credit (£1,738,336) and their calculated tax charge for the same period (£1,010,452).

12. Investments

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

	Shares in subsidiary undertakings
	£'000
Cost	
At 1 April 2014 and 31 March 2015	2,000
Provisions	
At 1 April 2014 and 31 March 2015	(2,000)
Net book value	
At 31 March 2014 and 31 March 2015	-

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

13. Debtors

	2015	2014
	£'000	£'000
Amounts owed by group undertaking	-	2,470
Corporation tax	**1,219**	
Working capital recoverable from the NDA	**142,574**	162,272
	143,793	164,742

The corporation tax position includes the effect of the R&D credit due from HMRC.

Amounts falling due after more than one year

	2015 £'000	2014 As re-stated £'000
Working capital recoverable from the NDA	**640**	6,415
	640	6,415

The balance relates to severance costs recoverable from the NDA. The corresponding creditor balance is included within the provision for liabilities (see note 15).

14. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Bank loans and overdrafts	-	2,248
Trade creditors	**69,799**	76,652
Energy Solutions Dividend	**728**	0
Amounts owed to other group undertakings	-	17,142
Corporation tax	-	2,305
Other taxes and social security costs	**24,992**	16,237
Accruals and deferred income	**25,437**	31,417
	120,956	146,001

15. Provisions for liabilities

	Other £'000
At 1 April 2014	25,156
Increase in the year	25,193
Unwinding of prior year discounting	118
Discounting for amounts more than one year	(22)
Paid in the year	(19,835)
At 31 March 2015	30,610

The provision relates to voluntary severances of Magnox staff. The provision is expected to be fully utilised by December 2016.

16. Retirements benefits

(a) 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 set out in note 3.5. This change in accounting policy has been implemented in 2014/2015. The comparatives for 2013/2014 have been restated and are set out in note 17. There is no impact on opening reserves. The costs of the CNPP DB for the year were £3.1M. There were no outstanding or prepaid contributions at 31 March 2015.

The employer contribution rate to the CNPP for the Company during the reporting period has been set at 23.8% of pensionable earnings.

The scheme was closed to new entrants on 31st August 2007. New recruits to the Company after 1 September 2007 are eligible to join the defined contribution structure of the CNPP.

A Scheme Valuation was carried out at 31 March 2013 under the projected unit methodology with a 3 year control period. The assumptions used were: discount rate pre retirement 6.1%, post retirement 3.5%, these are set with reference to gilt yields post retirement and a margin over gilts pre retirement. Inflation was assumed to be 3.25%, with pension and salary increases assumed to be at inflation +0.5% (i.e. 3.75%).

ESPS DB

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 ESPS DB is a defined benefit plan but is accounted for as a defined contribution scheme as set out in note 3.5. This change in accounting policy has been implemented in 2014/2015. The comparatives for 2013/2014 have been restated and are set out in note 17. There is no impact on opening reserves. The costs of the ESPS DB for the year were £31.1M. There were no outstanding or prepaid contributions at 31 March 2015.

The employer contribution rate to the ESPS for the Company during the reporting period has been set at 24.0% of pensionable earnings.

The scheme was closed to new entrants on 31st August 2007. New recruits to the Company after 1 September 2007 are eligible to join the defined contribution structure of the CNPP.

A Scheme Valuation was carried out at 31 March 2013 under the projected unit methodology with a 3 year control period. The assumptions used were: discount rate pre retirement 4.3%, post retirement 4.3%, these are set with reference to gilt yields post retirement and a margin over gilts pre retirement. Inflation was assumed to be 3.6%, with pension increase also assumed to be 3.4% and salary growth set at inflation +0.0% (i.e. 3.6%) plus age related scale. During 2014/2015 a one-off payment of £20,000,000 was made to clear a pension shortfall within the ESPS defined benefit scheme with the ultimate cost being recovered from the NDA.

(b) Defined contribution schemes:

CNPP DC

The CNPP Defined Contribution (DC) Scheme is administered on behalf of the Company by Aon Hewitt. The funds are managed by BlackRock Investment Management (UK) Ltd. Employees are automatically enrolled in the DC Plan unless they choose to opt out. If they wish to remain a member they choose the level of contribution they wish to make, from a minimum of 3% of salary. The Company contribution is on a sliding scale, dependent upon the employee contribution rate, from a minimum of 8% up to a maximum of 13.5%.

17. Restatement of comparatives

(a) Defined pension accounting policy change

As set out in notes 3.5 and 16, the accounting policy in respect of the defined benefit pension scheme has changed in 2014/15. As a result, the comparatives have been restated as follows:

	Debtors	Defined benefit pension liability
	£'000	£'000
2014 as reported previously	250,809	(79,652)
Adoption of revised accounting policy	(79,652)	79,652
	171,157	-

(b) Turnover accounting policy change

As set out in notes 3.2, the accounting policy in respect of the turnover has changed in 2014/15. As a result, the comparatives have been restated as follows:

	Turnover
	£'000
2014 as reported previously	31,358
Adoption of revised accounting policy	642,759
	674,117

18. Called up share capital

	2015	2014
	£	£
Allotted and called up:		
2 ordinary shares of £1 each fully paid	**2**	2
	2	2

19. Reserves

	Profit and loss account
	£'000
Balance at 1 April 2014	-
Profit for the financial year	6,565
A Share Dividend paid	(3,605)
B Share Dividend due	(728)
Balance at 31 March 2015	2,232

20. Financial commitments

	2015	2014
	£'000	£'000
Contracted for but not provided for:		
- Operating leases	**767**	1,675
	767	1,675

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

	2015	2014
	£'000	£'000
Expiry date		
- within one year	**315**	637
- between two and five years	**452**	1,038
	767	1,675

21. Related party transactions

As the Company is a wholly owned subsidiary of Cavendish Fluor Partnership limited. 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.

22. Ultimate parent undertaking

The immediate parent undertaking is Cavendish Fluor Partnership limited.

The ultimate parents are Babcock International Group plc (a company incorporated in England) and Fluor Inc. (incorporated in the United States of America).

These financial statements will be consolidated as part of Cavendish Fluor Partnership Limited.