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EDF ENERGY (THERMAL GENERATION) LIMITED

REGISTERED NUMBER: 04267569

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

CONTENTS

Directors Matthew Sykes
David Tomblin
Andrew Powell
Mark Treasure
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Company secretary Chloe Mason-Williams

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STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2021.

Principal activity
The principal activity of the company in 2021 was the operation and maintenance of power generation facilities at West Burton A for the full year and Combined Cycle Gas Turbine (CCGT) at West Burton B for part year, as well as decommissioning activities at Cottam. Going forward, the focus will shift to decommissioning of West Burton A and Cottam following their closure.

In March 2021 it was announced that the operations at West Burton A will continue until September 2022, when generation will cease. In April 2021 the Company announced it had reached an agreement with EIG (EIG Global Energy Partners) to sell its 1,332 MW Combined Cycle Gas Turbine power station at West Burton B. The transaction was completed in August 2021 and details are disclosed in note 24 to the financial statements.

The Cottam coal power station ceased generating in 2019 and is being decommissioned with current assumed decommissioning period expected to be 2019-2024.

Section 172 (1) Statement

INTRODUCTION
The Company is not required to comply with the UK Corporate Governance Code but seeks to apply best practices from the Code as appropriate to the Company and aligned with the corporate governance practices of the EDF SA group. The Company uses the Wates Principles for Large Private Companies as a benchmark for its corporate governance practices. This approach ensures the Board can demonstrate how it makes decisions for the long-term success of the company and its stakeholders and also how the Board ensures the Company, in line with the wider EDF Energy Group in the UK (the **Group**), complies with the requirements of Section 172 of the Companies Act 2006 (**s.172**).

The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with s.172 of the Companies Act 2006. This statement shall illustrate how the Directors of the Company have had due regard to those responsibilities and fulfilled their duties under s.172 with the level of disclosure being consistent with the size and complexity of the business.

For financial year ending 2021, the Company continued to act in accordance with the robust corporate governance arrangements, outlined further in this Statement, which are embedded across the Group. The Company also continued to support its ultimate parent company, EDF SA, a listed company on the Euronext Paris, complying with its obligations under the French Afep-Medef Code.

Notwithstanding the ongoing support to EDF SA, the Company takes its own approach to corporate governance very seriously, which is demonstrated through the company culture and behaviours adopted across the Group. To ensure strong corporate governance practices are maintained, the Company acts in accordance with multiple overarching internal policies which support our sustainable business roadmap that sets out how we are delivering our Company purpose: Helping Britain Achieve Net Zero (the **Purpose**) sustainably and responsibly by:

1. Accelerating the UK's shift to low-carbon nuclear and renewable energy storage;
2. Helping households switch to low-carbon lifestyles through smarter innovative solutions;
3. Empowering our business customers to switch to low-carbon growth; and
4. To transform our business in a way that is fair for people and positive for the environment.

STRATEGIC REPORT (CONTINUED)

Our Purpose and sustainable business roadmap is also published on the EDF UK (EDF) website. Application of the internal policies is tested by the Group on an annual basis as part of its companywide internal controls self-assessment, this is also linked to EDF SA's requirement to satisfy the French Securities Markets Authority **(Autorité des Marchés)** Listing Requirements.

The Purpose was launched in July 2020, and it forms the basis of all company decision making and all communication and engagement with both internal and external stakeholders. The reason for its creation, as well as that of the sustainable business roadmap, was to firmly align the Group with the values and goals of its parent, being to build a net zero energy future with electricity and innovative solutions and services to help save the planet and drive wellbeing and economic development (the **Raison d'être**). The Purpose is a UK articulation of the Raison d'être with which it is entirely consistent and underpins all strategy setting and decision making by the Board, ensuring activity within the Company is compatible with achieving these objectives.

Further, our sustainable business roadmap closely links to EDF SA's group's Corporate Social Responsibility Goals and, in turn, the United Nations' long term vision for sustainable development - the UN Sustainable Development Goals.

1. OUR STAKEHOLDERS - WHO ARE THEY AND HOW DO WE ENGAGE WITH THEM?

The Company engages with a large variety of stakeholders, either directly or indirectly through its various subsidiary companies. The Company's key stakeholders are summarised below:

STRATEGIC REPORT (CONTINUED)

The Company is clear that good governance and effective communication are essential on a day-to-day basis to deliver the Purpose, the raison d'être of EDF SA and to protect the Company's reputation and relationships with our stakeholder community including shareholders, customers, employees, suppliers, regulators and the local communities in which we work. The Board is committed to social responsibility, community engagement and environmental sustainability which is demonstrated, in particular, through the sustainable business roadmap which showcases our commitment to being a responsible business (discussed in further detail at "**Setting Strategy**") and our engagement with internal and external stakeholders. By maintaining a dialogue with our stakeholders and having due regard to the sustainable business roadmap, the Board ensures that it takes decisions which are aligned with the Purpose and supports its achievement.

Employees and Trade Unions

The Company engages, informs and consults with its employees (whether directly employed by the Company or seconded from other Group companies, refer to note 6 for further information) on matters affecting them and the Company ensures that it has regard to the interests of employees in decision making. Having people who bring a diverse range of talents and perspectives, and who feel engaged in their roles, is fundamental to the long-term success of the Company.

In the summer of 2020, EDF launched its Everyone's Welcome vison for being a great place to work, where everyone is welcome. Following this launch and engagement with our employee networks, EDF issued a Standards of Behaviour statement in September 2021. This statement applies to everyone, makes it explicitly clear that our people deserve a respectful working environment and that we will not tolerate any behaviour that is not in line with our Everyone's Welcome vision.

Employee engagement is carried out in a number of ways which give employees a voice and in which our senior leaders actively participate. This has been demonstrated throughout some large change programmes where leaders have worked closely with employees and key stakeholders. Some of the mechanisms include:

1. Formal and informal briefings, departmental meetings and regular reports in staff newsletters and on the Group intranet.

2. Through our existing Trade Union & Personal Contract holder structures.

3. Our employee networks which are sponsored by senior management and provide diverse and inclusive environments for employee support, feedback and comment. They help us build cultural awareness and understanding of identity, and how different demographic groups face different challenges

4. EDF supports a working environment which promotes inclusivity and recognises the collective enrichment that comes from embracing and welcoming diversity. To ensure this messaging is promoted throughout the Group, EDF has a Diversity and Inclusion Strategy Group (**DISG**) which is chaired by EDF Group CEO Simone Rossi. The DISG reviews Group strategy and actions taken to promote Diversity and Inclusion (**D&I**). The DISG also discusses items relating to D&I which have been raised via the employee networks. These conversations in turn effect change within the Group and guide future company policies.

STRATEGIC REPORT (CONTINUED)

5. Our annual EDF Group Employee Engagement Survey, 'My EDF', gathers the views and opinions of all employees with regard to their work situation, at local level and within the EDF SA Group. It identifies areas of satisfaction and opportunities for improvement in order to help establish priorities within the Group and to input action plans within the different teams. The Board considers the results of all employee engagement surveys as a good barometer of the workforce's confidence in the Company's strategic direction, optimism in the future and career opportunities. The results are used to support the setting of company strategy, realign company purposes / values (where identified as being required) and define individual team objectives to help deliver our purpose and deliver the 2030 strategy.

6. Regular employee surveys where senior leaders gather feedback on employee wellbeing which inform policy.

Throughout the Covid-19 pandemic (the **Pandemic**) the Company has also ensured that there have been clear and regular communications with employees to ensure awareness of the actions taken by the Company and why these were necessary. The protection of EDF employees has remained of paramount importance to the Company as the Pandemic continued throughout 2021 and concern for the safety of employees has remained at the forefront of the Board's mind in decision making.

Communities & Environment

The Board has regard to the impact of the Company's operations on the community and the environment and its need to balance the need to foster the Company's business relationships with suppliers, customers and others and interests of the Company's employees.

EDF believes in a decarbonised future and is committed to leading the UK's transition to a safe, low-carbon energy system. As the UK's largest low-carbon generator, EDF is helping support the reduction in carbon emissions enacted by The Climate Change Act in 2008 and Paris Agreement on Climate Change. Through the Board's stewardship of land around its power stations and the commitments that the Company and wider Group make as part of its renewables and new nuclear projects, it protects the natural environment and biodiversity and consults with local communities on these topics to enable better decision making around projects of this nature. The Company has also commenced decommissioning of one of its two coal-fired stations and its final coal-fired station is expected to cease generation in 2022.

EDF partners with a wide range of organisations to ensure safe, secure and responsible energy generation and to deliver fair value, better service and simplicity for our customers. The Board recognises the key role these suppliers play in ensuring the longevity of the business and the wellbeing of our suppliers is a key priority for EDF. One of the ways EDF supports its suppliers is by offering a Santander backed Supply Chain Financing scheme which allows suppliers to get early access to payment for invoices which have cleared and been approved through our payment process.

STRATEGIC REPORT (CONTINUED)

External Stakeholders

The Company and wider Group proactively engages with relevant external stakeholders where we have various trade association memberships (such as the Confederation of British Industry, Energy UK, Nuclear Industry Association and RenewableUK, etc). The Group's active participation in these forums is a useful way to enhance relationships with stakeholders, providing a valuable channel for communication with government and regulators on matters of common interest. Through our affiliations the Company can gain the knowledge and skills necessary to operate in a highly competitive marketplace. The Company and Group have different types of memberships and affiliations relating to the different activities undertaken throughout the Group.

The Company and wider Group also engages directly with central Government (such as the Department for Business Energy and Industrial Strategy, the Department for Environment, Food and Rural Affairs and HM Treasury) and industry & environmental regulators (such as Ofgem, the Environment Agency and the Scottish Environment Policy Agency). We engage with political and regulatory stakeholders to help them understand our business better, and so shape the policy and the environment where we operate. Our direct engagement with these stakeholders is supplemented with additional engagement through trade associations where it is useful to do so. We have a role to play in sustainability, through our Purpose and enabling Britain to achieve Net Zero by championing the transition to a low-carbon future.

Other Reporting

The Company, in addition to other companies within the Group that meet the applicable threshold, publishes its Modern Slavery Act Statement (in conjunction with other Group companies) and Payment Practices and Report in accordance with UK law and regulation. Each of these is published externally and gives a view as to the business relationships the Company has with its suppliers, particularly the Modern Slavery and Payment Practice and Reporting Statements. The Board welcomes the transparency and uses these reports to help the Company continue to improve its performance in these areas.

2. HOW DOES THE BOARD SET STRATEGY AND TAKE DECISIONS?

Setting Strategy

Purpose and Objective

To aid the fulfilment of our Purpose, EDF UK launched its sustainable business roadmap which sets out its three commitments towards being a responsible business:

1. To demonstrate real progress towards a Net Zero environmental impact by reducing our carbon emissions, waste, water use and effect on biodiversity;

2. To create a great workplace for our people by supporting their health and safety, diversity and inclusion and skills development; and

3. To make a positive social contribution by supporting vulnerable customers, local economies and the STEM skills of tomorrow's energy innovators.

STRATEGIC REPORT (CONTINUED)

The Purpose, together with the sustainable business roadmap and its accompanying commitments, underpins all policy and decisions taken by the Board.

The Board was engaged in discussions on setting the Purpose and accompanying strategy, together with others across the Group in order to promote the long term success of the Company. These conversations were guided by: i) feedback from genuine stakeholder engagement; ii) consideration of the long-term impact any strategic decisions would have on furthering the long-term objectives of the Company and the wider Group; and iii) consequently the potential environmental impact of those decisions.

The overriding objective of the Board is to operate to the highest ethical and health and safety standards, to preserve and enhance its investments through establishing a culture of zero harm and zero tolerance to bribery and fraud. The purpose of the Board is to provide proper stewardship of the Company, providing vision and leadership to supervise the management of the Company's business, to grow value responsibly in a sustainable manner, ensuring that the Company's fiscal and statutory obligations are met and that shareholder value is preserved and enhanced.

The Board continues to actively oversee and guide the Company's transformation for the future. West Burton B was sold in August 2021 and West Burton A Station is expected to cease generation during 2022. To guide future change the Board frequently discussed and continues to discuss its vision and strategic priorities of the Generation Business to inform and guide the Company as it refocuses on the challenges and opportunities ahead.

The Communications Team

To ensure the overriding strategy, objective and purpose of the Company is articulated and implemented throughout the organisation, the Group has a communications team to support the Company issuing tailored communications to employees that support the Company's strategy, sustainable business plan and brand vision. The Company also has an open and ongoing dialogue with trade unions and other employee representatives, regulators and policy organisations and other stakeholders. The social media team has an active listening, response and monitoring strategy to gauge market perception of delivery of the strategy of the Company.

Externally, the communications team supports the Company to manage reputational issues and stakeholder engagement. Public and political opinion with regard to EDF is monitored and the team frequently engages with political parties and other stakeholders to ensure engagement continues.

The work carried out by the communications team enables a platform for Directors to engage with stakeholders, e.g. by attending external seminars to present on topical matters aligned to the Group's strategy or by filming a short video clip to upload on the Group's intranet or website giving an insight into its priorities. This type of activity helps Directors identify any key stakeholders to engage with further as part of reaching targets before presenting back to the Board in the future.

Our Purpose was developed with input from both our employees and customers to ensure buy in from those stakeholder groups and to make sure the purpose held relevance for to those individuals. The quality feedback received from these stakeholders, gathered through the various channels of communication, had an impact on the development of the Purpose and generally informed Board discussions during 2021.

STRATEGIC REPORT (CONTINUED)

Taking Decisions

Meet the Board

The Directors of the Company have given careful consideration to the size and structure of the Board, in order to meet the strategic needs and challenges of the organisation and ensure there is a suitable level of knowledge and expertise of the Company and Group in order to discharge any decision making responsibilities appropriately and satisfy the needs of this particular Board. In doing so, the composition of the Board is most likely to factor into promoting the success of the Company.

The composition includes the Generation Managing Director as Chair, Head of Thermal Generation, three other directors of the Company, three Special Advisors bringing experience from a broad range of energy backgrounds, with standing invitations to attendees including Legal, HR, Finance and Operations. The balance of skills and experience of the Board composition facilitates constructive challenge and effective decision-making.

The Board is scheduled to meet quarterly with a rolling pipeline of strategic, financial and statutory agenda items agreed by the Chair in conjunction with the Head of Thermal Generation and the other constituents of the Board.

In addition to scheduled meetings, the Board may meet on an ad hoc basis as and when required to meet the needs of the business.

During the pandemic the Company utilised various internal teams established in the wider Generation Business Unit including a Crisis Management Team, Incident Management Team, Pandemic Working Group and a general Health and Safety team. At the outset of the pandemic the Board communicated to these groups that the overriding priority throughout the pandemic was to protect the Company's employees its Customers and those in the communities that EDF UK operates in. This message has in turn influenced the day-to-day decisions taken within the Company to manage the influence of the pandemic, ensuring business continuity underpinned by a focus on promoting the wellbeing and safety of the Company's internal and external stakeholders.

Scope of the Board & Delegations of Authority

Key financial information is collated from SAP, the Company's accounting system. The Company's finance function is appropriately qualified to ensure the integrity of this information is provided with the necessary training to keep up to date with regulatory changes.

The Company uses Financial Authority Limits (FALs) (as detailed in the Group Corporate Governance Policy) and contract signatory authority mechanisms to control and provide oversight over the various financial commitments it enters into.

STRATEGIC REPORT (CONTINUED)

Stakeholder concerns identified

Each business unit and the respective teams therein, are responsible for engagement with relevant stakeholders, evaluating any feedback and escalating information (where relevant) to the Board for consideration in order to aide its principle decision making. More details around stakeholder engagement and how feedback is utilised by the Board in decision-making is covered above under the heading 'Our Stakeholders - Who they are and how we engage with them'.

As highlighted above, an example of this would be the annual My EDF survey, the results of which are disseminated by each team within the business before being presented to the Board to support the setting of company strategy etc. Throughout the pandemic the Company has also undertaken more frequent employee surveys to garner feedback from employees regarding their wellbeing during the pandemic. These results enabled the Company to strategise ways in which it could be better support its employees whilst working from home and has influenced Company policy such as implementing more flexible working opportunities for parents and the provision of IT equipment to better equip those employees working from home. Another example could be the ongoing engagement with the Group's various Pensions Trustees and Advisors to ensure the schemes in place are run properly and that members' benefits are secure. This information is used to inform and support the Board taking decisions impacting the schemes, considering triennial valuations every three years and setting future pensions strategy.

3. DIRECTORS TRAINING & INDUCTION

Board Composition and Training

There has been a considered effort to establish an appropriate balance of expertise, diversity and objectivity at Board meetings. Diverse characteristics considered are gender and social backgrounds, and cognitive and personal strengths. All directors appointed have a strong background in the relevant sector(s). Any changes to the Board composition of the Company, particularly appointments, are approved in accordance with the 'Politique Gouvernance des filiales' policy mandated by EDF SA for the worldwide EDF SA Group before being approved by the Company.

On appointment, Directors are provided with the EDF Directors Training and Induction Manual which is intended to provide them with key information they need to understand their obligations as a Director, including those in s.172 Companies Act 2006, how to comply with them, and how to operate within EDF's corporate governance framework. Directors are also offered face-to-face bespoke training should they need additional support in their new role and are encouraged to update their skills, knowledge and familiarity with the Group by meeting with senior management, visiting sites (such as the power stations and call centres) and by attending appropriate external seminars and training courses and engaging with a wide variety of stakeholders across the business and externally with government and communities.

In order to ensure that all potential conflicts of interest of Directors are identified and duly authorised, any newly appointed Director is required to complete a Conflicts of Interest Questionnaire and sign a declaration to this effect. This information is collected by the Company Secretary. Directors are reminded that any new conflicts arising thereafter must be declared and authorised in advance by the board of directors or by the shareholders.

STRATEGIC REPORT (CONTINUED)

The Company recognises the importance of board evaluation and development. This constitutes good governance and is a valuable process in improving board performance, even where the Board is composed of Directors who are experienced in fulfilling the role of Director on a number of senior boards. The continuous improvement of the Board and how it operates is critical to both the success of the Company and overall success of the Group; which in turn, highlights the paramount importance of ensuring the Directors fulfil their responsibilities to the Board and maintain relationships with key stakeholders to ensure all decisions taken are supported by the highest level of information to enable strong decision making. Board evaluations are carried out on a biennial basis with a summary of the key strengths and areas for improvement presented back to the Board to discuss and agree actions to implement any proposed changes.

4. POLICIES & PROCESSES

Ensuring Best Practice

As mentioned above, the Company takes its own approach to corporate governance very seriously; something which is demonstrated through the company culture and behaviours adopted across the Group including the application of the 13 policies which are tested by Group on an annual basis as part of its companywide internal controls self-assessment.

The Group Corporate Governance Policy underpins the company policy framework and sets out:

1. the requirement for there to be governance bodies;

2. their composition;

3. the Financial Authority Limit (**FALs**) framework;

4. the Policy Operating Framework;

5. the requirement to have processes and procedures in place to facilitate the discharge of board duties as well as to provide evidence of decision-making and stakeholders considered as part of that decision-making; and

6. the requirement for board members to receive training.

The above-mentioned policies and procedures enable the Board to make informed decisions on key issues including strategy and risk management.

The Company has a stringent risk management culture through policies, reporting and internal audit and assurance enabling Directors to make robust decisions concerning principal risks. The Company uses a Risk Management, Internal Control, Business Continuity and Crisis Management policy, which defines key standards to be achieved. The Company assesses itself against these standards, is audited by the Group to provide assurance that the Company has an appropriate risk culture. The Directors have agreed on how these principal risks should be managed or mitigated to reduce the likelihood of their incidence or magnitude of their impact. These risks are set out in the "Principal risks and uncertainties" section of the Strategic Report.

STRATEGIC REPORT (CONTINUED)

In practice, control testing against each Group policy is carried out at least annually through the Internal Control Self-Assessment process. Improvement actions are identified following completion of the results (where required) to facilitate continuous improvement across teams. These results are then reported to the EDF Group Risk department to support EDF SA's compliance with the French Afep-Medef Code. These results are shared with the ET for managing actions at a local Business Unit level, but also presented back to the Board as part of the Annual Risk and Internal Controls Report (the **Report**). The Report sets out the top risks to the Company's objectives for their consideration. This presents an opportunity for the Directors to consider any emerging risks for the Company and its key stakeholders and provides a forum for them to devise solutions to minimise the impact of those risks, ensuring objectives are met and the long-term viability of the business guaranteed.

In addition, the Group Audit Charter provides internal authority for the Company to be independently assessed in relation to the effectiveness of risk management, control and governance processes by the Company and wider Group. The findings of any such review are reported to the Audit Committee of the Company and presented to the Board for discussion.

Review of the business

The profit for the year before taxation amounted to £38,526k (2020: loss of £6,461k) and the profit after taxation amounted to £36,860k (2020: loss of £4,742k). The net assets at the end of the year amounted to £270,604k (2020: £33,130k.)

The Cottam Power Plant closed on 30th September 2019 after more than 50 years of being in service. The decision to close the station was made following market changes together with a drive to actively remove carbon from the power generation process. Currently plans are progressing well with the decommissioning work and the likely timescale for completion of demolition is Q4 2025. The West Burton A Power Station entered into partial decommissioning on 1st October 2021, reducing the available units from 4 to 2 (reducing Capacity from 1,987MW to 1,000MW). West Burton A has announced that it will close on 31st September 2022 and go into full decommissioning (after satisfying its 2021/2022 capacity market agreement). The decision to close the station is in line with EDF's commitment to net zero. In 2021, West Burton A generated 0.5TWh of electricity, 0.7TWh less generation than last year mainly due to the strategic decision to reduce current coal stock and be the station of last resort in preparation for its closure. The West Burton B CCGT Power Plant was sold on 31st August 2021, it generated 2.6TWh from 1st January 2021 to 31st August 2021, a decrease of 2.30TWh from the 12 months to December 2020.

The Company is a wholly-owned subsidiary of EDF Energy Holdings Limited (the "Group") which manages its operations on a group basis. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group, which includes the Company, and future likely developments of the business are discussed in the Group's Annual Report which does not form part of this report.

Principal risks and uncertainties

The following is a discussion of the key risks facing the Company together with a summary of the Company's approach to managing those risks.

Liquidity risk is the risk that the Company does not have sufficient funds available for ongoing operations and is mitigated by continued support provided by EDF Energy Limited, an intermediate parent company.

STRATEGIC REPORT (CONTINUED)

Regulatory risk relates to possible future changes in the regulation of carbon emissions from coal-fired power stations and the resulting impact that such a change could have on the Company's profitability. The Company manages this risk by constantly reviewing options to respond to the regulatory framework around carbon emissions and related matters.

Operational risk relates to the management and physical operation of power stations. In order to mitigate this risk, management continues to promote safety as a key focus across the Company and ensure that the power station assets are well maintained. In addition, the Company has put in place appropriate plant and equipment and business interruption insurance to reduce the potential financial impact of operating risks.

Brexit

The United Kingdom (UK) left the European Union (EU) on 31 January 2020, entering into a Transition Period that ended on 31 December 2020. The EU-UK Trade and Cooperation Agreement (TCA), agreed on 24 December 2020, sets the basis for the EU-UK relationship from 1st January 2021.

Although there has been progress in some areas during 2021 (e.g. the EU-UK Data Adequacy Agreement), there remain some important outstanding issues.

EDF had identified the business risks arising from the UK's exit from the EU and was well prepared, enabling the business to manage most of the adverse impacts.

EDF believes that the risks are relatively low and are manageable in respect of issues specific to the electricity sector, including the longer-term relationship in the areas of energy trading, new interconnector trading arrangements and North Seas Co-operation.

EDF will continue to work closely with UK Government and Trade Associations to monitor and adapt to the evolving EU-UK trade relationship as the new arrangements are fully implemented.

Going concern

The Company had net current assets of £247,763k (2020: net current liabilities £306,923k) at the balance sheet date, which includes a bank overdraft of £nil (2020: £182,162k) under the EDF Energy cash pooling Arrangement. Following the disposal of WBB, and with WBA closing anticipated to close in September 2022, trade is likely to decrease, however, there remains significant decommissioning work to undertake at both Cottam and WBA.

After making enquiries and reviewing cash flow forecasts and available facilities for at least the next 12 months (including subsequent events (note 29)), the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has the ability to draw on adequate resources to continue in operational existence for the foreseeable future.

This judgement has been formed taking into account the principal risks and uncertainties that the Company faces and which have been outlined in more detail in the Strategic Report, as well as the post balance sheet events disclosed in Note 29. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Approved by the Board and signed on its behalf by:

DocuSigned by:
David Tomblin
994A05A61629404...........................
David Tomblin
Director
08 July 2022
....

DIRECTORS' REPORT

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

Principal risks and uncertainties, going concern and a review of the business are discussed within the Strategic Report.

Directors
The Directors who held office during the year and to the date of this report, were as follows:

Matthew Sykes
David Tomblin
Andrew Powell
Mark Treasure
Matthew Coppenhall
Laurent Lacroix (resigned 3 November 2021)

None of the Directors had a service contract with the Company in the current and prior year. They are all employed by associated companies within the Group and no portion of their remuneration can be specifically attributed to their services to the Company. Details of total Directors' remuneration are available in the Group accounts which are available to the public as set out in note 28.

No Director (2020: none) held any interest in the shares or debentures of the Company or the Group required to be disclosed under the Companies Act 2006.

Streamlined Energy and Carbon Reporting
Information on the streamlined energy and carbon reporting is discussed in the Group's Annual Report which does not form part of this report and are available to the public as set out in note 28.

Dividends
The Directors do not recommend payment of a dividend (2020: £nil).

Political contributions
The Company made no political contributions in either the current or prior year.

Future developments
The future developments of the Company are outlined in the Principal activity section of the Strategic Report.

Directors' liabilities
The Company has made qualifying third party indemnity provisions for the benefit of its Directors during the year and these remain in force at the date of this report.

DIRECTORS' REPORT (CONTINUED)

Disclosure of information to the auditor

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

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

Reappointment of auditor

It is noted that Deloitte LLP as appointed by the members, are deemed to be re-appointed as the Auditor to the Company for the financial year ending 31 December 2022 in accordance with the provisions of Section 487(2) of the Companies Act 2006 and that the Directors have been authorised to fix the remuneration of the auditor.

Approved by the Board and signed on its behalf by:

DocuSigned by:
David Tomblin
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David Tomblin
Director
08 July 2022

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDF ENERGY (THERMAL GENERATION) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of EDF Energy (Thermal Generation) 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 Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 29.

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".

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDF ENERGY (THERMAL GENERATION) LIMITED (CONTINUED)

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

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

We have nothing to report in this regard.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDF ENERGY (THERMAL GENERATION) LIMITED (CONTINUED)

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, 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, IT, pensions and financial instruments regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDF ENERGY (THERMAL GENERATION) LIMITED (CONTINUED)

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified 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.

Stephen Pratt

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Stephen Pratt, CA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor

Edinburgh, United Kingdom

8 July 2022

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Continuing operations £000	Discontinued operations £000	Total 2021 £000	Continuing operations £000	Discontinued operations £000	Total 2020 £000
Revenue	4	115,713	211,947	**327,660**	111,867	299,969	**411,836**
Fuel, energy and related purchases	5	(47,016)	(144,222)	**(191,238)**	(46,682)	(247,333)	**(294,015)**
Gross profit		**68,697**	**67,725**	**136,422**	**65,185**	**52,636**	**117,821**
Materials and contractor costs		(11,392)	(1,809)	**(13,201)**	(9,179)	(6,151)	**(15,330)**
Other operating expenses		(26,446)	(1,939)	**(28,385)**	(36,728)	(11,348)	**(48,076)**
Other operating income		3,526	-	**3,526**	145	8	**153**
Personnel expenses	6	(17,981)	(3,712)	**(21,692)**	(18,932)	(6,178)	**(25,110)**
Operating profit before depreciation and amortisation		**16,404**	**60,265**	**76,670**	**491**	**28,967**	**29,458**
Depreciation and amortisation	9	(1,504)	(16,094)	**(17,598)**	(252)	(27,252)	**(27,504)**
Profit on disposal of discontinued operation	24	-	6,949	**6,949**	-	-	-
Exceptional items		(21,418)	-	**(21,418)**	-	-	-
Impairment	8	(2,004)	-	**(2,004)**	(371)	(846)	**(1,217)**
(Loss)/profit before taxation and finance costs		**(8,522)**	**51,120**	**42,599**	**(132)**	**869**	**737**
Finance costs	11	(3,081)	(1,763)	**(4,844)**	(2,975)	(5,093)	**(8,068)**
Finance income	10	771	-	**771**	865	5	**870**
(Loss)/profit before taxation		**(10,832)**	**49,357**	**38,526**	**(2,242)**	**(4,219)**	**(6,461)**
Taxation	12	17,705	(19,371)	**1,666**	-	-	**1,719**
(Loss)/profit for the year		**6,873**	**29,986**	**36,860**	**(2,242)**	**(4,219)**	**(4,742)**

There were no recognised gains or losses during the current or prior year other than the losses shown above. Accordingly, no separate statement of comprehensive income has been presented.

BALANCE SHEET
AT 31 DECEMBER 2021

	Note	2021 £ 000	2020 £ 000
Non-current assets			
Intangible assets	13	75,891	76,920
Property, plant and equipment	14	16,400	336,853
Investments in subsidiary undertakings	15	50	50
Right of use assets	16	42	45
Deferred tax asset	23	26,862	-
		119,245	413,868
Current assets			
Inventories	17	6,550	27,279
Trade and other receivables	18	102,752	127,726
Cash and cash equivalents	19	167,281	-
Current tax asset		67,414	66,980
		343,997	221,985
Total assets		463,242	635,853
Current liabilities			
Other liabilities	20	(19,368)	(230,347)
Borrowings	21	-	(200,000)
Short-term provisions	22	(76,854)	(98,542)
Lease liabilities	16	(12)	(19)
		(96,234)	(528,908)
Net current assets/(liabilities)		247,763	(306,923)
Total assets less current liabilities		367,008	106,945
Non-current liabilities			
Lease liabilities	16	(20)	(26)
Long-term provisions	22	(96,384)	(71,302)
Deferred tax liability	23	-	(2,487)
		(96,404)	(73,815)
Total liabilities		(192,638)	(602,723)
Net assets		270,604	33,130

BALANCE SHEET
AT 31 DECEMBER 2021 (CONTINUED)

	Note	2021 £ 000	2020 £ 000
Capital and reserves			
Called up share capital	25	-	-
Capital contribution	21	200,614	-
Retained earnings		69,990	33,130
Shareholder's funds		270,604	33,130

The financial statements of EDF Energy (Thermal Generation) Limited (registered number: 04267569) on pages 19 to 45 were approved by the Board, authorised for issue and signed on its behalf by:

DocuSigned by:
David Tomblin
994A05A61B29404...........................
David Tomblin
Director

08 July 2022
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £ 000	Capital reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2020	-	-	37,872	37,872
Loss for the year	-	-	(4,742)	(4,742)
At 31 December 2020	-	-	33,130	33,130
Profit for the year	-	-	36,860	36,860
Capital Contribution (note 21)	-	200,614	-	200,614
At 31 December 2021	-	200,614	69,990	270,604

NOTES TO THE FINANCIAL STATEMENTS

1 General information

EDF Energy (Thermal Generation) Limited is a private company limited by shares. It is incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on the contents page. The principal activities of the Company and the nature of the Company's operations are set out in the strategic report on pages 1 to 11.

Basis of preparation
The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 (FRS 101) "Reduced Disclosure Framework". These financial statements have been prepared in accordance with Financial Reporting Standard 101 (FRS 101) Reduced Disclosure Framework.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the asset. The financial statements are presented in pounds sterling as that is the currency for the primary economic environment in which the Company operates.

Summary of disclosure exemptions
The Company has taken advantage of the following disclosure exemptions under FRS 101:

a) The requirements of IFRS 7 Financial Instruments: Disclosures;
b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
d) the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 Presentation of Financial Statements;
e) the requirements of IAS 7 Statement of Cash Flows;
f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
i) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets;
j) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a)-119(c), 120-127 and 129 of IFRS 15 Revenue from Contracts with Customers;
k) the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases; and
l) the requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.

2 Accounting policies (continued)

Where relevant, equivalent disclosures have been given in the Group accounts which are available to the public as set out in note 28.

Going concern

The Company had net current assets of £247,763k (2020: net current liabilities £306,923k) at the balance sheet date, which includes a bank overdraft of £nil (2020: £182,162k) under the EDF Energy cash pooling Arrangement. Following the disposal of WBB, and with WBA closing anticipated to close in September 2022, trade is likely to decrease, however, there remains significant decommissioning work to undertake at both Cottam and WBA.

After making enquiries and reviewing cash flow forecasts and available facilities for at least the next 12 months (including subsequent events (note 29)), the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has the ability to draw on adequate resources to continue in operational existence for the foreseeable future.

This judgement has been formed taking into account the principal risks and uncertainties that the Company faces and which have been outlined in more detail in the Strategic Report, as well as the post balance sheet events disclosed in Note 29. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Exemption from preparing group accounts

The financial statements contain information about EDF Energy (Thermal Generation) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of EDF Energy Holdings Limited, a company incorporated in United Kingdom.

Revenue recognition

Revenue is recognised to depict the transfer of promised goods and services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Revenue is recognised either when the performance obligation in the contract has been performed or as control of the performance obligation is passed to the customer.

Emissions trading scheme

The Company recognises its free emissions allowances received under the National Allocation Plan at zero cost. Purchased emissions allowances are initially recognised at cost (purchase price) within intangible assets. A liability is recognised when the level of emissions exceeds the level of allowances granted. The liability is measured at the cost of purchased allowances up to the level of purchased allowances held, and then at the market price of allowances ruling at the balance sheet date. Movements are recognised within operating profit. Forward contracts for the purchase or sale of emissions allowances are measured at fair value with gains and losses arising from changes in fair value recognised in the income statement or hedging reserve depending on whether cash flow hedging is applied.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

Interest income
Interest income is recognised as the interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividend income
Dividend income is recognised when the right to receive payment is established.

Finance cost
Finance costs of debt are recognised in the income statement over the term of such instruments, at a constant rate on the carrying amount.

Taxation
Tax is recognised in profit or loss, 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
Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax
Deferred tax is provided or recognised in full using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax arising from (1) the initial recognition of goodwill, (2) the initial recognition of assets or liabilities in a transaction (other than in a business combination) that affects neither the taxable profit nor the accounting profit, or (3) differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future, is not provided for.

Deferred tax assets are recognised to the extent it is more likely than not that future taxable profits will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply for the period when the asset is realised or the liability is settled based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Current tax and deferred tax for the year
Current tax and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

Property, plant and equipment
Property, plant and equipment are stated at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation
Depreciation is charged so as to write off the cost of assets, other than land and assets under construction over their estimated useful lives, as follows:

Asset class	**Depreciation method and rate**
Flue gas desulphurisation	Up to 20 years*
Outage/Overhaul	4 years (until date of sale)
Vehicles, equipment and fittings	3 to 20 years*
Coal generating station at West Burton	Over the remaining 18 month life of the power station (to 30 September 2022)
Coal generating station at Cottam	Fully depreciated at 31 December 2018
Combined cycle gas turbine plant	25 years (until date of sale)

*or over the remaining life of the power station to 30 September 2022

Assets recognised in the course of construction are included under assets under construction and will be depreciated when the plant is commissioned and ready for use.

Assets under construction
Assets under construction are recognised as the total of cost of purchase, construction and installation of tangible assets to bring them into use. For the assets to be bought into use, they are transferred to relevant tangible asset classes where they are depreciated as per the policy of that tangibles asset class. No depreciation is recognised prior to these transfers.

Intangible assets

IT software
IT software is initially recognised at cost and is amortised on a straight-line basis over a useful economic life of 3-8 years. The amortisation expense on intangible assets is recognised in the income statement. An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement.

2 Accounting policies (continued)

Investment in subsidiaries
Subsidiary undertakings are those entities controlled by the company, and where the substance of the relationship between the company and the entity indicates that the entity is controlled by the company.

The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Considerations in the assessment of control include:

- the purpose and design of the entity;
- what the relevant activities are and how decisions about those activities are made;
- whether the rights of the company give it the current ability to direct the relevant activities;
- whether the company is exposed, or has rights, to variable returns from its involvement with the entity; and
- whether the entity has the ability to use its power over the investee to affect the amount of the investor's returns.

The company continues to assess whether it controls an entity if facts and circumstances indicate that there changes to the elements of control.

Investment in subsidiaries is recorded at cost and is subsequently assessed for indicators of impairment. If such factors exist, a detailed impairment test is carried out. Impairment is recognised in the income statement when the recoverable amount of the company's investment is lower than the carrying amount of the investment.

Upon disposal of the investment in the entity, the company measures the investment at its fair value. Any difference between the fair value of the company's investment and the proceeds of disposal is recognised in the income statement.

De-recognition of financial assets
The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset along with substantially all the risks and rewards of ownership to a third party. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying value, the sum of the consideration received and receivable, and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the income statement.

Trade receivables
Trade receivables are amounts due from customers for sales of commodities, goods and services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for expected credit losses. Expected credit losses are estimated based on applying a percentage provision rate to the aged debt book at the end of each period. The provision rates are based on the comparison of historical rates of collection compared to billing data and forward looking information.

2 Accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using a weighted average method.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in the income statement.

Trade payables

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets until such time that the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale.

In instances where the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the borrowing costs incurred are the borrowing costs that are capitalised. In instances where the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, a capitalisation rate is applied based on the weighted average cost of general borrowings during the period.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the entity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Leases

Company as a lessee

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is de-recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

Right of use assets
IFRS 16 requires leases to be recognised in the lessee's balance sheet when the leased asset is made available, in the form of a "right of use" asset. This is presented on the face of the balance sheet. Right of use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any re-measurement of lease liability. The cost of right of use assets includes the initial measurement of the lease liability, any lease payment made at or before the commencement dates less any lease incentives received, any initial direct costs and an estimate of the costs to be incurred in dismantling and removing the underlying asset, restoring the site or restoring the underlying asset to the condition required by the terms of the lease. Right of use assets are depreciated on straight-line basis over the shorter of the lease term and the estimated useful life of the asset.

Lease Liabilities
At commencement of a lease the company recognises a lease liability measured at the present value of the lease payments to be made over the lease term. The discount rate used is the incremental borrowing rate at the date of the lease commencement. The lease liability is split between current and non-current lease liabilities. Lease payments include fixed payments less any lease incentives receivable and amounts expected to be paid under residual value guarantees. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is re-measured if there is a modification such as a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Impairment of non-financial assets
At each balance sheet date, the Company reviews the carrying value of its fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the investment.

Recoverable amount is the higher of the fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the value in use of an asset (or cash-generating unit) is estimated to be less than its carrying value, the carrying value of the asset (or cash-generating unit) is reduced to its value in use. An impairment loss is recognised immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying value of the asset (or cash-generating unit) is increased to the revised estimate of its value in use, but so that the increased carrying value does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

Discontinued operations

A discontinued operation is a component of the Company that has either been disposed of or meets the criteria to be classified as held for sale and represents a separate major line of business or geographical area of operations or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations. The results of discontinued operations are analysed separately from continuing operations in a columnar format on the face of the income statement. The results of all operations are presented in total. The comparative numbers have been re-presented to conform with this presentation requirement. The results of discontinued operations include the post-tax profit or loss on the discontinued operation along with the post-tax gain or loss recognised on the re-measurement of the non-current assets of the discontinued operation to fair value less costs to sell, and the consequent gain or loss on the disposal of the discontinued operation.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, described in note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Decommissioning provisions

The Company has provided for decommissioning of its power stations. This provision is based on the experience of other companies within the EDF Group, adjusted for specific issues associated with each power station and are discounted to the present value of future payments. Expected future costs of decommissioning are monitored to ensure that the provision remains at an adequate level. The discount rate used at 31 December 2021 is 2.3% (2020: 2.5%). A 1% change in the discount rate would change the decommissioning provision by approximately £1m. Further information about decommissioning provisions can be found in note 22.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical judgements in applying accounting policies

There are no critical judgements that the Directors have made in the process of applying the accounting policies of the Company, that are deemed to have a significant effect on the amounts recognised in the financial statements.

4 Revenue

Revenue, which is stated net of value added tax, arises entirely in the United Kingdom and is attributable to electricity generated at West Burton A and B power stations.

The analysis of the Company's revenue for the year is as follows:

	2021 £ 000	2020 £ 000
Sales of goods or services	327,650	411,824
Other revenue	10	12
	327,660	411,836

Other revenue relates to miscellaneous electricity income.

5 Fuel, energy and related purchases

	2021 £ 000	2020 £ 000
Other energy related purchases	136,994	221,863
Carbon certificates	47,038	73,324
Distribution and transmission	7,206	(1,172)
	191,238	294,015

6 Personnel expenses

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 £ 000	2020 £ 000
Wages and salaries	12,533	15,573
Social security costs	1,879	2,467
Pension costs	6,462	6,681
Severance	818	389
	21,692	25,110

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Personnel expenses (continued)

The Company has no employees (2020: none) as all staff have employment contracts with EDF Energy Limited. The amount recharged for staff costs from other Group Companies in the current year was £21,692k (2020: £25,110k).

The Company accounts for its share of group defined benefit pension schemes based on staff working on Company activities. Included above is a charge for such pension schemes of £6,462k (2020: £6,681k). The pension deficit associated with these staff sits with their employing company.

7 Directors' remuneration

None of the Directors had a service contract with the Company in the current or prior year. They are all employed by associated companies within the Group and no portion of their remuneration can be specifically attributed to their services to the Company. Details of total Directors' remuneration are available in the Group accounts, which are available to the public as set out in note 28.

No Director (2020: none) held any interests in the shares or debentures of the Company or the Group required to be disclosed under the Companies Act 2006.

8 Impairment

	2021 £ 000	2020 £ 000
Breakdown of impairment		
Cottam	1,908	-
West Burton A	96	1,217
	2,004	1,217

Following the sale of West Burton B, one of the entity's cash generating unit, an impairment trigger was identified. Consequently, the Company's plant and equipment (note 14) was impaired by £2,004k which is also reflected in the income statement under impairment expense.

9 Profit/(loss) for the year

Loss for the year has been arrived at after charging the following losses:

	2021 £ 000	2020 £ 000
Amortisation of intangible assets (note 13)	751	852
Depreciation of property, plant and equipment (note 14)	16,778	26,616
Depreciation on right of use asset (note 16)	18	36
Impairment (note 8)	2,004	1,217

In 2021 an amount of £98,000 (2020: £85,000) was paid to Deloitte LLP for audit services. This charge was borne by another Group Company in both current and prior year. In 2021, amounts payable to Deloitte LLP by the Company in respect of other assurance services were £nil (2020: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Finance income

	2021 £ 000	2020 £ 000
Interest on current tax asset	770	-
Interest receivable from other Group companies	-	866
Other interest receivable	-	4
	770	870

11 Finance costs

	2021 £ 000	2020 £ 000
Interest payable on loans from other Group companies	2,635	5,257
Foreign exchange losses	-	5
Unwinding of discount on provisions	2,196	2,805
Finance charges payable under leases	1	1
Other interest	12	-
	4,844	8,068

12 Tax

(a) Tax charged/(credited) in the income statement

	2021 £ 000	2020 £ 000
Current taxation		
UK corporation tax credit on loss made in the year	1,908	(5,359)
Adjustments in respect of previous years' reported tax credits	(19,568)	(315)
Total current tax credit for the year	(17,660)	(5,674)
Deferred taxation		
Current year charge	6,020	5,685
Adjustments in respect of previous years' reported tax	12,691	(1,557)
Effect of increased tax rate on opening balance	615	(173)
Total deferred tax charge for the year	19,326	3,955
Income tax charge/(credit) reported in the income statement	1,666	(1,719)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Tax (continued)

(b) The tax on profit/(loss) before tax for the year is higher than (2020: lower than) the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%).

The charge/(credit) for the year can be reconciled to the profit/(loss) in the income statement as follows:

	2021 £ 000	2020 £ 000
Profit/(loss) before tax	38,526	(6,461)
Tax at the UK corporation tax rate of 19.00% (2020: 19.00%)	7,320	(1,228)
Effect of:		
Non-deductible impairment	381	-
Other non-deductible (income)/expenses	(967)	1,554
Current year effect of deferred tax rate change	1,194	-
Increased tax rate on opening deferred tax balance	615	(173)
Adjustment to prior-year corporation tax credit	(19,568)	(315)
Adjustment to prior-year deferred tax charge	12,691	(1,557)
Income tax charge/(credit) reported in the income statement	1,666	(1,719)

(c) Other factors affecting the tax charge/(credit) for the year:

The accounting for deferred tax follows the accounting treatment of the underlying item on which deferred tax is being provided and hence is booked within equity if the underlying item is booked within equity.

The closing deferred tax balance at 31 December 2021 has been calculated at 23.70% (31 December 2020: 19.00%). This is the average tax rate at which the reversal of the net deferred tax liability is expected to occur.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Intangible assets

	IT Software	Emissions trading certificates	Total
	£ 000	£ 000	£ 000
Cost			
At 1 January 2021	11,740	74,072	85,812
Additions	864	75,891	76,755
Disposals	(12,604)	(74,072)	(86,676)
At 31 December 2021	-	75,891	75,891
Accumulated depreciation and impairment			
At 1 January 2021	(8,892)	-	(8,892)
Charge for the year	(751)	-	(751)
Disposals	9,643	-	9,643
At 31 December 2021	-	-	-
Carrying Value			
At 31 December 2021	-	75,891	75,891
At 31 December 2020	2,848	74,072	76,920

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Property, plant and equipment

	Land and buildings £ 000	Outage /Overhaul £ 000	Vehicles, Equipment and fittings £ 000	Plant and equipment £ 000	AUC £ 000	Total £ 000
Cost						
At 1 January 2021	165,423	29,505	18,875	1,118,104	20,728	1,352,635
Additions	-	-	-	-	42,013	42,013
Transfers	-	7,792	-	22,527	(30,319)	-
Disposals	(149,023)	(37,297)	(18,875)	(1,141,185)	(32,422)	(1,378,802)
Change in Decomm. (note 22)	-	-	-	554	-	554
At 31 December 2021	16,400	-	-	-	-	16,400
Depreciation						
At 1 January 2021	(65,111)	-	(11,049)	(938,489)	(1,133)	(1,015,782)
Charge for the year	(1,950)	(3,952)	-	(10,876)	-	(16,778)
Transfers	-	-	-	-	1,133	1,133
Impairment	-	-	-	(2,004)	-	(2,004)
Disposals	67,061	3,952	11,049	951,369	-	1,033,431
At 31 December 2021	-	-	-	-	-	-
Carrying amount						
At 31 December 2021	16,400	-	-	-	-	16,400
At 31 December 2020	100,312	29,505	7,826	179,615	19,595	336,853

Included within the net book value of land and buildings is £16,400k (2020: £19,030k) in respect of freehold land which is not depreciated. On an annual basis the Company reviews the assumptions used to determine the decommissioning provisions including costs, inflation and discount rates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Investment in subsidiary undertakings

	£ 000
Cost	
At 1 January 2021	50
At 31 December 2021	50
Carrying amount	
At 31 December 2021	50
At 31 December 2020	50

The subsidiary undertakings at 31 December 2021, which are incorporated and operate in England and Wales, or Scotland (unless otherwise stated), are as follows:

Name of subsidiary	Principal activity	Proportion of ownership of ordinary shares and voting rights held 2021	2020
West Burton Property Limited*	Non-trading (dormant)	100%	100%
Cheshire Cavity Storage 1 Limited*	Gas storage company	100%	100%
EDF Energy (Gas Storage) Limited*	Gas storage company	100%	100%

*Indicates direct investment of EDF Energy (Thermal Generation) Limited

The registered address of the subsidiaries listed above is 90 Whitfield Street, London, England, W1T 4EZ.

16 Leases

Company as a lessee
The entity applies the recognition exemptions for short-term leases and leases for which the underlying asset is of low value. The weighted average incremental borrowing rate applied in discounting the lease liability is 4.83% (2020: 4.82%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Leases (continued)

Set out below are the carrying amounts of lease liabilities and movement during the period:

	2021 £ 000	2020 £ 000
As at 1 January	45	42
Additions	28	45
Early terminations	(20)	(6)
Interest	-	1
Payments	(21)	(37)
As at 31 December	32	45

The lease liabilities have been split as follows:

	2021 £ 000	2020 £ 000
Current	12	19
Non-current	20	26
	32	45

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Vehicles £ 000	Total £ 000
Cost		
At 1 January 2021	71	71
Additions	27	27
Disposals	(40)	(40)
At 31 December 2021	58	58
Accumulated depreciation		
At 1 January 2021	26	26
Charge for the year	18	18
Disposals	(28)	(28)
At 31 December 2021	16	16
Carrying amount		
At 31 December 2020	45	45
At 31 December 2021	42	42

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Leases (continued)

The following are amounts recognised in profit or loss:

	2021 £ 000	2020 £ 000
Interest expense on lease liabilities	-	1
Depreciation of right of use assets	18	36
Total amount recognised in Income Statement	18	37

17 Inventories

	2021 £ 000	2020 £ 000
Raw materials and consumables	6,550	27,279

Cost of inventories recognised as expense during the year was £201,375k (2020: £214,964k). As at year end a provision of £25,308k (2020: £25,783k) had been recognised against gross inventories to reduce the amount to the net balances reflected above.

18 Trade and other receivables

	2021 £ 000	2020 £ 000
Trade receivables	6,551	19,633
Amounts owed by other Group companies	67,624	87,526
Other Debtors	6	1,881
Prepayments	-	10,021
Accrued income	27,050	-
Value added tax	1,521	8,665
	102,752	127,726

Amounts owed by other Group companies are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 Cash and cash equivalents

	2021 £ 000	2020 £ 000
Cash pooling with Group companies	167,281	-

20 Other liabilities

	2021 £ 000	2020 £ 000
Trade payables	2,274	22,150
Accruals	4,318	16,987
Amounts owed to other Group companies	12,702	191,127
Other payables	73	83
	19,367	230,347

Amounts owed to other Group companies include trading balances and overdrawn bank balances. Balances (excluding overdrawn bank balances) are not subject to interest.

The Company is included in a collective net overdraft facility arrangement which permits the offset of cash balances with overdrafts in other participating Group companies. In the current year the element of the Company overdraft of £nil (2020: £182,162k) which relates to the collective net overdraft balance is shown above within amounts owed to other Group companies.

21 Borrowings

	2021 £ 000	2020 £ 000
Borrowings due within one year	-	200,000

At 31 December 2020, loans from other Group companies represents intra-group debt owed to EDF Energy Limited and bore interest at 6 month LIBOR plus 1.13%, was unsecured and repayable on 07 June 2021. During 2021, EDF Energy Limited unconditionally waived this loan. Consequently, this loan and related interest accrued amounting to £614k was reclassified from borrowings to equity as a capital contribution.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 Provisions for liabilities

	Decommissioning	Carbon	Restructuring	Other	Total
	£ 000	£ 000	£ 000	£ 000	£ 000
At 1 January 2021	90,119	74,603	5,122	-	169,844
Arising during the year	-	75,690	21,418	-	97,108
Transferred during the year	-	(45,575)	-	45,575	-
Utilised during the year	(16,685)	(74,603)	(5,176)	-	(96,464)
Change in estimate	554	-	-	-	554
Unwinding of discount	2,196	-	-	-	2,196
At 31 December 2021	76,184	30,115	21,364	45,575	173,238

Power generation entities have a legal obligation to restore the land and surroundings at the end of the useful life of power generation assets. The decommissioning provision provides for the future costs of decommissioning the Company's power stations. The provision has been calculated on a discounted basis at a discount rate of 1.90% (2020: 2.5%). Cottam power station was closed in 2019 and decommissioning work is continuing with an expectation to be completed by 2025. West Burton A power station has UK capacity agreements until September 2022, following this the power station is expected to cease generation. While the assets for these sites have been fully written down except for land at Cottam decommissioning work which will utilise the above provision will continue in future until completion.

The provision for obligations under the carbon emissions scheme represent the certificates required to cover the Company's carbon emissions. It is expected that this provision will be utilised within 12 months because the Company is required to provide carbon certificates on an annual basis.

The restructuring provision covers the costs of severance related to restructuring which has been announced to impacted employees. It is expected to be utilised in 2022.

Other provisions represents an obligation for the Company to provide carbon certificates to other parties. The provision will be utilised in 2022.

The provisions have been split as follows:

	Current	Non-current	2021 Total	Current	Non-current	2020 Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Decommissioning	28,766	47,418	76,184	18,817	71,302	90,119
Carbon provision	30,115	-	30,115	74,603	-	74,603
Restructuring provision	1,135	20,229	21,364	5,122	-	5,122
Other provisions	45,575	-	45,575	-	-	-
	105,591	67,647	173,238	98,542	71,302	169,844

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 Deferred tax

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Accelerated capital allowances	Losses	Short term timing differences	Total
	£ 000	£ 000	£ 000	£ 000
At 31 December 2019	(538)	-	2,006	1,468
(Charge)/credit to income statement:				
- current year	(4,831)	-	(854)	(5,685)
- adjustments in respect of previous years' reported tax charges	1,972	-	(415)	1,557
- effect of decreased tax rate on opening liability	(63)	-	236	173
At 31 December 2020	(3,460)	-	973	(2,487)
(Charge)/credit to income statement:				
- current year	(10,835)	965	3,850	(6,020)
- adjustments in respect of previous years' reported tax charges	(12,615)	-	(76)	(12,691)
- effect of increased tax rate on opening liability	(856)	-	241	(615)
- Business disposal	47,449	-	-	47,449
- Business acquisitions	1,226	-	-	1,226
At 31 December 2021	20,909	965	4,988	26,862

The Company has unrecognised tax losses of £nil (2020: £nil). The losses give rise to a deferred tax asset of £nil (2020: £nil) which has not been recognised as it is uncertain whether future taxable profits will be available against which these losses can be utilised. These losses can however be carried forward indefinitely for offset against future profits, should they arise.

	2021	2020
	£ 000	£ 000
Deferred tax liabilities	-	(2,487)
Deferred tax assets	26,862	-
	26,862	(2,487)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24 Discontinued operation

During the year the Company sold the trade assets and liabilities of its West Burton B thermal generation business to a third party. The summary of the transaction is as below:

	2021 £ 000
Cash consideration (being total consideration)	324,275
Cash disposed of	(2,010)
Net cash inflow on discontinued operation	322,265
Net assets disposed of (other than cash)	
Property, plant and equipment	345,632
Inventories	481
Trade and other receivables	37,101
Trade and other payables	(16,175)
Long term provisions	(5,922)
Deferred tax liability	(49,800)
Total net assets disposed of	311,317
Net cash inflow on discontinued operation	10,948
Less cost of disposal	(4,000)
Profit on disposal of discontinued operation	6,948

Tax expense on profit on disposal is £Nil.

25 Share capital

Allotted, called up and fully paid shares

	2021 No.	2021 £	2020 No.	2020 £
Ordinary shares of £1 each	1	1	1	1

The Company has one class of ordinary shares which carry no right to fixed income.

26 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £8,027k (2020: £167,015k).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26 Commitments (continued)

Contingent liabilities

The Company also provided letters of credit to CGI IT UK Limited, with an amount guaranteed of 1,500k (2020: £3,000k).

The Company has also provided letters of credit to Hargreaves Industrial Services Limited, with an amount guaranteed of £127k (2020: £nil).

The Company has also provided letters of credit to TOTAL Finance Global Services SA/NV, with an amount guaranteed of £nil (2020: £2,000k).

The Company has provided a guarantee to the Environment Agency, with an amount guaranteed of £1,824k (2020: £1,779k).

27 Related parties

The Company has taken advantage of the exemption in FRS 101 Reduced Disclosure Framework from disclosing transactions with other wholly owned members of the Group, which would otherwise be required for disclosure under IAS 24.

Key management personnel for the Company are the Directors of the Company. Please refer to note 7 for details of their remuneration. There are no other transactions with key management personnel during the year (2020: none).

Amounts outstanding with other related parties at 31 December are as follows:

Assets

	Parent	Total
Cash and cash equivalents (note 19)	**£ 000**	**£ 000**
2021	167,281	167,281
2020	-	-
Amounts owed by other Group companies (note 18)		
2021	67,624	67,624
2020	87,526	87,526

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 Related parties (continued)

Equity and liabilities

	Subsidiary	Other related parties	Parent	Total
Borrowings (note 21)	**£ 000**	**£ 000**	**£ 000**	**£ 000**
2021	-	-	-	-
2020	-	-	200,000	200,000
Amounts owed to other Group companies (note 20)				
2021	31	12,671	-	12,702
2020	54	8,646	182,427	191,127
Capital contribution				
2021	-	-	200,614	200,614
2020	-	-	-	-

28 Parent undertaking and controlling party

EDF Energy Limited holds a 100% interest in the Company and is considered to be the immediate parent company. EDF Energy Holdings Limited is the smallest group for which consolidated financial statements are prepared. Copies of that company's consolidated financial statements may be obtained from the registered office at 90 Whitfield Street, London, England, W1T 4EZ.

At 31 December 2021, Électricité de France SA, a company incorporated in France, is regarded by the Directors as the Company's ultimate parent company and controlling party. This is the largest group for which consolidated financial statements are prepared. Copies of that company's consolidated financial statements may be obtained from the registered office at Électricité de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.

29 Post balance sheet events

EDF have agreed with the UK Government for West Burton A to remain open for a further 6 months, until 31 March 2023. The remaining two 500MW units at WBA were due to close at the end of September but will now provide an emergency service to the National Grid ESO in support of the government's request to reduce reliance on gas and boost energy security.