

# **Eggborough Power Limited**

## **Annual report and financial statements**

For the year ended 31 December 2022

Registered number – **03782700**

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COMPANIES HOUSE

**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  
1 City Square  
Leeds  
LS1 2AL

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**Eggborough Power Limited**  
**Strategic Report**  
**For the Year ended 31 December 2022**

The Directors present their strategic report for the Company for the year ended 31 December 2022.

**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, decommissioning associated with the land previously used for the Eggborough coal power station prior to its closure and the development of energy projects on the part of the former coal station site. 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 £364k (2021: loss after tax of £3,732k).

**Review of the Business**

The Company owns freehold land at Gale Common, previously used as the main ash disposal site. Planning permission was granted for infrastructure improvements to enable an increased amount of ash extraction and subsequent sales. However, management have decided to pause the extraction and sale of ash until market and other factors improve to be make the scaling up of extraction commercially viable.

The Company also owns land adjacent to the original power station site, which had previously been granted planning permission to build a 2,500MW high efficiency combined cycle gas turbine power station. In February 2023 the Company was successful in the T4 Capacity Market Auction and as such the Directors are making the necessary plans to develop the site should the project to be commercially feasible.

EPL was historically the sponsoring employer of Eggborough Power Group pension scheme. In 2021, 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 retained the obligation for liabilities and costs that EP Eggborough Limited incurs in relation to the transfers into that Scheme.

The Company made a loss in the year due to operating costs partially offset by a release of the site restoration provision. Operating costs are primarily the management and administration costs relating to the pension scheme. The Company has made a lower loss than the prior year as the costs of running the pension scheme have reduced as a result of efficiencies gained from rationalising the running of the scheme.

The Company's net asset position of £7,100k remains similar to the prior year (£7,464k). During 2021, 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.

**Key performance indicators**

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

	<b>2022</b>	2021
	<b>£000</b>	£000
Loss after tax for the year	<b>(364)</b>	(3,732)

**Eggborough Power Limited**  
**Strategic Report (continued)**  
**For the Year ended 31 December 2022**

**Section 172 statement**

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

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

**The likely consequences of any decision in the long term**

The Directors aim to promote the long-term success of the Company and recognise the importance of the Company's employees, customers, vendors and other stakeholders including the community, 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 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.

**Eggborough Power Limited**  
**Strategic Report (continued)**  
**For the Year ended 31 December 2022**

**Principal risks and uncertainties**

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. Risks are owned and managed at the designated functions where the risk resides. The key risks and mitigations identified by the Directors are below:

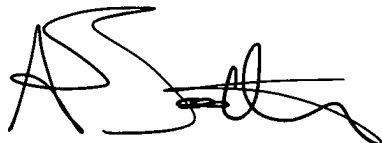
**Liquidity risk**

Liquidity and cash-flow risk is the risk that the Company will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The Company relies on its parent company to make cash payments on its behalf and is therefore exposed to the performance and cash position of its parent company. The Company mitigates this risk by preparing detailed short and long term cashflow forecasts to enable to the parent company to manage its cash requirements. The parent company monitors and forecasts the cash position of the group entities, and internal funding across the wider group is made available if necessary.

**Inflation risk**

The Company is exposed to inflation on costs which will negatively impact its ability to meet its financial obligations. The management of its cashflows are discussed in Liquidity risk.

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

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

Adam Booth  
Director, 20 September 2023

**Eggborough Power Limited**  
**Directors report**  
**For the Year ended 31 December 2022**

**Directors' report**

The directors present their annual report and the financial statements for year ended 31 December 2022.

**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 £364,000 (2021: £3,732,000 loss).

The directors do not recommend the payment of a dividend (2021: nil).

**Future developments**

For the foreseeable future the Company will continue with development projects and decommissioning associated with the land previously used for the Eggborough coal power station prior to its closure. The Company also continues to evaluate the viability to extract the Pulverised Fuel Ash at Gale Common.

**Donations**

The Company made no charitable or political donations during the year (2021: £nil).

**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**

In February 2023 the Company was successful in the T4 Capacity Market Auction, being awarded contracts for 1700MW combined cycle gas turbine power station and a 299MW 2 hour battery storage scheme. As such the Directors are making the necessary plans to develop the site should the projects be commercially feasible.

**Principal risks and uncertainties**

Details of the principal risks and uncertainties facing the Company are included in the Strategic report.

**Eggborough Power Limited**  
**Directors report (continued)**  
**For the Year ended 31 December 2022**

**Going Concern**

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

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements. Where there are periods of cash outflows during the assessment period, the Company has immediate access to cash from its parent company EPUKI, should it be required. EPUKI has indicated its intention via a letter of support to continue to make available such funds as is needed by the Company for the period covered by the forecasts, and the Directors have reviewed the financial forecasts of EPUKI to confirm this to be the case if it was required.

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**

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 be 'Adam Booth', written over a horizontal line.

Adam Booth  
Director, 20 September 2023

**Eggborough Power Limited**  
**Statement of directors' responsibilities**  
**For the Year ended 31 December 2022**

**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 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 loss 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. These included the Health & Safety at Work Act 1974, UK employment law and the Data Protection Act 2018 including General Data Protection Regulations ("GDPR").

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, 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

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

the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house 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**

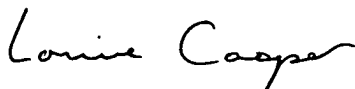
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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  
20 September 2023

**Eggborough Power Limited**  
**Income Statement**  
**For the Year ended 31 December 2022**

	Note	Year to 31 December 2022	Year to 31 December 2021
		£'000	£'000
Revenue	4	-	315
Cost of sales		-	-
<b>Gross profit</b>		-	315
Other income	5	30	43
Other operating costs		(1,824)	(3,181)
Provision adjustment	13	1,666	(753)
<b>Operating loss</b>	6	(128)	(3,576)
Interest payable and similar charges	7	(258)	(166)
<b>Loss on ordinary activities before tax</b>		(386)	(3,742)
Taxation	8	22	10
<b>Loss for the year</b>		(364)	(3,732)

The notes on pages 16 to 23 form part of these financial statements.

**Eggborough Power Limited**  
**Statement of Other Comprehensive Income**  
**For the Year ended 31 December 2022**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Loss for the year</b>	<b>(364)</b>	<b>(3,732)</b>
<b>Other comprehensive income</b>		
<i>Items that will not be classified to profit or loss:</i>		
Remeasurement of defined benefit liability	-	13,360
Transfer of pension assets & liabilities to group company	-	4,910
<b>Other comprehensive income</b>	<b>-</b>	<b>18,270</b>
<b>Total comprehensive (expense)/income for the period attributable to equity holders</b>	<b>(364)</b>	<b>14,538</b>

There are no other comprehensive gains or losses in the year ending 31 December 2022.

The notes on pages 16 to 23 form part of these financial statements.

**Eggborough Power Limited**  
**Statement of Financial Position**  
**As at 31 December 2022**

	Note	2022 £'000	Restated 2021 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible fixed assets	9	16,243	16,860
		<b>16,243</b>	<b>16,860</b>
<b>Current assets</b>			
Trade and other receivables	10	65	107
Cash and cash equivalents	11	13,356	13,613
		<b>13,421</b>	<b>13,720</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	(15,412)	(14,298)
		<b>(15,412)</b>	<b>(14,298)</b>
<b>Net current liabilities</b>		<b>(1,991)</b>	<b>(578)</b>
<b>Non-current liabilities</b>			
Other provisions	13	(7,152)	(8,818)
		<b>(7,152)</b>	<b>(8,818)</b>
<b>Net assets</b>		<b>7,100</b>	<b>7,464</b>
<b>Shareholders' equity</b>			
Called up share capital	14	82,000	82,000
Capital reserve		1,600	1,600
Revaluation reserve		16,243	16,860
Profit and loss account		(92,743)	(92,996)
<b>Shareholders' funds</b>		<b>7,100</b>	<b>7,464</b>

The comparative information has been restated to include an omission in the market value of land.

The notes on pages 16 to 23 form part of these financial statements.

The financial statements on pages 12 to 23 were approved by the Board of Directors on 20 September 2023 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 2022**

**Statement of Changes in Equity**  
for the year ended 31 December 2022

	Called up share capital £'000	Capital Reserve £'000	Revaluation reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2021 (As presented in 2021 financial statements)	82,000	1,600	15,860	(107,534)	(8,074)
2021 restatement (See note 2.1)	-	-	1,000	-	1,000
1 January 2021	82,000	1,600	16,860	(107,534)	(7,074)
Loss for the year	-	-	-	(3,732)	(3,732)
Other comprehensive income for the year	-	-	-	18,270	18,270
Balance at 31 December 2021	82,000	1,600	16,860	(92,996)	7,464
<b>Balance at 1 January 2022</b>	82,000	1,600	16,860	(92,996)	7,464
Loss for the year	-	-	-	(364)	(364)
Other comprehensive income for the year	-	-	-	-	-
Transfer of revaluation reserve on sale of tangible fixed asset (note 9)	-	-	(617)	617	-
<b>Balance at 31 December 2022</b>	<b>82,000</b>	<b>1,600</b>	<b>16,243</b>	<b>(92,743)</b>	<b>7,100</b>

The notes on pages 16 to 23 form part of these financial statements.

**Eggborough Power Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2022**

**1. General information**

Eggborough Power Limited (EPL) is a company limited by shares, incorporated in the United Kingdom and 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.

**2. Summary of significant accounting policies**

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

**2.1 Restatement**

The financial statements are prepared using market valuation as a basis to value freehold land owned by the Company. During the year the company sold a parcel of land for £617k and in doing so, identified that the land had not been recorded in the accounts at expected market value in previous years in error, where the error first occurred in 2019. The prior period financial statements have been restated to correct the comparative figures for Tangible fixed assets and the Revaluation reserve as follows, with no impact on the income statement. The restated 2021 financial statements are impacted as follows:

	2021 (As presented in 2021 financial statements)	2021 restatement	2021 restated
	£000	£000	£000
Tangible fixed assets	15,860	1,000	<b>16,860</b>
Net assets	6,464	1,000	<b>7,464</b>
Revaluation reserve	(15,860)	(1,000)	<b>(16,860)</b>
Total shareholders' funds	(6,464)	(1,000)	<b>(7,464)</b>

**2.2 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.

**Eggborough Power Limited**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2022**

**2.3 Going Concern**

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

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements. Where there are periods of cash outflows during the assessment period, the Company has immediate access to cash from its parent company EPUKI, should it be required. EPUKI has indicated its intention via a letter of support to continue to make available such funds as is needed by the Company for the period covered by the forecasts, and the Directors have reviewed the financial forecasts of EPUKI to confirm this to be the case if it was required.

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.

**2.4 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'.

**2.5 Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction.

Financial assets are derecognised when and only when:

- (a) the contractual rights to the cash flows from the financial asset expire or are settled,
- (b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or
- (c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**2.7 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 2022**

**2.8 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.

**2.9 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.

**2.10 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.

**2.11 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.

**Eggborough Power Limited**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2022**

**3. 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.

**Property, plant and equipment:**

The carrying value of land is reported at Market Value and considers prevailing market conditions at the time of valuation. Land was valued in 2019. The previous valuation remains appropriate because the conditions under which the valuation was determined have not changed.

**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 2048. 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. Analysis on the sensitivity of the discount and inflation rate on the provision amount has been performed in note 13.

**4. Revenue**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Ash sales	-	315

**5. Other income**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Other	30	43

**6. Operating loss**

The Operating loss for the year is stated after charging/(crediting):

	<b>Year to 31 December 2021 £'000</b>	<b>Year to 31 December 2020 £'000</b>
Pensions admin expenses	909	1,281
Provision (release)/increase	(1,666)	753
Group recharges	949	677

Deloitte LLP was the Company's auditor for the year ended 31 December 2022. Audit Fees included in Other Operating Costs amounted to £19,743 (year ended 31 December 2021: £17,019). 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 2022**

**6. Operating loss (continued)**

**Directors' remuneration**

There are no employees of the Company. The Company's directors' are employed by other 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**

	2022 £'000	2021 £'000
Other interest payable	258	102
Interest on pension scheme	-	64
	<b>258</b>	<b>166</b>

**8. Taxation**

**Recognised in the Income Statement**

	2022 £'000	2021 £'000
<i>UK Corporation tax</i>		
Current year	68	-
Adjustments in respect of prior periods	(90)	(10)
<b>Total current tax</b>	<b>(22)</b>	<b>(10)</b>
<b>Tax credit on profit on ordinary activities</b>	<b>(22)</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:

	2022 £'000	2021 £'000
Loss excluding taxation	(386)	(3,742)
Tax using the UK Corporation tax rate of 19% (2020: 19%)	(73)	(711)
Expenses not deductible for tax purposes	10	8
Adjustment in respect of prior years	(90)	(10)
Capital gain on sale of land	117	-
Deductible temporary differences not recognised for deferred tax	(317)	155
Increase in tax losses not recognised for deferred tax	331	548
<b>Total tax credit</b>	<b>(22)</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 2022.

A potential deferred tax asset of £6,437,969 (2021: £5,051,408) has not been recognised at the year end, on the basis that the availability of suitable taxable profits arising in the future against which the temporary difference could reverse is not considered probable. The unrecognised deferred tax asset is in relation to decommissioning provision of £7,151,609 (2021: £8,817,752), miscellaneous losses of £20,136,942 (2021: £17,666,257) and non-trade loan relationship deficits of £107,061 (2021: £102,348).

**Eggborough Power Limited**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2022**

**9. Tangible fixed assets**

	Land £'000	Total £'000
<b>Valuation and net book value</b>		
At 31 December 2021	15,860	15,860
Prior year adjustment	1,000	1,000
At 1 January 2022 (as restated)	16,860	16,860
Disposal	(617)	(617)
<b>Balance at 31 December 2022</b>	<b>16,243</b>	<b>16,243</b>

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

Land is held at market value. The effective date of the revaluation is June 2019. If land was held at historical cost the value reported would be £105,000.

Land is not depreciated.

Land has been restated to include an omission in the market value of land. Part of the agricultural land that had a value of £617,000 was sold during the year at its valued amount and consequently £617,000 was transferred from the revaluation reserve to profit and loss reserves.

**10. Trade debtors and other receivables**

	2022 £'000	2021 £'000
Trade debtors	33	74
Other debtors	22	33
Amounts receivable from Group companies	10	-
	<b>65</b>	<b>107</b>

Amounts receivable from Group companies are non-interest bearing and are repayable upon demand.

**11. Cash and cash equivalents**

	2022 £'000	2021 £'000
Restricted cash	13,126	13,126
Cash at bank and in hand	230	487
	<b>13,356</b>	<b>13,613</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.

**Eggborough Power Limited**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2022**

**12. Trade creditors and other payables**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	<b>64</b>	<b>51</b>
Amounts payable to Group companies	<b>15,115</b>	<b>13,888</b>
Accruals	<b>165</b>	<b>359</b>
Corporation tax	<b>68</b>	<b>-</b>
	<b>15,412</b>	<b>14,298</b>

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

**13. Other provisions**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Decommissioning provision	<b>7,152</b>	<b>8,818</b>

**Movement in provisions in the year**

	<b>Total</b>
	<b>£'000</b>
Balance at 1 January 2022	<b>8,818</b>
Changes in the discount and inflation rates	<b>(1,666)</b>
<b>Balance at 31 December 2022</b>	<b>7,152</b>

Other provisions are future site restoration costs, and the provision decrease of £1,666,000 was due to a revision of inflation and discount rates. The 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; £5.5m being utilised within 30 years and the remainder after 30 years.

The decommissioning provision is determined by applying an inflation rate to estimate the costs in future years, then discounted to the present value to be recognised. In order to determine the inflation rate, the 3 year forecasts based on Bank of England's forecasts plus a target inflation rate of 2.0% for upcoming years is used. The inflation rate is then adjusted by a proportion factor, which takes into account historic cost escalation on relevant cost elements. The discount rate is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The inflation rate used to determine the obligation at 31 December 2022 was 1.11% (2021: 1.17%), and the discount rate used was 2.87% (2021: 2.15%).

At the reporting date, a change of 0.5% in the inflation rate or a 0.5% change in the discount rate would have increased or decreased the provision as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Increase in inflation rate of 0.5%	<b>3,861</b>	<b>4,672</b>
Decrease in inflation rate of 0.5%	<b>(3,481)</b>	<b>(2,856)</b>
Increase in discount rate of 0.5%	<b>(694)</b>	<b>(2,110)</b>
Decrease in discount rate of 0.5%	<b>1,579</b>	<b>930</b>

**Eggborough Power Limited**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2022**

**14. Called up share capital**

**Share capital**

	<b>2022</b>	2021
On issue and issued for cash	<b>82,000</b>	82,000
	<b>31 December</b>	31 December
	<b>2022</b>	2021
<b><i>Allotted, called up and fully paid</i></b>	<b>£'000</b>	£'000
Ordinary shares of £1 each	<b>82,000</b>	82,000

**15. 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.

**16. Subsequent events**

In February 2023 the Company was successful in the T4 Capacity Market Auction, being awarded contracts for 1700MW combined cycle gas turbine power station and a 299MW 2 hour battery storage scheme. As such the Directors are making the necessary plans to develop the site should the project be commercially feasible.