Registered No. 6005193

Reactor Sites Management Company Ltd

Report and Financial Statements

For the year ended 31 March 2011

Registered No 6005193

Directors
V Christensen
M Morant
T Joyce
A Brandwood

Secretary
S Stuttaford

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

Registered Office
First Floor, Stella Building
Windmill Hill Business Park
Whitehill Way
Swindon
Wiltshire
SN5 6NX

Directors' report

The directors present their report and the audited financial statements of Reactor Sites Management Company Ltd (the "Company"), for the year ended 31 March 2011

Principal activities

The Company's principal activity during the year was managing the operation of two generating nuclear power stations and the management of decommissioning eight dormant nuclear power stations in the UK under a contract with, and on behalf of, the Nuclear Decommissioning Authority (a UK Government Non Departmental Public Body), the owner of the power stations The business was transferred on 1 May 2010 and the company no longer trades

Review of business and future developments

The profit and loss statement for the year is set out on page 7

In the year to 31 March 2011 the Company made an operating loss of £178k (2010 Operating profit £29,287k)

On 1 May 2010 the company completed the transfer of trade, assets and liabilities of the company to its parent company, EnergySolutions EU Ltd for a consideration of £25,384k

Principal risks and uncertainties

Following the transfer of the business, the directors consider that the company no longer faces any significant risks or uncertainties

Dividends

The Company's loss for the financial year after taxation is £178k (2010 profit £29,458k) No dividend (2010 £27,700,943) has been paid to Energy*Solutions* EU Ltd

Directors

The directors who held office during the year are given below

V Christensen
M Morant
T Joyce
A Brandwood

Directors' report (continued)

Directors' liabilities

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006 Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report

Directors' statement as to disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

There is an elective regime in place which governs the appointment of Ernst & Young LLP as Auditors

By order of the Board

T J Joyce
Director
Date 8/12/11

Statement of Directors' responsibilities in respect of 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 for each financial year Under that law the directors have elected to prepare 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 those financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements 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 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 to enable them to ensure that the Company financial statements comply with Companies Act 2006 They are 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 Reactor Sites Management Company Limited

We have audited the financial statements of Reactor Sites Management Company Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, 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 auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, set out on page 4, 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) These 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 Directors' Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent materials misstatements or inconsistencies we consider the implications for our report

Opinion on the 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 2011 and of its loss 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report

to the members of Reactor Sites Management Company Limited (continued)

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 by the company, or
- the company 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 13 December 2011

Profit and Loss Account

for the year ended 31 March 2011

	Note	*2011* *£'000*	*2010* *£'000*
Turnover	2	2,095	52,707
Cost of sales		(1,584)	(17,693)
Gross profit		511	35,014
Administrative expenses		(689)	(5,727)
Operating (loss)/profit	5	(178)	29,287
Interest receivable	3	-	27
(Loss)/profit before tax		(178)	29,314
Taxation	6	-	144
(Loss)/profit for the year	16	(178)	29,458

All results are from discontinued operations

Statement of total recognised gains and losses

for the year ended 31 March 2011

	2011 *£'000*	*2010* *£'000*
(Loss)/profit for the financial year	(178)	29,458
Actuarial (loss) recognised on defined benefit schemes	-	(2,900)
Movement on deferred tax relating to pension liability	-	812
Total gains and losses related to the year	(178)	27,370

Balance Sheet

at 31 March 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Investments	7	-	-
		-	-
Current assets			
Debtors	8	25,384	33,132
Cash at bank and in hand	10	-	1,758
		25,384	34,890
Current liabilities			
Creditors amounts falling due within one year	12	-	(9,276)
Total assets less current liabilities, excluding pension liability		-	25,614
Defined benefit pension liability	11	-	(144)
Net assets		25,384	25,470
Capital and reserves			
Called up share capital	15	1	1
Capital contribution	14	2,912	2,820
Profit and loss account	14	22,471	22,649
Equity shareholders' funds	16	25,384	25,470

Approved by the directors on 8/12/ 2011 and signed on their behalf by

T J Joyce

Director

Notes to the financial statements

at 31 March 2011

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention

Cash flow statement

The Company has taken advantage of the exemptions contained in FRS1 (Revised) and has not prepared a cash flow statement

Revenue recognition

Turnover, which excludes value added tax, represents the value of services supplied

Foreign currency translation

Foreign currency transactions are translated into sterling using the exchange rates prevailing at the dates of the transactions Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account

Related party transactions

The Company has taken advantage of the exemption within FRS8 not to disclose related party transactions with other group companies which are wholly owned by Energy*Solutions* LLC

Post retirement benefits

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 These payments are made to separately administered funds for the BNFL Group Pension Scheme and the Electricity Supply Pension Schemes (ESPS)

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

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 The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses

The Company is unable to identify its share of the underlying assets and liabilities of the BNFL Group Pension Scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the schemes as if they were defined contribution schemes As a result, the amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period

Notes to the financial statements

at 31 March 2011

1. Accounting policies (continued)

Share–based payments

The cost of equity settled transactions with employees is measured by reference to the estimated fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award Fair value is determined by an external valuer using the Black-Scholes-Merton model

No expense is recognised for awards that do not ultimately vest

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised

2. Turnover

Turnover is attributable to the provision of management services in the UK

3. Interest receivable

	2011	*2010*
	£'000	*£'000*
Interest income on bank deposit	-	27

4. Dividend paid

	2011	*2010*
	£'000	*£'000*
Interim dividend paid	-	27,701

Notes to the financial statements

at 31 March 2011

5. Operating (loss)/profit

Audit fees of £5,000 are paid by the parent company, EnergySolutions EU Ltd

6. Taxation

a) Analysis of tax charge for the year

	2011 *£'000*	*2010* *£'000*
Current tax		
Current year	-	267
Adjustments in relation to prior years	-	(795)
Total current tax	-	(528)
Deferred tax		
Pension scheme timing differences (note 6 (b))	-	672
Total deferred tax	-	672
Tax on profit on ordinary activities	-	144

Notes to the financial statements

at 31 March 2011

6. Taxation (continued)

The tax assessed on the profit on ordinary activities for the year is different from the standard rate of corporation tax in the UK of 28% (2010. 28%) The differences are reconciled below

	2011 *£'000*	*2010* *£'000*
(Loss)/profit before taxation	(178)	29,314
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28%	(50)	8,208
Effect of		
Expenses not deductible for tax purposes	28	380
Reimbursement of Magnox tax charge	158	1,736
Origination and reversal of timing differences	-	(672)
Prior year adjustment	-	(795)
Group relief	-	(102)
Transfer pricing adjustment	(129)	(9,283)
Utilisation of brought forward unrecognised tax losses	(7)	
Current taxation	-	(528)

b) Deferred taxation

Amounts netted against pension surplus (note 11)

	£'000
At 1 April 2010	(56)
Transferred to EnergySolutions EU Ltd	56
At 31 March 2011	-

7. Fixed asset investments

	Shares in subsidiary undertakings *£*
Cost	
At 31 March 2010	1
Transferred to EnergySolutions EU Ltd	(1)
At 31 March 2011	-

Notes to the financial statements

at 31 March 2011

8. Debtors

	2011 *£'000*	*2010* *£'000*
Trade debtors	-	138
Amounts due from group companies	25,384	32,994
	25,384	33,132

9. Employees and directors

	2011 *£'000*	*2010* *£'000*
Staff costs for the Company during the year		
Wages and salaries	812	11,601
Social security costs	71	1,275
Other pension costs	139	3,636
	1,022	16,512

All employees of Reactor Sites Management Company Ltd were TUPE transferred to the parent company, EnergySolutions EU Ltd with effect from 1 May 2010

Average monthly number of people (including executive directors) employed during the year prior to the transfer of the business was as follows

	2011 *No*	*2010* *No*
Management services	71	70
General and administration	5	5
	76	75

Directors' emoluments

	2011 *£'000*	*2010* *£'000*
Aggregate emoluments	-	660
Company contributions to defined benefit scheme	-	132
	-	792

Two of the directors of Reactor Sites Management Company Ltd are also directors of EnergySolutions Inc and their emoluments have been disclosed in the group financial statements As such, these two directors do not consider that they have received any remuneration for their services to the Company for

Notes to the financial statements

at 31 March 2011

9. Employees and directors (continued)

the year ended 31 March 2011 (2010 nil) The two UK directors of Reactor Sites Management Company Ltd are also directors of EnergySolutions EU Ltd, the parent company, and their emoluments have been disclosed in the financial statements of the parent company As such, these two directors do not consider that they have received any remuneration for their services to the Company for the year ended 31 March 2011(2010 £792k)

Key management compensation

In the opinion of the directors, there are no key members of management other than the directors whose compensation is disclosed above

10. Cash at bank and in hand

	2011	*2010*
	£'000	*£'000*
Cash at bank and in hand	-	1,758

11. Pension schemes

The company was a member of two pension schemes, the BNFL Group Pension Scheme and the Electricity Supply Pension Scheme (ESPS), both providing benefits based on final pensionable pay All pension schemes have transferred to the parent company, EnergySolutions EU Ltd and have been reported in their accounts

BNFL Group Pension Scheme

On 31 March 2007, the BNFL Group Pension Scheme was split into various sections, however the Company remains unable to identify its share of the schemes' assets and liabilities on a consistent and reasonable basis as required by FRS 17 because it continues to share a section of the scheme with other companies Consequently, the scheme has been accounted for as if it were a defined contribution scheme The employees in this scheme became employees of the Company on 23 March 2007 There were no outstanding or prepaid contributions at the period end

Electricity Supply Pension Scheme

On 31 March 2007, the Electricity Supply Pension Scheme (ESPS) was split into various sections Following the sectionalisation, these financial statements reflect the company's share of the FRS 17 assets and liabilities at 31 March 2010

The latest actuarial valuation of the RSMC Section of the Magnox Electric Group of the ESPS took place on 31 March 2008

Notes to the financial statements

at 31 March 2011

11. Pension schemes (continued)

The principal assumptions used by the independent qualified actuaries in preparing the latest valuations of the RSMC section of the Magnox Electric Group of the ESPS for FRS 17 were

	%
Discount rate	5 5
Salary increase	4 9
Pension increase	3 9
Inflation assumption	3 9

The valuation for the Company's section of the ESPS has been updated on a basis consistent with FRS 17 The major financial assumptions used are

	2011 %	*2010* %
Rate of increase in salaries	-	4 9
Rate of increase in pensions	-	3 9
Inflation assumption	-	3 9
Discount rate	-	5 5

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 an average for a further 27 3 years if they are male and 29 4 years if they are female For a member who retires in 2030 at age 60 the assumptions are that they will live on average for a further 29 4 years after retirement if they are male and for a further 31 2 years after retirement if they are female

The fair value of the assets and liabilities for the Company's section of the scheme are as follows

	2011 £'000	*2010* £'000
Equities	-	13,300
Property	-	1,000
Government bonds	-	3,800
Corporate bonds	-	6,100
Other (including cash)	-	400
Total market value of assets	-	24,600
Present value of scheme liabilities	-	(24,800)
Net (deficit)/surplus	-	(200)
Deferred tax asset/(liability)	-	56
Net pension (liability)/asset	-	(144)

Notes to the financial statements

at 31 March 2011

11. Pension schemes (continued)

The expected rates of return for the Company's section of the scheme are

	2011	*2010*
	%	*%*
Equities	-	8 5
Property	-	8 5
Government bonds	-	4 5
Corporate bonds	-	5 5
Other	-	1 2

Analysis of profit and loss charge

	2011	*2010*
	£'000	*£'000*
Current service cost	-	700
Interest cost	-	1,100
Expected return on scheme assets	-	(1,100)
Net finance income	-	-
Total profit and loss charge	-	700

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

	2011	*2010*
	£'000	*£'000*
Opening defined benefit obligation	24,800	15,500
Current service cost	-	700
Interest cost	-	1,100
Contributions by scheme participants	-	300
Actuarial losses/(gains) on scheme liabilities	-	7,100
Net benefits paid	-	100
Transferred out	(24,800)	
Closing defined benefit obligation	-	24,800

Notes to the financial statements

at 31 March 2011

11. Pension schemes (continued)

Changes to the fair value of scheme assets during the year

	2011 £'000	2010 £'000
Opening fair value of scheme assets	24,600	15,800
Expected return on scheme assets	-	1,100
Actuarial gains/(losses) on scheme assets	-	4,200
Contributions by employer	-	3,100
Contributions by scheme participants	-	300
Net benefits paid	-	100
Transferred out	(24,600)	
Closing value of scheme assets	-	24,600

Actual return on scheme assets

	2011 £'000	2010 £'000
Expected return on scheme assets	-	1,100
Actuarial gain/(losses) on scheme assets	-	4,200
Actual return on scheme assets	-	5,300

Analysis of amounts recognised in Statement of total recognised gains and losses

	2011 £'000	2010 £'000
Actuarial gain/(loss) on scheme assets	-	4,200
Actuarial (loss)/gain on scheme liabilities	-	(7,100)
Total actuarial (losses)	-	(2,900)
Cumulative amount of (losses) recognised in Statement of total recognised gains and losses	-	(5,900)

Notes to the financial statements

at 31 March 2011

12. Creditors: amounts falling due in less than one year

	2011 *£'000*	*2010* *£'000*
Trade creditors	-	84
Amounts due to group companies	-	7,256
Accruals	-	1,148
Corporation tax	-	71
Other taxes and social security	-	717
	-	9,276

Notes to the financial statements

at 31 March 2011

13. Share-based payments

The Group has one equity-based compensation plan, by which certain employees are granted options to subscribe for ordinary shares in the ultimate parent company, Energy*Solutions* Inc

On 14th November 2007 the ultimate parent company, Energy*Solutions* Inc was floated on the Securities and Exchange Commission in New York As part of the flotation, certain senior managers within the Energy*Solutions* group were granted share options The exercise price of the options is $23 per share The options vest, subject to the employees continued service, in equal instalments on each of the first, second, third and fourth anniversaries of the date of grant The contractual life of the options is 5 years There are no cash alternatives

The expense recognised in the profit and loss account for share-based payments in respect of employee services during the year to 31 March 2011 is £92,912 (2010 £1,222,374) The grant of these options by the ultimate parent company is shown as a capital contribution (notes 14 and 16)

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in share options during the period

	31 March 2011		*31 March 2010*	
		WAEP		*WAEP*
	No	*$*	*No*	*$*
Outstanding at the beginning of the year	602,100	23	602,100	23
Granted during the period	-	-	-	-
Transferred out	(602,100)	23	-	
Outstanding at the end of the period	-	-	602,100	23
Exercisable at the end of the period	-	-	240,840	-

The determination of fair value of stock-based payment awards on the date of grant using Black-Scholes-Merton model is affected by stock price and the implied volatility on its traded options, as well as the input of other subjective assumptions These assumptions include, but are not limited to, the expected term of stock options and expected stock price volatility over the term of the award The following table lists the inputs to the model used for the year ended 31 March 2011

	31 March 2011	*31 March 2010*
Weighted average share price - $	-	23 00
Weighted average exercise price - $	-	23 00
Expected volatility - %	-	35%
Expected life – years	-	1 75
Risk free rate - %	-	3 63%
Expected dividend yield	-	0 43%

The expected volatility is based on a combination of selected historical volatility and implied volatility of the Group's common stock, comparable peer companies and selected industry indices The expected life of the award is computed as the average vesting term and the term of the option

The risk-free rate assumption is based upon observed interest rates of constant maturity treasuries appropriate for the term of the group's employee stock options

Notes to the financial statements

at 31 March 2011

13. Share-based payments (continued)

All outstanding options were transferred to EnergySolutions EU Ltd during the year

14. Reserves

	Capital contribution	Profit and loss account
	£'000	£'000
At 31 March 2010	2,820	22,649
Profit for the year	92	(178)
At 31 March 2011	2,912	22,471

15. Called up share capital

	2011	*2011*	*2010*	*2010*
	No	*£*	*No*	*£*
Allotted, called up and fully paid				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

16. Reconciliation of movement in shareholders funds

	2011	*2010*
	£'000	*£'000*
At beginning of period	25,470	24,444
Profit for the year	(178)	29,458
Capital contribution	92	1,357
Other recognised gains and losses	-	(2,088)
Dividend paid	-	(27,701)
At 31 March 2011	25,384	25,470

17. Controlling party and parent company

The ultimate controlling party and parent undertaking of the smallest and largest group of undertakings of which the company is a member, and for which group financial statements are drawn up, is Energy*Solutions* LLC , a company incorporated in the United States of America Copies of its group financial statements are available from Energy*Solutions* Inc, 423 West 300 South, Suite 200, Salt Lake City, Utah, 84101, USA