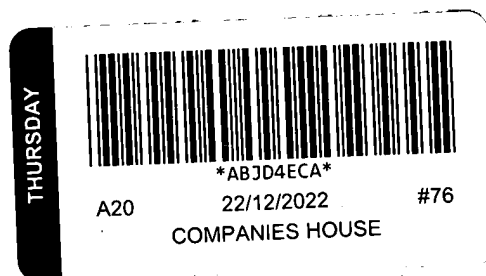


# **Eggborough Power Limited**

## **Annual report and financial statements**

For the year ended 31 December 2021

Registered number – **03782700**



**Directors**

Tarloke Bains  
Adam Booth  
Pavel Horsky  
Daniel Kretinsky  
Jan Springl  
Marek Spurny

**Registered office address**

Part Ground Floor,  
Paradigm Building  
3175 Century Way,  
Thorpe Park, Leeds,  
United Kingdom,  
LS15 8ZB

**Independent Auditor**

Deloitte LLP  
2 New Street Square  
London  
EC4A 3BZ

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**Eggborough Power Limited**  
**Strategic Report**  
**For the Year ended 31 December 2021**

The Directors present their strategic report for the Company for the year ended 31 December 2021.

**Principal Activity**

Eggborough Power Limited ("EPL") is a private limited company incorporated and domiciled in England and Wales.

The Company's principal activities are the sale of ash from the electricity generation process and decommissioning associated with the closure of Eggborough coal power station. The main power plant was decommissioned in 2018 and subsequently sold in June 2019.

Throughout the year Eggborough Power Limited was a wholly owned subsidiary of EP UK Investments Limited ("EPUKI").

**Results**

The loss after tax for the year was £3.7m (2020: profit after tax of £6.4m).

**Review of the Business**

The Company has retained freehold land at Gale Common, previously used as the main ash disposal site. A planning application has been made to enable the Company to increase the rate of extraction of deposited pulverised fuel ash (PFA). The Company continued to sell ash from the Gale Common site in the year.

The Company recognises revenue from the sale of PFA from the Gale Common site in line with the current planning consent.

All the assets and liabilities of the Eggborough Power Group pension scheme were transferred to the Power Generation Pension Scheme, which is sponsored by EP Eggborough Limited. The Company has provided a guarantee against the liabilities and costs that EP Eggborough Limited incurs in relation to the transfers into that Scheme.

The Company also retained land adjacent to the main power station site, which had previously been granted planning permission to build a 2,500MW high efficiency combined cycle gas turbine power station. The development of this plant will be subject to future market conditions and Capacity Market clearing prices.

Revenue from the sale of ash was similar to the prior year. The Company made a loss in the year primarily due to operating and pension scheme costs in excess of revenue, and £3.3m increase in a site restoration provision.

**Key performance indicators**

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

|  | 2021    | 2020  |
|--|---------|-------|
|  | £000    | £000  |
| (Loss)/Profit after tax for the year                                       | (3,732) | 6,377 |
| Revenue  | 315     | 310   |
| EBITDA (Earnings Before Interest, Depreciation, Amortisation and Taxation) | (3,576) | 6,627 |

**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

**Eggborough Power Limited**  
**Strategic Report**  
**For the Year ended 31 December 2021**

- 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, 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 to the business using their appropriate knowledge and expertise of the industry.

**The need to foster the company's business relationships with key stakeholders**

The Directors recognise that fostering business relationships with key stakeholders such as intra-group companies and external lenders is essential to the Company's success. The Company has close relationships with external lenders and industry partners.

**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 new 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 desirability of the company maintaining a reputation for high standards of business conduct**

The Company aims to maintain its record of a business leader in business conduct which help 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 EPH Group policies. This reduces the risk of non-compliance in the heavily regulated industry in which the Company operated and helps attract and retain high-calibre employees.

**The need to act fairly as between members of the Company.**

The Company has one Shareholder and the Directors ensure that they 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.

**Liquidity Risk**

The Company is exposed to the performance of fellow EPUKI subsidiaries due to intercompany payables. Management of this risk is mitigated by:

- Regular review of the cash positions of the Group entities in which external borrowings are passed on to for funding;
- Monthly forecasting of the cash positions of Group entities.
- The availability of internal funding by the Company parent.

**Approved and authorised by the Board and approved on its behalf by**



Adam Booth  
Director, 14 December 2022

**Eggborough Power Limited**  
**Directors report (continued)**  
**For the Year ended 31 December 2021**

**Directors' report**

The directors present their annual report and the financial statements for year ended 31 December 2021.

**Directors of the Company**

The directors who were in office during the year up to the date of signing the financial statements are detailed on the page 1.

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

**Dividends and results**

The Company's results for the financial year after taxation is a loss of £3,732,000 (2020: £6,377,000 profit).

The directors do not recommend the payment of a dividend. (2020: nil)

**Future developments**

For the foreseeable future the Company will continue with the sale of ash from the electricity generation process and decommissioning associated with the closure of Eggborough coal power station.

**Political contributions**

The Company made no political donations or incurred any political expenditure during the year.

**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.

**Going Concern**

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. EP Power Europe, a.s, ("EPPE") the parent of EP UK Investments Limited, the Company's immediate parent, has indicated its intention via a letter of support to provide sufficient funds for the Company to continue to meet its liabilities as they fall due and continue to trade.

The forecasts above are dependent on EPPE not seeking repayment of the amounts currently due to the group. EPPE has indicated its intention to continue to make available such funds as are needed by the company via a letter of support, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts and they have no reason to believe that it will seek repayment of such funds. The Directors having assessed the ability of EPPE to continue to provide funding to the Company and are confident that EPPE have the necessary funds to do so.

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 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**Eggborough Power Limited  
Directors report (continued)  
For the Year ended 31 December 2021**

**Independent auditors**

In accordance with section 487(2) of the Companies Act 2006, the independent auditors, Deloitte LLP, will continue in office.

**Approved by the Board and signed on its behalf by**

A handwritten signature in black ink, appearing to read 'Adam Booth', with a stylized, cursive script.

Adam Booth  
Director, 14 December 2022

Eggborough Power Limited  
Ground Floor, Paradigm Building  
3175 Century Way  
Thorpe Park  
Leeds  
LS15 8ZB

**Eggborough Power Limited**  
**Statement of directors' responsibilities**  
**For the Year ended 31 December 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; 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 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.



## **Independent Auditors Report to the members of Eggborough Power Limited (continued)**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Eggborough Power Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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 income statement;
- the statement of comprehensive income;
- the Statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 16.

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.

## **Independent Auditors Report to the members of Eggborough Power Limited (continued)**

### **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](http://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, pensions legislation 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.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, pensions 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 area, and our specific procedures performed to address it are described below:

- Decommissioning provision valuation – there is a risk that the calculations and assumptions within the calculations could be manipulated. We have performed design and implementation testing over key controls behind the calculations and have performed substantive testing considering:
  - The mathematical accuracy of the models;
  - The appropriateness of the underlying assumptions and future cost estimates;
  - The competency and independence of external advisors; and
  - The reconciliation of management models to the financial records and associated disclosures.

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

## **Independent Auditors Report to the members of Eggborough Power Limited (continued)**

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 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**

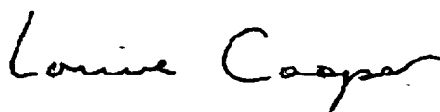
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.



Louise Cooper FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Leeds  
United Kingdom  
14 December 2022

**Eggborough Power Limited**  
**Income Statement**  
**For the Year ended 31 December 2021**

|   | Note | Year to 31<br>December<br>2021 | Year to 31<br>December<br>2020 |
|---|------|--------------------------------|--------------------------------|
|   |      | £'000                          | £'000                          |
| Revenue   | 3    | 315                            | 310                            |
| Cost of sales   |      | -                              | -                              |
| <b>Gross profit</b>   |      | <b>315</b>                     | <b>310</b>                     |
| Other income  | 4    | 43                             | 99                             |
| Other operating costs                                       |      | (3,181)                        | (3,433)                        |
| Provision adjustment  | 13   | (753)                          | 9,651                          |
| <b>Operating (Loss)/profit</b>                              | 5    | <b>(3,576)</b>                 | <b>6,627</b>                   |
| Interest payable and similar charges                        | 6    | (166)                          | (299)                          |
| Interest receivable   | 7    | -                              | 49                             |
| <b>(Loss)/profit on ordinary activities before taxation</b> |      | <b>(3,742)</b>                 | <b>6,377</b>                   |
| Taxation  | 8    | 10                             | -                              |
| <b>(Loss)/profit for the year</b>                           |      | <b>(3,732)</b>                 | <b>6,377</b>                   |

The notes on pages 15 to 25 form part of these financial statements.

**Eggborough Power Limited**  
**Statement of Other Comprehensive Income**  
**For the Year ended 31 December 2021**

|   | Note | 2021<br>£'000  | 2020<br>£'000  |
|---|------|----------------|----------------|
| <b>(Loss)/profit for the financial period</b>   |      | <b>(3,732)</b> | <b>6,377</b>   |
| <b>Other comprehensive income</b>   |      |                |                |
| <i>Items that will not be classified to profit or loss:</i>                               |      |                |                |
| Remeasurement of defined benefit liability  | 14   | 13,360         | (7,731)        |
| Transfer of pension assets & liabilities to group company                                 | 14   | 4,910          | -              |
| <b>Other comprehensive income/(expense)</b>   |      | <b>18,270</b>  | <b>(7,731)</b> |
| <b>Total comprehensive income/(expense) for the period attributable to equity holders</b> |      | <b>14,538</b>  | <b>(1,354)</b> |

There are no other comprehensive gains or losses in the year ending 31 December 2021.

The notes on pages 15 to 25 form part of these financial statements.

**Eggborough Power Limited**  
**Statement of Financial Position**  
**As at 31 December 2021**

|   | Note | 2021            | 2020            |
|---|------|-----------------|-----------------|
|   |      | £'000           | £'000           |
| <b>Assets</b>                           |      |                 |                 |
| <b>Non-current assets</b>               |      |                 |                 |
| Tangible fixed assets                   | 9    | 15,860          | 15,860          |
|   |      | <b>15,860</b>   | <b>15,860</b>   |
| <b>Current assets</b>                   |      |                 |                 |
| Trade and other receivables             | 10   | 107             | 158             |
| Cash and cash equivalents               | 11   | 13,613          | 13,857          |
|   |      | <b>13,720</b>   | <b>14,015</b>   |
| <b>Liabilities</b>                      |      |                 |                 |
| <b>Current liabilities</b>              |      |                 |                 |
| Trade and other payables                | 12   | (14,298)        | (11,683)        |
|   |      | <b>(14,298)</b> | <b>(11,683)</b> |
| <b>Net current (liabilities)/assets</b> |      | <b>(578)</b>    | <b>2,332</b>    |
| <b>Non-current liabilities</b>          |      |                 |                 |
| Other provisions                        | 13   | (8,818)         | (8,064)         |
| Retirement benefit obligations          | 14   | -               | (18,202)        |
|   |      | <b>(8,818)</b>  | <b>(26,266)</b> |
| <b>Net assets/(liabilities)</b>         |      | <b>6,464</b>    | <b>(8,074)</b>  |
| <b>Shareholder's equity</b>             |      |                 |                 |
| Called up share capital                 | 15   | 82,000          | 82,000          |
| Capital reserve                         |      | 1,600           | 1,600           |
| Revaluation reserve                     |      | 15,860          | 15,860          |
| Profit and loss account                 |      | (92,996)        | (107,534)       |
| <b>Shareholder's funds/(deficit)</b>    |      | <b>6,464</b>    | <b>(8,074)</b>  |

The notes on pages 15 to 25 form part of these financial statements.

The financial statements on pages 11 to 25 were approved by the Board of Directors on 14 December 2022 and were signed on its behalf by:



**Adam Booth**  
Director

Company registered number: 03782700

**Eggborough Power Limited**  
**Statement of Changes in Equity**  
**For the year ended 31 December 2021**

**Statement of Changes in Equity**  
for the year ended 31 December 2021

|   | <b>Called up<br/>share<br/>capital<br/>£'000</b> | <b>Capital<br/>Reserve<br/>£'000</b> | <b>Revaluation<br/>reserve<br/>£'000</b> | <b>Profit and<br/>loss account<br/>£'000</b> | <b>Total equity<br/>£'000</b> |
|---|--|--------------------------------------|--|--|-------------------------------|
| Balance at 1 January 2020                   | 82,000   | 1,600                                | 15,860                                   | (106,180)                                    | (6,720)                       |
| Profit for the year                         | -  | -                                    | -  | 6,377  | 6,377                         |
| Other comprehensive<br>expense for the year | -  | -                                    | -  | (7,731)                                      | (7,731)                       |
| Balance at 31 December<br>2020              | 82,000   | 1,600                                | 15,860                                   | (107,534)                                    | (8,074)                       |
| <b>Balance at 1 January 2021</b>            | 82,000   | 1,600                                | 15,860                                   | (107,534)                                    | (8,074)                       |
| Loss for the year                           | -  | -                                    | -  | (3,732)                                      | (3,732)                       |
| Other comprehensive<br>income for the year  | -  | -                                    | -  | 18,270                                       | 18,270                        |
| <b>Balance at 31 December<br/>2021</b>      | <b>82,000</b>                                    | <b>1,600</b>                         | <b>15,860</b>                            | <b>(92,996)</b>                              | <b>6,464</b>                  |

The notes on pages 15 to 25 form part of these financial statements.

**Eggborough Power Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021**

**1. General information**

Eggborough Power Limited (EPL) is a private limited company incorporated in the United Kingdom, registered in England and Wales.

The Company's principal activities are the sale of ash from the electricity generation process and decommissioning associated with the closure of Eggborough coal power station. The main power plant was decommissioned in 2018 and subsequently sold in June 2019.

The financial statements are prepared on the historical cost basis with the exception of retained freehold land that is stated at market value.

**1.2 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, capital management, presentation of comparative information in respect of certain assets, cash flow statement, 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 16 gives the details of the Company's ultimate parent, from where consolidated financial statements prepared in accordance with IFRS may be obtained.

**1.3 Going Concern**

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. EP Power Europe, a.s, ("EPPE"), the parent of EP UK Investments Limited, the Company's immediate parent, has indicated its intention via a letter of support to provide sufficient funds for the Company to continue to meet its liabilities as they fall due and continue to trade.

The forecasts above are dependent on EPPE not seeking repayment of the amounts currently due to the group. EPPE has indicated its intention to continue to make available such funds as are needed by the company via a letter of support, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts and they have no reason to believe that it will seek repayment of such funds. The Directors having assessed the ability of EPPE to continue to provide funding to the Company and are confident EPPE have the necessary funds to do so.

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 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.



**Eggborough Power Limited**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2021**

**1.4 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'.

**1.5 Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

*Trade and other receivables*

Trade and other 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 (2020: Nil).

*Trade and other 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.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

*Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

**1.6 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.

**1.7 Tangible fixed assets**

Land is stated at the expected market value that would be achieved following the successful decommissioning and demolition of the Eggborough Power Station.

**Eggborough Power Limited**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2021**

**1.8 Intangible assets**

Intangible assets, including emission rights, are recognised on the date of purchase at fair value. At each reporting date the Company assesses whether there is an indication that the intangible asset may be impaired, any impairment will be expensed to the profit and loss.

**1.9 Employee benefits**

*Defined benefit plans*

The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

The Company's employees are members of the Eggborough Power Group within the Electricity Supply Pension Scheme (ESPS). The Company is the sponsor of the defined benefit pension plan.

*Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*Termination benefits*

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value where materially significant.

**1.10 Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

**Eggborough Power Limited**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2021**

**1.11 Revenue**

Revenue represents amounts receivable for goods or services provided by the Company in its normal course of business, net of trade discounts and VAT.

Revenue is recognised and legal title is passed to the customer, when the goods are delivered and invoiced, and the consideration is due at that time.

**1.12 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.

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 arising 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 way 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. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 1, the Directors may be required to make judgements, estimates and assumptions about the carrying amounts of asset and liabilities that are not clear from other sources. Such estimates and the associated assumptions would be based on historical experience or other factors that are 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.

**Eggborough Power Limited**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2021**

**2. Critical accounting judgements and key sources of estimation uncertainty (continued)**

**Property, plant and equipment:**

The carrying value of land is reported at Market Value and take into account prevailing market conditions at the time of valuation. Land was valued in 2020.

**Decommissioning Costs**

The estimated cost of decommissioning of the Gale common site in which the ash is stored 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 from 2046. Key sources of uncertainty are the closing date of the site, the length of usage of the ash site, and discount rates used in present value calculations.

**3 Revenue**

|           | <b>2021</b>  | <b>2020</b>  |
|-----------|--------------|--------------|
|           | <b>£'000</b> | <b>£'000</b> |
| Ash sales | <b>315</b>   | <b>310</b>   |

**4 Other income**

|       | <b>2021</b>  | <b>2020</b>  |
|-------|--------------|--------------|
|       | <b>£'000</b> | <b>£'000</b> |
| Other | <b>43</b>    | <b>99</b>    |

**5 Operating Loss/Profit**

The Operating Loss/Profit for the year is stated after charging:

|                         | <b>Year to</b>     | <b>Year to</b>     |
|-------------------------|--------------------|--------------------|
|                         | <b>31 December</b> | <b>31 December</b> |
|                         | <b>2021</b>        | <b>2020</b>        |
|                         | <b>£'000</b>       | <b>£'000</b>       |
| Pensions admin expenses | <b>1,281</b>       | <b>1,540</b>       |
| Group recharges         | <b>677</b>         | <b>482</b>         |

Deloitte LLP was the Company's auditor for the year ended 31 December 2021. Audit Fees included in Other Operating Costs amounted to £17,019 (year ended 31 December 2020: £15,179). No fees were paid for non-audit services in the year.

**Directors' remuneration**

There are no employees of the Company. The Company's directors' are employed by another group companies. The fair value of costs associated with providing services to the Company are negligible, as no corporate recharge was incurred in relation to these services and the employing company has borne these costs.

**Auditors fees**

Deloitte LLP was the Company's auditor for the year ended 31 December 2021. Audit fees included in other operating expenses amounted to £17,000 (Year ended 31 December 2020: £15,000), no fees were paid for non-audit services in the year.

**Eggborough Power Limited**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2021**

**6 Interest payable and similar charges**

|                            | 2021       | 2020       |
|----------------------------|------------|------------|
|                            | £'000      | £'000      |
| Other interest payable     | 102        | 95         |
| Interest on pension scheme | 64         | 204        |
|                            | <b>166</b> | <b>299</b> |

**7 Interest receivable**

|                               | 2021  | 2020  |
|-------------------------------|-------|-------|
|                               | £'000 | £'000 |
| Operating interest receivable | -     | 49    |

**8 Taxation**

**Recognised in the Income Statement**

|  | 2021      | 2020  |
|--|-----------|-------|
|  | £'000     | £'000 |
| UK Corporation tax                                 |           |       |
| Adjustments in respect of prior periods            | 10        | -     |
| <b>Total current tax</b>                           | -         | -     |
| <b>Tax credit on profit on ordinary activities</b> | <b>10</b> | -     |

**Reconciliation of effective tax rate**

The tax credit for the year is lower (2020: lower) than the expense that would have been charged using the standard rate of corporation tax in the UK of 19% (2020: 19%) applied to the profit before tax. The differences are explained below:

|  | 2021        | 2020    |
|--|-------------|---------|
|  | £'000       | £'000   |
| (Loss)/profit excluding taxation                                 | (3,742)     | 6,377   |
| Tax using the UK Corporation tax rate of 19% (2020: 19%)         | (711)       | 1,212   |
| Expenses not deductible for tax purposes                         | 8           | -       |
| Adjustment in respect of prior years                             | (10)        | -       |
| Deductible temporary differences not recognised for deferred tax | 155         | (1,794) |
| Increase in tax losses not recognised for deferred tax           | 548         | 582     |
| <b>Total tax credit</b>  | <b>(10)</b> | -       |

The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate has no impact on the financial statements for the year ended 31 December 2021.

**Eggborough Power Limited**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2021**

**9 Tangible fixed assets**

|  | Land<br>£'000 | Total<br>£'000 |
|--|---------------|----------------|
| <b>Cost and net book value</b>                           |               |                |
| <b>Balance at 1 January 2021 and at 31 December 2021</b> | <b>15,860</b> | <b>15,860</b>  |

The Company has retained two sites of freehold land; the main ash disposal site at Gale Common and a piece of land with planning consent to develop a combine cycle gas turbine power station.

Land is held at market value. The value was established by external valuation in January 2015. If land was held at historical cost the value reported would be £105,000.

Land is not depreciated.

**10 Trade debtors and other receivables**

|               | 2021<br>£'000 | 2020<br>£'000 |
|---------------|---------------|---------------|
| Trade debtors | 74            | 132           |
| Other debtors | 33            | 26            |
|               | <b>107</b>    | <b>158</b>    |

**11 Cash and cash equivalents**

|                          | 2021<br>£'000 | 2020<br>£'000 |
|--------------------------|---------------|---------------|
| Restricted cash          | 13,126        | 13,126        |
| Cash at bank and in hand | 487           | 731           |
|                          | <b>13,613</b> | <b>13,857</b> |

Restricted cash is held in relation to the Company pension scheme and is held in an ESCROW account that can only be accessed with the approval of the Pension Scheme Trustees.

**12 Trade creditors and other payables**

|  | 2021<br>£'000 | 2020<br>£'000 |
|--|---------------|---------------|
| Trade creditors                              | 51            | 347           |
| Amounts payable to fellow Group subsidiaries | 13,888        | 10,806        |
| Accruals                                     | 359           | 530           |
|  | <b>14,298</b> | <b>11,683</b> |

All amounts payable to fellow Group subsidiaries are non-interest bearing and are repayable upon demand.

**Eggborough Power Limited**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2021**

**13 Other provisions**

|                                    | <b>£'000</b> |
|------------------------------------|--------------|
| Balance at 1 January 2021          | 8,064        |
| Increase in provision              | 754          |
| <b>Balance at 31 December 2021</b> | <b>8,818</b> |

Other provisions are future site restoration costs, and the provision increase of £754,000 was due to updated assumptions regarding payment dates and amounts now being expected to be made in the future, and a revision of inflation and discount rates. The remaining site restoration provision relates to the anticipated future costs associated with closure commitments at the ash disposal facility and other small parcels of land that the Company has retained. The provision is expected to be utilised over 65 years; £6.4m being utilised within 30 years and the remainder after 30 years.

**14 Employee benefits**

Eggborough Power Limited contributed to the pension arrangement operated by the Eggborough Power Group within the Electricity Supply Pension Scheme ("ESPS"). All the assets and liabilities of the Eggborough Power Group pension scheme were transferred to the Power Generation Pension Scheme on the 31 March 2021, which is sponsored by EP Eggborough Limited. The Company has provided a guarantee against the liabilities and costs that EP Eggborough Limited incurs in relation to the transfers into that Scheme.

The disclosures below relate to the Eggborough Power Group of the ESPS (the EP Group) for the period up to the transfer of the scheme on 31 March 2021. Consequently, the disclosure requirements relating to the closing scheme position can be found in the financial statements of the new sponsoring company, EP Eggborough Ltd.

The valuations as at 31 December 2020 and 31 March 2021 have been adjusted using agreed assumptions to roll the position forwards by the Company's actuary, PricewaterhouseCoopers, using methodology prescribed under FRS101 employee benefits.

The valuations were determined using the projected unit credit method ("PUC Method"). The Company did not make deficit reduction contributions in the year (2020: nil).

Up to the point of transfer to the Power Generation Pension Scheme, Energetický a průmyslový holding, a.s. had entered into a legal agreement to fund outstanding liabilities of the 'Eggborough Power Group scheme' in the event that EPL is unable to do so.

|                                 | <b>2021</b>  | <b>2020</b>     |
|---------------------------------|--------------|-----------------|
|                                 | <b>£'000</b> | <b>£'000</b>    |
| Total defined benefit asset     | -            | 183,371         |
| Total defined benefit liability | -            | (201,573)       |
| <b>Net liability</b>            | <b>-</b>     | <b>(18,202)</b> |

**Eggborough Power Limited**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2021**

**14 Employee benefits (continued)**

**Movements in net defined benefit liability/asset**

|   | <b>Obligations</b> |              | <b>Plan assets</b> |              | <b>Net defined benefit (liability)/ asset</b> |              |
|---|--------------------|--------------|--------------------|--------------|---|--------------|
|   | <b>2021</b>        | <b>2020</b>  | <b>2021</b>        | <b>2020</b>  | <b>2021</b>                                   | <b>2020</b>  |
|   | <b>£'000</b>       | <b>£'000</b> | <b>£'000</b>       | <b>£'000</b> | <b>£'000</b>                                  | <b>£'000</b> |
| Balance at 1 January                                      | (201,573)          | (188,832)    | 183,371            | 178,574      | (18,202)                                      | (10,258)     |
| <b>Included in profit or loss</b>                         |                    |              |                    |              |   |              |
| Current service cost                                      | (17)               | (58)         | -                  | -            | (17)  | (58)         |
| Past service cost   | -                  | -            | -                  | -            | -   | -            |
| Interest (cost)/income                                    | (699)              | (3700)       | 636                | 3,495        | (63)  | (205)        |
|   | (716)              | (3,758)      | 636                | 3,495        | (80)  | (263)        |
| <b>Included in OCI</b>                                    |                    |              |                    |              |   |              |
| Actuarial loss (gain) arising from changes in:            |                    |              |                    |              |   |              |
| Financial assumptions                                     | 16,849             | (22,266)     | -                  | -            | 16,849  | (22,266)     |
| Demographic assumptions                                   | -                  | 1,617        | -                  | -            | -   | 1,617        |
| Return on scheme assets                                   | -                  | -            | (3,418)            | 8,953        | (3,418)                                       | 8,953        |
| Plan amendments   | (70)               | -            | -                  | -            | (70)  | -            |
| Experience adjustment                                     | -                  | 3,965        | -                  | -            | -   | 3,965        |
|   | 16,779             | (16,684)     | (3,418)            | 8,953        | 13,361  | (7,731)      |
| <b>Other</b>  |                    |              |                    |              |   |              |
| Employer Contributions                                    | -                  | -            | 12                 | 50           | 12  | 50           |
| Employee Contributions                                    | (2)                | (7)          | 2                  | 7            | -   | -            |
| Benefits paid   | 1,633              | 7,708        | (1,633)            | (7,708)      | -   | -            |
| Transfer of pension assets & liabilities to group company | 183,879            | -            | (178,969)          | -            | 4,910   | -            |
|   | 185,510            | 7,701        | (180,589)          | (7,651)      | 4,922   | 50           |
| <b>Balance at 31 December</b>                             | -                  | (201,573)    | -                  | 183,371      | -   | (18,202)     |

Restricted cash balances include £13,126,207 (31 December 2020: £13,126,207) which is held in an Escrow arrangement under a funding agreement with the Pension Trustees. These amounts are not reflected in the above.

**Plan assets**

|  | <b>2021</b>  | <b>2020</b>  |
|--|--------------|--------------|
|  | <b>£'000</b> | <b>£'000</b> |
| Cash and cash equivalents              | -            | 88           |
| Equity instruments                     | -            | 41,966       |
| Debt instruments e.g. Government bonds | -            | 104,541      |
| Investment funds                       | -            | 36,776       |
| <b>Total</b>                           | -            | 183,371      |



**Eggborough Power Limited**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2021**

**14 Employee benefits (continued)**

**Actuarial assumptions**

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

|                              | 2021 | 2020 |
|------------------------------|------|------|
| Discount rate at 31 December | -    | 1.4% |
| Future salary increases      | -    | 2.8% |
| Future pension increases     | -    | 2.8% |

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 86.7 years (male)
- Future retiree upon reaching 65: 86.7 years (male)

**Sensitivity analysis**

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased (decreased) as a result of a change of the following:

|                                     | 2021<br>£m | 2020<br>£m |
|-------------------------------------|------------|------------|
| <b>Discount rate</b>                |            |            |
| % increase 2021, 0.1% increase 2021 | -          | -2.23      |
| % increase 2021, 0.1% decrease 2021 | -          | +2.31      |
| <b>Inflation rate</b>               |            |            |
| % increase 2021, 0.1% increase 2021 | -          | +2.21      |
| % increase 2021, 0.1% decrease 2021 | -          | -2.14      |
| <b>Life expectancy</b>              |            |            |
| 1-year increase                     | -          | +4.30      |
| 1-year decrease                     | -          | -4.19      |

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 March 2019 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

**15 Called up share capital**

**Share capital**

|   | 2021                | 2020                |
|---|---------------------|---------------------|
| On issue and issued for cash              | 82,000              | 82,000              |
|   | 31 December<br>2021 | 31 December<br>2020 |
| <b>Allotted, called up and fully paid</b> | <b>£'000</b>        | <b>£'000</b>        |
| Ordinary shares of £1 each                | 82,000              | 82,000              |

**Eggborough Power Limited**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2021**

**16 Immediate and 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.

# **EP Eggborough Limited**

## **Annual report and financial statements**

For the period ended 31 December 2021

Registered number – **13161660**

**Directors**

Pavel Horsky  
Adam Booth

**Company Secretary**

James Chiodini

**Registered office address**

The Paradigm Building  
3175 Century Way,  
Thorpe Park, Leeds,  
United Kingdom,  
LS15 8ZB

**Independent Auditor**

Deloitte LLP  
2 New Street Square  
London  
EC4A 3BZ

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**EP Eggborough Limited**  
**Strategic Report (continued)**  
**For the period ended 31 December 2021**

The Directors present their strategic report for the Company for the period from the date of incorporation on 27 January 2021 to 31 December 2021.

**Principal Activities**

EP Eggborough Limited ("EPEL") is a private limited company incorporated and domiciled in England and Wales and was incorporated on 27 January 2021.

The Company's principal activity is being the sponsor of the Power Generation Pension Scheme ("PGPS").

From incorporation date EP Eggborough Limited has been a wholly owned subsidiary of EP UK Investments Limited ("EPUKI").

**Results**

The loss after tax for the period was £62,000.

**Review of the Business**

EP Eggborough Limited is the sponsor of the Power Generation Pension Scheme. The assets and liabilities of the Eggborough Power Group of the Electricity Suppliers Pension Scheme (previously sponsored by Eggborough Power Limited) were transferred on the 31 March 2021. The Company generates revenue by recharging costs that it incurs in relation to the Scheme to Eggborough Power Limited. Costs all relate to the management and administration of the Scheme.

The Company made an operating profit from the addition of a small administrative fee applied to the recharges to EP Power Limited.

Net liabilities at 31 December 2021 were £6.97m and included Pension Scheme liabilities of £7.00m.

**Key performance indicators**

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

|                  | 2021    |
|------------------|---------|
| Gross profit     | £40,000 |
| Gross margin %   | 5.9%    |
| Operating profit | £21,000 |

**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 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.

**EP Eggborough Limited**  
**Strategic Report (continued)**  
**For the period ended 31 December 2021**

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 need to foster the company's business relationships with key stakeholders**

The Directors recognise that fostering business relationships with key stakeholders such as intra-group companies and external lenders is essential to the Company's success. The Company has close relationships with external lenders and industry partners.

**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. The Company is expected to adhere to in accordance with 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 Company has one Shareholder and the Directors ensure that they 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.

**Liquidity risk**

The Company prepares detailed short and long term cashflow forecasts to manage liquidity risk and foresee any shortages in cash balances.

**Approved and authorised by the Board and approved on its behalf by**



**Adam Booth**  
Director, 14 December 2022

**EP Eggborough Limited**  
**Directors report (continued)**  
**For the period ended 31 December 2021**

**Directors' report**

The directors present their annual report and the financial statements for period ended 31 December 2021.

**Directors of the Company**

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

Pavel Horský (appointed 19 February 2021)

Anthony Julius (appointed 27 January 2021) (resigned 15 July 2022)

Adam Booth (appointed 15 July 2022)

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

**Future developments**

For the foreseeable future the Company will continue to sponsor the Power Generation Pension Scheme.

**Dividends and results**

The Company's results for the financial year after taxation is a loss of £62,000.

The directors do not recommend the payment of a dividend.

**Political and charitable donations**

There were no political or charitable donations made in the period.

**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.

**Subsequent events**

With effect from 1 June 2022 the AES Ballylumford Pension Scheme (AESBPS) was merged with the Power Generation Pension Scheme (PGPS) following a bulk transfer of the assets, liabilities and members on 31 May 2022. This merger does not change any of the accrued or future benefits for members of either scheme. However, it does reduce the future administration costs, releases the charge on the Ballylumford oil stocks and provides the previous AESBPS members to gain access to the PGPS EPH guarantee.

**Going Concern**

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

EP Eggborough Ltd ("EPEL") is the sponsoring company for the Power Generation Pension Scheme. On the 31 March 2021, the members, assets and liabilities of the Eggborough Power Group of the Electricity Supply Pension Scheme ("ESPS") were transferred into the Power Generation Pension Scheme. On the same date, EPEL entered into an agreement with Eggborough Power Ltd ("EPL") and EP UK Investments Ltd which determined that all costs incurred by EPEL associated with the pension scheme would be recharged to EPL and that EP UK Investments Ltd would act as guarantor in the event that EPL was not able to fulfil these obligations.



**EP Eggborough Limited**  
**Directors report (continued)**  
**For the period ended 31 December 2021**

The directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements. Notwithstanding the loss for the year of £62,000 and the net liability position of £6,974,000, the future cash liabilities of the company will be recharged to EPL with a 5% mark up and EP UK Investments Ltd will act as a guarantor.

Additionally, EP Power Europe, a.s, ("EPPE") the parent of EP UK Investments Ltd, the Company's immediate parent, has indicated its intention via a letter of support to provide sufficient funds for the Company to continue to meet its liabilities as they fall due and continue to trade.

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 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**Independent auditors**

The Directors have appointed Deloitte LLP as independent auditor. In accordance with section 487(2) of the Companies Act 2006, Deloitte LLP will continue in office.

**Approved by the Board and signed on its behalf by**

A handwritten signature in black ink, appearing to read 'AS Booth', with a stylized flourish at the end.

**Adam Booth**  
Director, 14 December 2022

EP Eggborough Limited  
The Paradigm Building  
3175 Century Way  
Thorpe Park  
Leeds  
LS15 8ZB

**EP Eggborough Limited**  
**Statement of directors' responsibilities**  
**For the Year ended 31 December 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; 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 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.

## **Independent Auditors Report to the members of EP Eggborough Limited (continued)**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Eggborough Power Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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 income statement;
- the statement of comprehensive income;
- the Statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 14.

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.

## **Independent Auditors Report to the members of EP Eggborough Limited (continued)**

### **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](http://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, pensions legislation 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.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, pensions 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 area, and our specific procedures performed to address it are described below:

- Revenue occurrence – due to the interaction with Eggborough Power Limited and ability of management to manipulate results between the companies, we have identified the greatest potential for fraud in revenue recognition to be recognition of amounts which did not occur or do not pertain to the entity. Our audit procedures included reviewing the design and implementation of internal controls in relation to these transactions, substantive procedures to obtain and understand the agreements between the companies and through verifying with suitable audit evidence that they have been appropriately recorded within the entity and agreed with Eggborough Power Limited.

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.

## **Independent Auditors Report to the members of EP Eggborough Limited (continued)**

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 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**

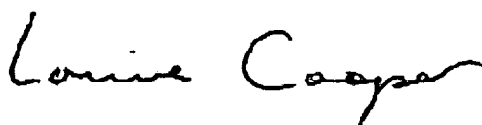
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.



Louise Cooper FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Leeds  
United Kingdom  
14 December 2022

**EP Eggborough Limited**  
**Income Statement**  
**For the Period ended 31 December 2021**

|  | Note | Period 27<br>January 2021<br>to 31<br>December<br>2021 |
|--|------|--|
|  |      | £'000  |
| Revenue  | 3    | 677  |
| Cost of sales                                      | 4    | (637)  |
| <b>Gross profit</b>                                |      | <b>40</b>  |
| Other operating costs                              |      | (19)   |
| <b>Operating Profit</b>                            | 5    | <b>21</b>  |
| Interest payable and similar charges               | 7    | (77)   |
| <b>Loss on ordinary activities before taxation</b> |      | <b>(56)</b>  |
| Taxation   | 8    | (6)  |
| <b>Loss for the period</b>                         |      | <b>(62)</b>  |

The notes on pages 16 to 24 form part of these financial statements.

**EP Eggborough Limited**  
**Statement of Other Comprehensive Income**  
**For the Period ended 31 December 2021**

|   | Note | 2021<br>£'000  |
|---|------|----------------|
| <b>Loss for the financial period</b>  |      | <b>(62)</b>    |
| <b>Other comprehensive expense</b>  |      |                |
| <i>Items that will not be classified to profit or loss:</i>                   |      |                |
| Transfer of pension assets & liabilities from group company                   | 11   | (4,910)        |
| Remeasurement gain recognised on defined benefit pension scheme               | 11   | (2,002)        |
| <b>Other comprehensive expense</b>  |      | <b>(6,912)</b> |
| <b>Total comprehensive loss for the period attributable to equity holders</b> |      | <b>(6,974)</b> |

There are no other comprehensive gains or losses in the year ending 31 December 2021.

The notes on pages 16 to 24 form part of these financial statements.

**EP Eggborough Limited**  
**Statement of Financial Position**  
**As at 31 December 2021**

|                                | Note | 2021    |
|--------------------------------|------|---------|
|                                |      | £'000   |
| <b>Assets</b>                  |      |         |
| <b>Current assets</b>          |      |         |
| Trade and other receivables    | 9    | 235     |
|                                |      | 235     |
| <b>Liabilities</b>             |      |         |
| <b>Current liabilities</b>     |      |         |
| Trade and other payables       | 10   | (209)   |
|                                |      | (209)   |
| <b>Net current assets</b>      |      | 26      |
| <b>Non-current liabilities</b> |      |         |
| Retirement benefit obligations | 11   | (7,000) |
|                                |      | (7,000) |
| <b>Net liabilities</b>         |      | (6,974) |
| <b>Shareholder's equity</b>    |      |         |
| Called up share capital        | 12   | -       |
| Profit and loss account        |      | (6,974) |
| <b>Shareholder's deficit</b>   |      | (6,974) |

The notes on pages 16 to 24 form part of these financial statements.

The financial statements on pages 12 to 24 were approved by the Board of Directors on 14 December 2022 and were signed on its behalf by:



**Adam Booth**  
Director

Company registered number: 13161660



**EP Eggborough Limited**  
**Statement of Changes in Equity**  
**For the period ended 31 December 2021**

**Statement of Changes in Equity**  
for the period ended 31 December 2021

|                                      | <b>Called up share<br/>capital</b> | <b>Profit and loss<br/>account</b> | <b>Total equity</b> |
|--------------------------------------|------------------------------------|------------------------------------|---------------------|
|                                      | <b>£'000</b>                       | <b>£'000</b>                       | <b>£'000</b>        |
| <b>Balance at 27 January 2021</b>    | -                                  | -                                  | -                   |
| Loss and total comprehensive expense | -                                  | (6,974)                            | (6,974)             |
| <b>Balance at 31 December 2021</b>   | -                                  | <b>(6,974)</b>                     | <b>(6,974)</b>      |

The notes on pages 16 to 24 form part of these financial statements.

**EP Eggborough Limited**  
**Notes to the Financial Statements**  
**For the period ended 31 December 2021**

**1. General information**

EP Eggborough Limited (EPEL) is a private limited company incorporated in the United Kingdom, registered in England and Wales.

The Company's principal activity is being the sponsor of the Power Generation Pension Scheme.

The financial statements are prepared on the historical cost basis.

**1.2 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, capital management, presentation of comparative information in respect of certain assets, cash flow statement, 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 13 gives the details of the Company's ultimate parent, from where consolidated financial statements prepared in accordance with IFRS may be obtained.

**1.3 Going Concern**

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

EP Eggborough Ltd ("EPEL") is the sponsoring company for the Power Generation Pension Scheme. On the 31 March 2021, the members, assets and liabilities of the Eggborough Power Group of the Electricity Supply Pension Scheme ("ESPS") were transferred into the Power Generation Pension Scheme. On the same date, EPEL entered into an agreement with Eggborough Power Ltd ("EPL") and EP UK Investments Ltd which determined that all costs incurred by EPEL associated with the pension scheme would be recharged to EPL and that EP UK Investments Ltd would act as guarantor in the event that EPL was not able to fulfil these obligations.

The directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements. Notwithstanding the loss for the year of £62,000 and the net liability position of £6,974,000, the future cash liabilities of the company will be recharged to EPL with a 5% mark up and EP UK Investments Ltd will act as a guarantor.

Additionally, EP Power Europe, a.s. ("EPPE") the parent of EP UK Investments Ltd, the Company's immediate parent, has indicated its intention via a letter of support to provide sufficient funds for the Company to continue to meet its liabilities as they fall due and continue to trade.

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 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**EP Eggborough Limited**  
**Notes to the Financial Statements (continued)**  
**For the period ended 31 December 2021**

**1.4 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'.

**1.5 Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

*Trade and other receivables*

Trade and other 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).

*Trade and other 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.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

*Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

**1.6 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.

**EP Eggborough Limited**  
**Notes to the Financial Statements (continued)**  
**For the period ended 31 December 2021**

**1.7 Employee benefits**

*Defined benefit plans*

The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

The Company's employees are members of the Eggborough Power Group within the Power Generation Pension Scheme (PGPS). The Company is the sponsor of the defined benefit pension plan.

*Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*Termination benefits*

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value where materially significant.

**1.8 Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

**EP Eggborough Limited**  
**Notes to the Financial Statements (continued)**  
**For the period ended 31 December 2021**

**1.9 Revenue**

Revenue represents amounts receivable from a group company for costs incurred in the administration and monitoring of the pension scheme.

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

**1.10 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.

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 arising 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 way 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. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 1, the Directors may be required to make judgements, estimates and assumptions about the carrying amounts of asset and liabilities that are not clear from other sources. Such estimates and the associated assumptions would be based on historical experience or other factors that are 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.

**Pensions**

The cost of the Defined Benefit pension plans as well as the defined pension obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about expected return on assets, future salary increases, mortality rates, discount rates and future pension increases. All assumptions are reviewed at each year-end. Sensitivities of pensions assumptions are disclosed in note 11.

**EP Eggborough Limited**  
**Notes to the Financial Statements (continued)**  
**For the period ended 31 December 2021**

**3 Revenue**

|                 | 2021  |
|-----------------|-------|
|                 | £'000 |
| Group recharges | 677   |

**4 Cost of sales**

|                      | 2021  |
|----------------------|-------|
|                      | £'000 |
| Pension scheme costs | 637   |

**5 Operating Profit**

The Operating Profit for the period is stated after charging:

|             | 2021  |
|-------------|-------|
|             | £'000 |
| Other costs | 4     |
| Audit fees  | 25    |

Deloitte LLP was the Company's auditor for the year ended 31 December 2021. No fees were paid for non-audit services in the year.

**6 Staff numbers and costs**

The average number of persons employed by the Company (including directors) during the period was nil.

**Directors' remuneration**

There are no employees of the Company. The Company's directors' are employed by another group companies. The fair value of costs associated with providing services to the Company are negligible, as no corporate recharge was incurred in relation to these services and the employing company has borne these costs.

**7 Interest payable and similar charges**

|  | 2021  |
|--|-------|
|  | £'000 |
| Net interest on pension scheme (see note 11) | 77    |

**8 Taxation**

**Recognised in the Income Statement**

|                                      | 2021  |
|--------------------------------------|-------|
|                                      | £'000 |
| UK Corporation tax                   |       |
| Current year                         | 6     |
| Total current tax                    | 6     |
| Tax on profit on ordinary activities | 6     |

**EP Eggborough Limited**  
**Notes to the Financial Statements (continued)**  
**For the period ended 31 December 2021**

**8 Taxation (continued)**

**Reconciliation of effective tax rate**

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

|   | <b>2021</b>  |
|---|--------------|
|   | <b>£'000</b> |
| Loss before taxation  | <b>(56)</b>  |
| Tax using the UK Corporation tax rate of 19%                      | <b>(11)</b>  |
| Movement in temporary differences not recognised for deferred tax | <b>17</b>    |
| <b>Total tax charge</b>   | <b>6</b>     |

The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate has no impact on the financial statements for the year ended 31 December 2021.

**9 Trade receivables and other debtors**

|                                  | <b>2021</b>  |
|----------------------------------|--------------|
|                                  | <b>£'000</b> |
| Amounts due from Group companies | <b>226</b>   |
| Other debtors                    | <b>9</b>     |
|                                  | <b>235</b>   |

All amounts due from Group companies are non-interest bearing and are repayable upon demand.

**10 Trade creditors and other payables**

|                              | <b>2021</b>  |
|------------------------------|--------------|
|                              | <b>£'000</b> |
| Trade payables               | <b>65</b>    |
| Taxation and social security | <b>6</b>     |
| Accruals                     | <b>138</b>   |
|                              | <b>209</b>   |

**11 Employee benefits**

On 31 March 2021, the members, assets and liabilities of the Eggborough Power Group of the Electricity Supply Pension Scheme ("ESPS") transferred to the Power Generation Pension Scheme ("PGPS"). PGPS is sponsored by the Company, and consequently the scheme assets and liabilities are presented in the accounts of the Company.

PGPS is a defined benefit scheme, which is externally funded and subject to an actuarial valuation. Each pension group that participates in the PGPS is financially independent from the other groups.

The disclosures below relate to the Eggborough Power Group of the PGPS (the EP Group). This valuation has been adjusted using agreed assumptions to roll the position forwards by the Company's actuary, PricewaterhouseCoopers using methodology prescribed under FRS101 employee benefits.

For this Group, the updated valuation was determined using the projected unit credit method ("PUC Method"). The Company did not make deficit reduction contributions in the year.

Energetický a průmyslový holding, a.s. has entered into a legal agreement to fund outstanding liabilities of the Power Generation Pension Scheme up to a certain value in the event that EPEL is unable to recover these from Eggborough Power Limited or EPUKI.

**EP Eggborough Limited**  
**Notes to the Financial Statements (continued)**  
**For the period ended 31 December 2021**

**11 Employee benefits (continued)**

|                                  | <b>2021</b>      |
|----------------------------------|------------------|
|                                  | <b>£'000</b>     |
| Total defined benefit asset      | <b>192,196</b>   |
| Total defined benefit obligation | <b>(199,196)</b> |
| Net liability                    | <b>(7,000)</b>   |

**Movements in net defined benefit liability/asset**

|   | <b>Obligations</b> | <b>Plan assets</b> | <b>Net defined benefit<br/>(liability)/ asset</b> |
|---|--------------------|--------------------|---|
|   | <b>2021</b>        | <b>2021</b>        | <b>2021</b>                                       |
|   | <b>£'000</b>       | <b>£'000</b>       | <b>£'000</b>                                      |
| Balance at 27 January 2021                                  | -                  | -                  | -   |
| <b>Included in profit or loss</b>                           |                    |                    |   |
| Current service cost  | (47)               | -                  | (47)  |
| Interest (cost)/income                                      | (2,854)            | 2,777              | (77)  |
|   | (2,901)            | 2,777              | (124)   |
| <b>Included in OCI</b>                                      |                    |                    |   |
| Actuarial loss (gain) arising from changes in:              |                    |                    |   |
| Financial assumptions                                       | (15,089)           | -                  | (15,089)  |
| Demographic assumptions                                     | 187                | -                  | 187   |
| Return on scheme assets                                     | -                  | 14,893             | 14,893  |
| Experience adjustment                                       | (1,993)            | -                  | (1,993)   |
|   | (16,895)           | 14,893             | (2,002)   |
| <b>Other</b>  |                    |                    |   |
| Employer Contributions                                      | -                  | 36                 | 36  |
| Employee Contributions                                      | (5)                | 5                  | -   |
| Benefits paid   | 4,484              | (4,484)            | -   |
| Transfer of pension assets & liabilities from group company | (183,879)          | 178,969            | (4,910)   |
|   | (179,400)          | 174,526            | (4,874)   |
| <b>Balance at 31 December 2021</b>                          | <b>(199,196)</b>   | <b>192,196</b>     | <b>(7,000)</b>                                    |

**Plan assets**

|  | <b>2021</b>    |
|--|----------------|
|  | <b>£'000</b>   |
| Cash and cash equivalents              | <b>15,945</b>  |
| Equity instruments                     | <b>62,390</b>  |
| Debt instruments e.g. Government bonds | <b>107,290</b> |
| Return funds                           | <b>5,050</b>   |
| Alternatives                           | <b>1,521</b>   |
| <b>Total</b>                           | <b>192,196</b> |



**EP Eggborough Limited**  
**Notes to the Financial Statements (continued)**  
**For the period ended 31 December 2021**

**11 Employee benefits (continued)**

***Actuarial assumptions***

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages)

|                              | <b>2021</b>  |
|------------------------------|--------------|
| Discount rate at 31 December | <b>1.8%</b>  |
| Future salary increases      | <b>3.25%</b> |
| Future pension increases     | <b>3.25%</b> |
| Life Expectancy              | <b>21.6</b>  |

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 86.7 years (male)
- Future retiree upon reaching 65: 86.7 years (male)

***Sensitivity analysis***

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased (decreased) as a result of a change of the following:

|                                     | <b>2021</b><br><b>£'m</b> |
|-------------------------------------|---------------------------|
| <b>Discount rate</b>                |                           |
| % increase 2021, 0.1% increase 2021 | <b>-0.14</b>              |
| % increase 2021, 0.1% decrease 2021 | <b>+0.14</b>              |
| <b>Inflation rate</b>               |                           |
| % increase 2021, 0.1% increase 2021 | <b>+0.14</b>              |
| % increase 2021, 0.1% decrease 2021 | <b>-0.14</b>              |
| <b>Life expectancy</b>              |                           |
| Increase life expectancy by 100% pa | <b>+0.30</b>              |
| Decrease life expectancy by 100% pa | <b>-0.30</b>              |

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 March 2019 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

**12 Called up share capital**

**Share capital**

|  | <b>31 December</b><br><b>2021</b> |
|--|-----------------------------------|
| <b><i>Allotted, called up and fully paid</i></b> | <b>£</b>                          |
| 100 Ordinary shares of £0.01 each                | <b>1</b>                          |

**EP Eggborough Limited**  
**Notes to the Financial Statements (continued)**  
**For the period ended 31 December 2021**

**13 Immediate and Parent Company undertakings**

The Company is a subsidiary undertaking of EP UK Investments 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.

**14 Subsequent Events**

With effect from 1 June 2022 the AES Ballylumford Pension Scheme (AESBPS) was merged with the Power Generation Pension Scheme (PGPS) following a bulk transfer of the assets, liabilities and members on 31 May 2022. This merger does not change any of the accrued or future benefits for members of either scheme. However, it does reduce the future administration costs, releases the charge on the Ballylumford oil stocks and provides the previous AESBPS members to gain access to the PGPS EPH guarantee.