EP Langage Limited
Annual Report and Financial Statements

For the Year ended 31 December 2020

Registered Number - **03462783**

Directors

Tarloke Singh Bains
Pavel Horský
Victoria Rose Pearson
Jan Špringl
Marek Spurný
Antonia Charlotte Stockton

Company Secretary

James Chiodini (appointed 4 June 2020)

Registered office

Byron House
7-9 St James's Street
London
SW1A 1EE

Independent Auditor

Deloitte LLP
1 City Square
Leeds
West Yorkshire
LS1 2AL

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Strategic Report
For the year ended 31 December 2020

The directors present their Strategic Report on the Company for the year ended 31 December 2020.

Principal activities

EP Langage Limited ("EP LAN" or "the Company") is a limited liability company incorporated and domiciled in England and Wales.

The Company's principal activity is the operation of a 905 MW gas-fired electricity generating facility at Langage Energy Centre in Plymouth, Devon.

Results

The profit for the Year ended 31 December 2020 was £8.1m; (Year ended 31 December 2019 £1.4m loss).

Review of the business

EP LAN owns and operates a gas-fired power station located near Plymouth, Devon in South West England. Construction of the site started in 2008 and it was commissioned in 2010. Total site capacity is 905 MW. Its high-pressure steam system enables market leading efficiency with a flexible design capable of 2-shift operation and minimum load, enhancing plant option value. 2 to 1 configuration provides increased flexibility to National Grid for alternative services helping grid stability.

EP LAN generates and trades power through an internal agreement with EP UK Investments Limited ("EPUKI"), the nominated commodity trading business which holds the external commodity (power, gas etc) contracts. EPUKI charges a trading commission to EP LAN for this service.

A fall in power demand as a result of COVID-19, as manufacturing sites and offices closed, led to a drop off in wholesale gas prices and consequently power prices. Although generation was up year on year the fall in power prices had a greater impact on Revenue, leading to an overall reduction compared to 2019. The fall in gas prices was more marked however and overall the clean spark spread (being the net of power, gas and carbon prices) was actually up year on year. This, coupled with higher generation, led to an overall increase in Gross Margin.

The increase in generation between 2019 and 2020 was largely due to less time spent on outage. These outages also impact operating costs which were higher in 2019 as a result of a higher level of repair and maintenance.

Key performance indicators

The Company's Key Performance Indicators during the year were as follows:

	2020	2019
Lost Time Incidents	**0**	0
Gross Margin	**36,408**	31,723
EBITDA (Earnings before Interest, tax, depreciation and amortisation)	**26,235**	13,542
Gross generation (GHw)	**2,124**	1,979

Section 172 statement

Section 172 of the Companies Act 2006 requires directors of the Company to take into consideration the interests of stakeholders in their role of making decision on behalf of the Company. In doing this the Directors must have regard, amongst other matters to:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

The likely consequences of any decision in the long term

The Directors aim to promote the long-term success of the Company and recognise the importance of the Company's employees, customers, vendors and other stakeholders including the community and the environment. Pursuant to the long-term plan of the Company, the Directors approve a financial forecast for the current year and a business plan for the next 5 years. The Directors contribute towards this process by identifying and managing emerging risks and opportunities for the business using their knowledge and expertise of the industry.

The interests of the company's employees

The safety of employees, contractors and members of the public is paramount. There is a dedicated HSE Committee in place which monitors the adequacy and effectiveness of the HSE systems, the HSE performance against appropriate standards and reviews all incidents. The main strengths and key focus of the Company is good relationship with employees and their loyalty. The Company maintain good and fair relations with the trade unions through regular meetings and discussions on labour, social and wage related issues. Similarly, respecting the human rights and implementing non-discriminatory guidelines are viewed as essential for securing employee-friendly working environment within the Company. Safety and quality management covers health protection at work, safety management system, technology, and human resources all of which are an integral part of the management of the Company. The Company upholds internationally recognised principles of good labour practice as well as all principles of the United Nations Global Compact in respect of Human rights, labour, environment and anticorruption and encourages its business partners to endorse the same commitment as specified in detail in the Company's procurement policies. The Company also provides general training programs on employee safety and when selecting or assessing potential suppliers, the Company also considers their approach and attitude towards security issues.

The need to foster the company's business relationships with suppliers, customers and others

The Directors recognise that fostering business relationships with key stakeholders such as customers and suppliers is essential to the Company's success. The Company has close relationships with customers, suppliers and industry partners to help position the Company as a trusted electricity generator. The Company along with its procurement team work with suppliers to meet the Company's supply needs in order to meet the requirements of the customers.

The impact of the company's operations on the community and the environment;

To ensure conducting its business activities in an environmentally safe and responsible manner and to minimise their impact on the environment the Company has adopted a group-wide Environmental Policy. The Environmental Policy sets basic principles to be followed in terms of the climate change and carbon footprint reduction, protection of biodiversity, environmental management system, environmental impacts of the product portfolio, customer efficiency, regulatory compliance, renewable and clean energy promotion, resource and energy efficiency, waste management and end cycle management. The company has strong links to the local community and is in continual dialogue to deliver a positive impact.

The desirability of the company maintaining a reputation for high standards of business conduct
The Company aims to be a business leader in business conduct in order to maintain stakeholder trust and create a business with a successful, sustainable future. All employees are expected to act in accordance with the values of the Company and in line with Energetický a průmyslový holding, a.s.("EPH") Group policies. This reduces the risk of non-compliance in the heavily regulated industry in which the Company operates and helps attract and retain high-calibre employees.

The need to act fairly as between members of the company
The Directors ensure that all actions are fair for all members of the Company and provide regular updates to the owners through budgets and Board meetings.

Risk Management

The Directors are responsible for the identification and management of key business risks. Risks are owned and managed at the designated functions where the risk resides.

Regulatory risk
The Company remains susceptible to changes in both UK and EU law. The energy industry is subject to significant regulation in relation to decarbonisation of the energy mix and net zero carbon by 2050 targets. Changes to these policies may impact the financial performance and cashflows of the Company. The Company continues to work proactively to understand the legal framework in which it operates in order to ensure regulatory compliance and mitigate risk. The Directors have assessed that the impact of Brexit will have limited impact on the Company. As a result of Brexit on 1 January 2021, a UK Emissions Trading Scheme (UKETS) was introduced in Great Britain to ensure continued decarbonisation of the UK economy, replacing the European Union Emissions Trading Scheme (EUETS). UK allowances (UKAs) were not available to purchase until the first auction on 19 May 2021 and therefore throughout most of 2021 there will be fewer allowances available then required by the market. The Directors take this into account whilst the Company continues to generate and enter into forward trades and use a variety of mitigation and proxy hedging strategies to reduce the associated UKA price risk.

Credit risk
The Company has established a credit policy under which each new customer requesting products/services over a certain limit (which is based on the size and nature of the particular business) is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Credit risk is minimised as the main customer for the Company is EPUKI, the Company's immediate parent company.

Liquidity risk
The Company prepares detailed short and long term cashflow forecasts to manage liquidity risk and foresee any shortages in cash balances. The Company is supported by other EPH Group Companies, with intergroup financing being made available as required.

Foreign exchange risk
The Company is exposed to a currency risk on purchases that are denominated in currency other than the respective functional currency of the Company. The Directors of the Company monitor changes in Foreign exchange rates and hedges the exposure where they deem necessary.

Commodity risk
The Company's exposure to commodity risk principally consists of exposure to fluctuations in the prices of electricity, gas and carbon allowances. The Company has a hedging strategy in place which sets hedging limits and targets to ensure hedges are placed to manage the risk.

Strategic Report (continued)
For the year ended 31 December 2020

Approved by the Board and signed on its behalf by

Tarloke Singh Bains
Director,
29 June 2021

EP Langage Limited
Directors' Report
For the Year-ended 31 December 2020

The directors present their report and the audited financial statements for the Year ended 31 December 2020.

Directors

A list of Directors who served during the year and up to the date of this report (except as noted) are below:

Tarloke Singh Bains
Pavel Horský
John Marcus Nettleton (resigned on 24 May 2020)
Victoria Rose Pearson
Jan Špringl
Marek Spurný
Antonia Charlotte Stockton

Dividends

No dividend is proposed in the Year (2019: nil).

Our People

The Directors are committed to the Company being a responsible business. Safety of our people is paramount, many of the workforce are trained safety representatives. For the Company to succeed staff are developed and managed whilst ensuring efficient operation.

The Company engages regularly with the union representatives and staff to provide an open forum for discussions. Regular communication helps to aid engagement and is welcomed by the employees.

Relationship with Suppliers and customers

Details of how the Directors foster business relationships with Customers and Suppliers in included in the Section 172 Report within the Strategic Report.

Statement as to disclosure of information to the Auditor

The directors who were members of the Board at the time of approving this report are listed on page 1. Having made enquires of fellow directors; each of these directors confirms that:

- to the best of each directors' knowledge and belief, there is no relevant information of which the Company's Auditor is unaware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant Audit information and to establish that the Company's Auditor is aware if that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Streamlined Energy and Carbon Reporting

In accordance with the Company's regulatory obligations to report Greenhouse Gas emissions pursuant to the Companies and Limited Liability Partnerships Regulations 2018 which implement the UK Government's policy on Streamlined Energy and Carbon Reporting.

Determination of annual CO2 emissions are undertaken in accordance with the site-specific monitoring plan which is set out in Appendix 1 of the Environment Agency (EA) issued greenhouse gas emissions permit for the installation in question.

Reporting is completed on an annual cycle with annual audits of emissions carried out towards the end of the reporting cycle by a certified verifier (currently DNV Certification) prior to submission of the annual emissions monitoring (AEM) report to the EA and surrender of an equivalent number of allowances in the EUA registry. during the year our measure emissions are below.

	2020
	(TCo2E)
Scope 1	**790,472**

This annual quantity has been included within our audited submission under the European Union Emission Trading Scheme.

During the year our total energy consumption totalled 4,413 GWh of which was consumed within the UK and split between the sources outlined below:	**2020**
	GWh
Natural Gas	**4,413**
	4,413

In accordance with the regulations, as this is the first year of reporting, no such comparisons are required.

Intensity ratio reporting

	2020
	(TCo2E)
Carbon emissions per GWh generated	**372**

The Company continues to maintain its generating assets to the highest standard to ensure efficiency when generating.

Going Concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period. The forecasts are dependent on the parent company EPUKI and fellow group entity EP UK Finance Limited ("EPUKF"), not seeking repayment of intercompany funding in the next 12 months. EPUKI and EPUKF have indicated their intention via letters of support, that they will not seek repayment of intercompany loan receivables for at least 12 months from the date of these financial statements. The Directors have assessed the ability of EPUKI and EPUKF provide this support and are confident that they have the necessary funds to do so.

The company has closely monitored the spread of COVID-19 and its resulting impact on staff, the economy, energy markets and relevant supply chains. Policies and measures have been put in place dynamically, based on the most up to date information, to maintain the safety of its employees and minimise disruption to the business. To date there has not been a significant financial impact as a result of the COVID-19 pandemic. The company believes that the impact on staff, the economy, energy markets and supply chains does not impact the financial statements for the year ending 31 December 2020 or the assumptions used in their preparation.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least a year from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Future developments

The Company continues to operate a gas-fired power station, generating and selling power through its internal agreement with EPUKI.

Subsequent events

On 19 March 2021 the Company paid off the funding from EPUK Finance of £34.2m in full. This was replaced with a £20m loan from EPUKI.

Re-appointment of Auditors

Following a competitive tender in respect of the EPH Group, KPMG LLP resigned as Auditors on 6 November 2020. Deloitte LLP were appointed as auditors for the year ending 31 December 2020. The Directors have confirmed that they intend to appoint Deloitte LLP for the forthcoming year.

Approved by the Board and signed on its behalf by

Tarloke Singh Bains
Director
29 June 2021

Statement of directors' responsibilities in respect of Strategic Report, The Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The Company has the appropriate indemnity insurance cover in place in respect of legal action against the directors of the Company.

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of EP Langage Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and UK tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the Ofgem electricity generation licencing framework, Health & Safety at Work Act 1974, UK employment law and the Data Protection Act 2018 including General Data Protection Regulations ("GDPR").

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

Revenue cut-off and allocation: Due to the entity selling electricity to the market through EP UK Investments Limited alongside other related companies, we considered there to be a potential for manipulation of revenue recognised in the different companies. Furthermore monthly amounts recorded are material amounts and so if a monthly recording was missed the balance would be materially misstated. In order to address this risk we reviewed the controls in place to understand procedures performed by management to ensure accuracy of reporting. We also ensured we obtained all netting statements between the company, EP UK Investments Limited and related companies and ensured the allocation of revenue was based on accurate meter readings. Finally we ensured the correct meter readings were included in the final period of the year and that the generation related to the correct period.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, and in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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.

Chris Powell

Christopher Powell FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds

United Kingdom

29 June 2021

EP Langage Limited
Statement of Comprehensive income
Year ended 31 December 2020

	Note	2020 £000	2019 £000
Revenue	4	**124,782**	129,748
Cost of sales	5	**(88,374)**	(98,025)
Gross Margin		**36,408**	31,723
Operating costs	5	**(28,048)**	(34,939)
Other income	6	**4,915**	3,899
Profit before interest and taxation		**13,275**	683
Interest receivable	8	**26**	65
Interest payable and similar charges	9	**(2,260)**	(2,821)
Profit / (Loss) before income tax		**11,041**	(2,073)
Taxation	10	**(3,107)**	659
Profit / (Loss) for the year attributable to the equity shareholders		**7,934**	(1,414)

The accompanying notes on pages 18 to 29 are an integral part of this Statement of Comprehensive Income. All results relate to continuing activities. There were no other recognised gains or losses in the current period; accordingly, a Statement of Other Comprehensive Income has not been presented.

EP Langage Limited
Statement of Financial Position
As at 31 December 2020

	Note	31 December 2020 £000	31 December 2019 £000
Non-Current Assets			
Property, Plant and Equipment	11	**139,401**	152,394
		139,401	152,394
Current assets			
Amounts due from other group companies	12	**31,137**	6,085
Trade receivables and other debtors	13	**7,359**	22,105
Inventory	14	**5,867**	4,626
Cash and cash equivalents		**5,890**	3,953
		50,253	36,769
Current liabilities			
Amounts due to other group companies	15	**(63,024)**	(74,135)
Trade payables and other payables	16	**(23,378)**	(22,947)
		(86,402)	(97,082)
Net current liabilities		**(36,149)**	(60,313)
Non-current liabilities			
Deferred tax liability	17	**(9,166)**	(5,741)
Provisions for liabilities	18	**(4,332)**	(4,520)
		(13,498)	(10,261)
Net assets		**89,754**	81,820
Equity			
Ordinary shares	19	**20,000**	20,000
Share premium account		**223,824**	223,824
Capital contribution reserve		**30,342**	30,342
Retained earnings		**(184,412)**	(192,346)
Total shareholders' funds		**89,754**	81,820

The notes on pages 17 to 28 form part of these financial statements.

The financial statements on pages 14 to 28 were approved by the Board of Directors on 29 June 2021 and were signed on its behalf by:

Tarloke Singh Bains
Director

Company number: 03462783

EP Langage Limited
Statement of changes in Equity
For the 12 months to 31 December 2020

	Called up Share Capital £000	Share Premium Account £000	Capital Contribution Reserve £000	Profit and Loss Account £000	Total Equity £000
1 January 2019	20,000	223,824	30,342	(190,932)	83,234
Loss and total comprehensive loss for the Year	-	-	-	(1,414)	(1,414)
31 December 2019	20,000	223,824	30,342	(192,346)	81,820
1 January 2020	**20,000**	**223,824**	**30,342**	**(192,346)**	**81,820**
Profit and total comprehensive profit for the Year	-	-	-	**7,934**	**7,934**
31 December 2020	**20,000**	**223,824**	**30,342**	**(184,412)**	**89,754**

The notes on pages 18 to 29 form part of these financial statements.

1. General information

EP LAN is a limited company incorporated in the United Kingdom, registered in England and Wales. The Company's principal activity is the operation of a 905 MW gas-fired electricity generating facility at Langage Energy Centre in Plymouth, Devon.

2. Summary of significant accounting policies

The principal accounting policies, which have been applied in the preparation of these financial statements, are set out below. These polices have been consistently applied unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared on a going concern basis (as set out in the Strategic Report), in a historical cost convention and in accordance with acceptable United Kingdom financial reporting and accounting standards. The financial statements have been prepared in pounds sterling because that is the currency of the primary economic environment in which the Company operated. The Company is incorporated in England and is limited by shares.

The Company meets the definition as a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements are prepared under FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, cashflow statement, capital management, presentation of comparative information in respect of certain assets, disclosure of standards not yet effective and presentation of related party transactions.

The Company's shareholders do not object to the disclosure exemptions used by the Company in these financial statements.

These financial statements are separate financial statements. Note 21 gives the details of the Company's ultimate parent, from where consolidated financial statements prepared in accordance with IFRS may be obtained.

2.2 Going Concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period. The forecasts are dependent on the parent company EPUKI and fellow group entity EPUKF, not seeking repayment of intercompany funding in the next 12 months. EPUKI and EPUKF have indicated their intention via letters of support, that they will not seek repayment of intercompany loan receivables for at least 12 months from the date of these financial statements. The Directors have assessed the ability of EPUKI and EPUKF provide this support and are confident that they have the necessary funds to do so.

The company has closely monitored the spread of COVID-19 and its resulting impact on staff, the economy, energy markets and relevant supply chains. Policies and measures have been put in place dynamically, based on the most up to date information, to maintain the safety of its employees and minimise disruption to the business. To date there has not been a significant financial impact as a result of the COVID-19 pandemic. The company believes that the impact on staff, the economy, energy markets and supply chains does not impact the financial statements for the year ending 31 December 2020 or the assumptions used in their preparation.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least a year from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.2 Foreign currency

Transactions and balances
Foreign currency transactions are translated into the functional currency of GBP using the exchange rates prevailing at the date of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation from year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss with 'finance income and costs'. All other foreign exchange gains and losses are presented in the income statement within 'Operating Costs'.

2.3 Revenue Recognition
Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities and is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be measured reliably. Revenue is recognised on the basis of power supplied during the period. Power purchases and sales entered in to optimise the performance of power generation facilities are presented net within revenue.

Revenue is recognised on an accruals basis and is shown net of sales/value added tax, returns, rebates and discounts.

Revenue is recognised using the 5-step approach in line with IFRS 15 - Revenue from contracts with customers.

- identify the contract(s) with a customer;
- identify the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct;
- determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. If the consideration promised in a contract includes a variable amount, an entity must estimate the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer;
- allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract; and
- recognise revenue when a performance obligation is satisfied.

2.4 Taxation
The tax expense for the period comprises current and deferred tax. Tax is recognised in profit and losses, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax, including UK corporation tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences identified at the balance sheet date, except to the extent that the deferred tax arises from the initial recognition of goodwill (if impairment of goodwill is not deductible for tax purposes) or the initial recognition of an asset or liability in a transaction which is a business combination and at the time of the transaction affects neither accounting profit nor taxable profit and loss. Temporary differences are the difference between the carrying amount of the company's assets and liabilities and their tax base.

2.4 Taxation (continued)

Deferred tax liabilities are offset against deferred tax assets when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits within the same jurisdiction in the foreseeable future against which the deductible temporary difference can be utilised.

Deferred tax is provided on temporary differences, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and law that have been enacted or substantively enacted by the balance sheet date. Measurement of deferred tax liabilities and assets reflects the tax consequences expected from the manner in which the asset or liability is recovered or settled.

The amount of deferred tax provided is based on the expected manner of realisation or settlement using tax rates that have been enacted or substantively enacted at the balance sheet date.

2.5 Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are held at amortised cost. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

2.6 Interest-bearing loans

All interest-bearing loans are initially recognised at the fair value of the consideration received less directly attributable transactions costs. After initial recognition at fair value, loans are held at amortised cost. Initial borrowing costs are capitalised and amortised over the life of the loan.

Loans from parent undertakings with terms that are different to arms-length market rates are also reported at fair value, with appropriate adjustment recognised and released over the term of the loan (unless considered to be repayable on demand).

2.7 De-recognition of financial assets and liabilities

a) Financial assets:

A financial asset (or where appropriate a part of a financial asset) is de-recognised where the rights to receive cash flows from the asset have expired. Financial assets are assessed at each reporting period to determine whether there is any objective evidence that it is impaired. Financial assets are considered to be impaired if objective evidence indicated that one or more events have had a negative effect on the estimated future cash flows of the asset. An impairment is measured at the difference between its carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate.

b) Financial liabilities:

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expired.

2.8 Property Plant and Equipment

PP&E is included in the statement of financial position at cost less accumulated depreciation and any provisions for impairment. The initial cost of an asset comprises its purchase price or construction cost and any costs directly attributable to bringing the asset into operation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.
Subsequent expenditure in respect of items of PP&E such as the replacement of major parts, inspections or overhauls, are capitalised as part of the costs of the related asset where it is probable that future economic benefits will arise as a result of the expenditure and the cost can be reliably measured. All other subsequent expenditure, including the costs of day-to-day servicing, repairs and maintenance, is expensed as incurred.

2.8 Property Plant and Equipment (continued)
Freehold land is not depreciated. Other PP&E are depreciated on a straight-line basis at rates sufficient to write off the cost of individual assets over their estimated useful lives.

Gas Turbine components depreciation is provided to write off the cost of the asset over their operating lives, to the earlier of next major "C" inspection or end of station life ("EOSL").
Depreciation is charged so as to write off the cost of the assets over their estimated useful lives as follows:

Asset Class	Depreciation Method and Rate
Power station assets and decommissioning asset	Straight-line – up to 24 years
Buildings	Straight-line – up to 24 years
Other Plant and Machinery	Straight-line – 3 to 10 years
Turbine components	EOSL or Major Inspection

The carrying values are tested annually for impairment when events or change in circumstances indicate that the carrying value may not be recoverable. Residual values and useful lives are reassessed annually and if necessary, changes are accounted for prospectively.

Decommissioning Asset (ARO asset)
The decommissioning asset is revalued at the balance sheet date based on the prevailing discount rate at that date. Interest is recognised through Interest payable and similar charges.

2.9 Inventories
Inventories are stated at the lower of costs incurred in bringing each item to its present location and condition and net realisable value. Cost is determined on an average cost basis. Provisions are made where necessary for obsolete, slow-moving and defective inventories. Provisions are also made on a straight-line basis until the end of the station life.

2.10 Receivables
Receivables are initially recognised at fair value and subsequently at amortised cost. Receivables are disclosed in accordance with their maturity as current or non-current in the statement of financial position. Non-current receivables are due in more than one year of the balance-sheet date. A provision for impairment of trade receivables is measures at the lifetime expected credit loss. No impairment has been calculated in the current year (2019: Nil).

2.11 Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, that can be measured reliably, and it is probable that the company will be required to settle the obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

2.12 Decommissioning Costs
A provision is recognised as the net present value of the estimated cost of decommissioning power stations at the end of their useful lives based on price levels and technology at the balance sheet date.

When this provision relates to an asset with sufficient future economic benefits a decommissioning asset is recognised and included as part of the associated PP&E and depreciated accordingly. Changes in these estimates and changes to the discount rates are dealt with prospectively and reflected as an adjustment to the provision and corresponding decommissioning asset included within PP&E. The unwinding of the discount on the provision is included in the income statement within interest expense.

2.13 Impairment

The carrying amounts of the company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of the Company's power generation asset is calculated as the higher of fair values less costs to sell or by discounting the pre-tax cash flows expected to be generated by the assets and is dependent on views of forecast power generation and forecast power, gas, carbon and capacity prices (where applicable)

and the timing and extent of capital expenditure. Where forward market prices are not available, prices are determined based on internal model inputs.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit (CGU) exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the Directors may be required to make judgements, estimates and assumptions about the carrying amounts of asset and liabilities that are not readily apparent from other sources. Such estimates and the associated assumptions would be based on historical experience or other factors that are considered to be relevant. Actual result may differ from these estimates. In the Directors' opinion there are no critical judgements, apart from those involving estimates (which are dealt with separately below).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet dates, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Decommissioning Costs

The estimated cost of decommissioning of power stations is reviewed periodically and is based on price levels and technology at the balance sheet date. Provision is made for the estimated cost of decommissioning at the balance sheet date. The payment dates of total expected future decommissioning costs are uncertain and dependent on the lives of the facilities; but are currently anticipated to be incurred in 2034. Key sources of uncertainty are the closing date of the power station, the costs to decommission the power station and discount rates used in present value calculations. Decommissioning provisions are not assessed for sensitivities.

Impairment

The company has material long-life assets that are assessed or tested for impairment at each reporting date in accordance the Company's accounting policy disclosed in note 2. The Company makes judgements and estimates in considering whether the carrying value of the assets are recoverable.

The recoverable amount of the Company's assets is calculated as the higher of fair value less costs to sell or value in use. The value in use is determined by discounting the pre-tax cash flows expected to be generated by the assets. The key sources of uncertainty include the future performance of the Company and consequential cashflows and the discount rate to apply.

In determining the future cashflows management are required to make estimates of the forecast generation of the Power Station based on available data about market trends, other market participants and any regulatory changes. Future commodity prices for power, gas and carbon allowances are also a key estimate as where these are not available publicly internal assessments are made.

4. Revenue

	Year to 31 December 2020 £000	Year to 31 December 2019 £000
Income from generation and capacity market	**122,349**	128,727
Ancillary and other revenue	**2,433**	1,021
	124,782	129,748

5. Operating Profit

The Profit / (loss) for the year is stated after charging

	Note	Year to 31 December 2020 £'000	Year to 31 December 2019 £'000
Gas Cost		**41,033**	57,085
Depreciation	11	**12,761**	12,859
Staff costs	7	**3,528**	3,698
TNUOS income	6	**(4,915)**	(3,899)
Fees paid to the auditor in respect to audit of the financial statements		**67**	50

Deloitte LLP was the Company's auditor for the year ended 31 December 2020. Audit fees included in other operating expenses amounted to £67,000 (Year ended 31 December 2019: £50,000), no fees were paid for non-audit services in the year.

6. Other income

	Year to 31 December 2020 £000	Year to 31 December 2019 £000
Transmission network use of system income	**4,915**	3,899

7. Staff numbers and costs

Number of employees	2020 Number	2019 Number
Management and operational staff	**46**	51

The aggregate payroll costs of these persons were as follows:

	Year to 31 December 2020 £000	Year to 31 December 2019 £000
Wages and salaries	**2,876**	3,035
Social security costs	**332**	329
Pension costs	**320**	334
	3,528	3,698

7. Staff numbers and costs (continued)

Directors remuneration

The Company's directors were employed and remunerated by other group companies. The Directors are unable to allocate their remuneration among subsidiary undertakings.

8. Interest receivable

	Year to 31 December 2020 £000	Year to 31 December 2019 £000
Interest receivable	**26**	65

9. Interest payable and similar charges

	Year to 31 December 2020 £000	Year to 31 December 2019 £000
Interest on amounts owed to Group undertakings	**2,185**	2,728
Provisions: unwinding of discounts	**75**	93
	2,260	2,821

10. Taxation

a. Tax charged in the income statement

Tax on profit/(loss)

UK corporation tax	**Year ended 31 December 2020 £000**	Year ended 31 December 2019 £000
Adjustment in respect of prior year	**(1,820)**	767
Current year	**1,502**	-
Total current tax (credit) / charge	**(318)**	767

Deferred tax	**Year ended 31 December 2020 £000**	Year ended 31 December 2019 £000
Adjustments in respect of prior year	**1,815**	(613)
Current year	**1,610**	(813)
Total deferred tax charge / (credit)	**3,425**	(1,426)

Tax on Profit	**Year ended 31 December 2020 £000**	Year ended 31 December 2019 £000
Total corporation tax	**(318)**	767
Total deferred tax	**3,425**	(1,426)
Total tax charge / (credit)	**3,107**	(659)

10. Taxation (continued)

a. Reconciliation of effective tax rate

The tax expense for the year is in higher than (2019: higher tax credit) the expense that would have been charged using the standard rate of corporation tax in the UK of 19% (2019: 19%) applied to the profit before tax. The differences are explained below:

	Year to 31 December 2020 £000	Year to 31 December 2019 £000
Profit/(Loss) before Income tax	**11,041**	(2,073)
Tax Credit at Standard UK rate 19% (31 December 2019: 19%)	**2,098**	(394)
Effects of:		
Net expenses non-deductible for tax purposes	**348**	373
CIR Allowance	**-**	(960)
Impact of rate change	**666**	167
Prior period adjustment	**(5)**	767
Deferred tax credit relating to changes in tax rates or laws	**-**	(612)
Total income tax charge / (credit)	**3,107**	(659)

Finance Act 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction will not occur and the Corporation Tax Rate will be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date. As result deferred tax balances as at 30 December 2020 continue to be measured at 19%. If all of the deferred tax was to reverse at the amended 25% rate the impact on the closing deferred tax position would be to increase the deferred tax liability by £2,805,234.

11. Tangible Assets

Property, plant and equipment

	Land	Power Station Assets	Turbines, plant and Equipment	ARO	Total
	£000	£000	£000	£000	£000
Cost or Valuation					
Balance - 1 January 2020	1,707	354,324	71,781	4,181	431,993
Additions	-	31	-	-	31
Adjustments	-	-	-	(263)	(263)
Balance - 31 December 2020	**1,707**	**354,355**	**71,781**	**3,918**	**431,761**
Depreciation and impairment					
Balance - 1 January 2020	-	221,336	57,183	1,080	279,599
Depreciation charge for the year	-	11,680	817	264	12,761
Balance - 31 December 2020	-	**233,016**	**58,000**	**1,344**	**292,360**
Net Book Value					
At 1 January 2020	1,707	132,988	14,598	3,101	152,394
At 31 December 2020	**1,707**	**121,339**	**13,781**	**2,574**	**139,401**

In 2020 the value of the Company's decommissioning (ARO) asset was revalued due to a change in the discount rate from 1.76% to 1.34%. This resulted in an adjustment of £(263,000) in the balance sheet (2019: £165,000) (see note 18).

12. Amounts due from other group companies

	2020	2019
	£000	£000
Intercompany receivables within 1 year	**31,137**	6,085

The amounts due from other group companies are trading receivables due within one month of invoicing.

13. Trade receivables and other debtors

	2020	2019
	£000	£000
Trade receivables	**4,078**	20,947
Prepayments and accrued income	**2,319**	146
Other receivables	**173**	1,012
Corporation tax	**789**	-
	7,359	22,105

14. Inventory

	2020	2019
	£000	£000
Consumables and strategic spares	7,335	5,466
Obsolescence provision	(1,468)	(840)
	5,867	4,626

All inventory is carried at the lower of cost and net realisable value and is not materially difference to replacement stock value.

15. Amounts due to other group companies

	2020	2019
	£000	£000
Intercompany payables within 1 year	23,828	767
Group loans payable within 1 year	39,196	73,368
	63,024	74,135

The loan balances reported above include accumulated interest payable.

Terms and debt repayment schedule

	Currency	Interest rate	Maturity	Principal	Interest Accrued	Balance at 31 December 2020
EPUKF	GBP	4%	2021	20,026	1,683	21,659
EPUKF	GBP	1M LIBOR +2.3%	2021	12,526	11	12,537
EPUKI	GBP	4%	2021	5,000	-	5,000
				37,552	1,644	39,196

16. Trade payables and other payables

	2020	2019
	£000	£000
Trade payables	519	665
Accruals and deferred income	4,861	4,254
Other payables	17,924	17,943
Taxation and social security	74	85
	23,378	22,947

Included in other payables is £16,398,859 relating to obligations under the EU Emissions Trading Scheme (2019: £16,480,106).

17. Deferred tax liability

	Assets		Liabilities		Net	
	2020	2019	2020	2019	2020	2019
	£000	£000	£000	£000	£000	£000
Tangible fixed assets	-	-	(10,732)	(9,212)	(10,733)	(9,212)
Tax value of loss carry-forwards	438	2,534	-	-	438	2,534
Provisions	1,129	937	-	-	1,129	937
Net tax assets / (liabilities)	1,567	3,471	(10,732)	(9,212)	(9,166)	(5,741)

Movement in deferred tax During the year	1 January	Recognised in income statement	31 December
	2020	2020	2020
	£000	£000	£000
Tangible fixed assets	(9,212)	(1,521)	(10,733)
Tax value of loss carry-forwards	2,534	(2,096)	438
Provisions	937	192	1,129
	(5,741)	(3,425)	(9,166)

Movement in deferred tax in prior year

	31 December 2019	Recognised in income statement 2020	31 December 2020
	£000		£000
Tangible fixed assets	(9,986)	774	(9,212)
Tax value of loss carry-forwards	2,679	(145)	2,534
Provisions	140	797	937
	(7,167)	1,426	(5,741)

18. Provisions for liabilities

Decommissioning Provision	**£000**
Balance at 1 January 2020	4,520
Revaluations	(263)
Accretion of interest	75
Balance at 31 December 2020	4,332

The company has recognised provisions for its obligations to decommission the power station at the end of its operating life, which is expected to occur in 2032. The provision recognised represents the best estimate of the expenditures required to settle the present obligation at the current balance sheet date, based on existing technology and current legislation requirements. Such cost estimates, expressed at current price levels at the date of the estimate, are discounted using a long-term pre-tax rate of 1.34% (2019: 1.76%).

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19. Called-up share capital

	At 31 December 2020		At 31 December 201	
	No	£	No	£
Allotted and fully paid up:				
Ordinary Shares of £1 each	**20,000,021**	**20,000,021**	20,000,021	20,000,021

20. Commitments and contingencies

Capital commitments
Contracted future expenditure as at 31 December 2019 was £44,490,822; (2019: £54,709,727).

21. Immediate and Ultimate Parent Company undertakings

The Company is a subsidiary undertaking of EPUKI Limited, a wholly owned subsidiary of Energetický a průmyslový holding, a.s. (resp. EP Power Europe, a.s.). EP Investment S.a r.l. is the ultimate parent company, incorporated in Luxembourg. The ultimate controlling party is Daniel Křetínský, who is the majority shareholder.

The largest group in which the results of the Company are consolidated is that headed by EP Investment S.a r.l., its registered office is 39, Avenue John F. Kennedy, L-1855 Luxembourg .

The smallest group in which the results are consolidated is that headed by EP Power Europe, a.s. its registered office is Pařížská 26, 110 00 Prague 1, Czech Republic.

The consolidated financial statements of these groups are available to the public and may be obtained from offices of each company.

22. Subsequent events

On 19 March 2021 the Company paid off the funding from EPUK Finance of £34.2m in full. This was replaced with a £20m loan from EPUKI.