

# EDF DEVELOPMENT COMPANY LIMITED

REGISTERED NUMBER: 06222043

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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**EDF DEVELOPMENT COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2020**

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**Directors** Humphrey Cadoux-Hudson  
Marc Lotz

**Auditor** Deloitte LLP  
Hill House  
1 Little New Street  
London  
United Kingdom  
EC4A 3TR

**Registered office** 90 Whitfield Street  
London  
England  
W1T 4EZ

**EDF DEVELOPMENT COMPANY LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
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**STRATEGIC REPORT**

The Directors present their Strategic Report for the year ended 31 December 2020.

**Principal activity and future developments**

EDF Development Company Limited's ("the Company's") principal activity during the year continued to be the rental, management and ownership of land that is suitable for future low carbon electricity generation power station development. It will continue in this activity for the foreseeable future.

**Review of the business**

The profit for the year before taxation amounted to £8,680k (2019: profit of £8,601k) and the profit after taxation amounted to £4,774k (2019: profit of £6,702k). The net assets at the end of the year amounted to £315,904k (2019: net assets of £311,130k).

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 main risks faced by the Company are set out below:

**Political and regulatory risk**

Political risk arises in relation to public acceptance of building new nuclear power stations, and regulatory risk relates specifically to obtaining the relevant licences and consents to build, operate and decommission nuclear power stations at its designated sites. Management is engaged with local residents, regulators and politicians in addressing the safety needs and the need to meet the current and future national energy demand.

**Credit risk**

The Company's credit risk is primarily attributable to its debtors. Credit risk is mitigated by the nature of the debtor balances owed, with these due from other Group companies who are able to repay these if required.

**EU Referendum**

The United Kingdom (UK) voted to leave the membership of the European Union (EU) on 23 June 2016 and officially left the EU on 31 January 2020. Thereafter the UK entered a transition period that ended on 31 December 2020. During the transition period for most EU and UK businesses including EDF Energy, transactions were mostly unchanged particularly with respect to trade, access to labour & services and the business rules & regulations that govern business operations. During the transition period, the UK and EU negotiated a Trade and Cooperation Agreement (TCA) that was agreed on 24 December 2020 which set out the basis for the future UK-EU relationship from 1st January 2021.

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**STRATEGIC REPORT (CONTINUED)**

A separate Nuclear Cooperation Agreement (NCA) was also agreed that set out the basis for the specific future civil nuclear relationship. The NCA demonstrates a clear commitment to on-going cooperation on civil nuclear, including safeguards, safety and security. It also provides a framework for trade in nuclear materials and technology, facilitates research and development, and enables exchange of information.

EDF Energy is committed to developing UK skills and is investing in UK skills and talent. However, the Company recognises the importance of being able to access necessary skills and talent of people from outside of the UK. Industry needs to be able to draw on skills and talent from the EU and beyond and this is especially relevant for the volume of construction workers required to complete construction of HPC. EDF Energy continues to monitor developments in respect of the future UK-EU immigration system and has engaged with the UK Government and other organisations such as Confederation of British Industry and Energy UK on the topic.

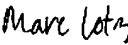
**Covid-19**

The Company continues to monitor the impact of Covid-19 on its business to ensure appropriate actions can be taken to mitigate risk to the Company. While the uncertainty continues, the Covid-19 pandemic has not had a material impact on the financial statements or the financial results of the Company.

**Going concern**

The Company is equity financed via its parent company. After making enquiries and reviewing cash flow forecasts and available facilities for at least the next twelve months, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

Approved by the Board on 24 August 2021 and signed on its behalf by:

DocuSigned by:  
  
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Marc Lotz  
Director

**EDF DEVELOPMENT COMPANY LIMITED  
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**DIRECTORS' REPORT**

The Directors present their report and the financial statements for the year ended 31 December 2020.

Principal risks and uncertainties, going concern and financial risk management 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:

Humphrey Cadoux-Hudson

Patrick Pruvot (resigned 1 March 2021)

The following director was appointed after the year end:

Marc Lotz - Director (appointed 1 March 2021)

**Dividends**

The Directors do not recommend payment of a dividend (2019: £nil). No dividends were declared subsequent to the balance sheet date.

**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.

**Post balance sheet events**

Subsequent events are disclosed in note 21 of the financial statements.

**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.

**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 provision of s.418 of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

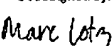
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**DIRECTORS' REPORT (CONTINUED)**

**Reappointment of auditor**

It is noted that under the provisions of the Companies Act 1985, the members have previously dispensed with the requirement to appoint auditors annually and that under the provisions of Section 487 of the Companies Act 2006, the current auditors are deemed to be re-appointed until such time that the directors or the members of the Company resolve otherwise. It is further noted that the Directors have been authorised to fix the remuneration of the auditors.

Approved by the Board on 24 August 2021 and signed on its behalf by:

DocuSigned by:  
  
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Marc Lotz  
Director

**EDF DEVELOPMENT COMPANY LIMITED  
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**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 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.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDF DEVELOPMENT COMPANY LIMITED**

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

**Opinion**

In our opinion the financial statements of EDF Development Company Limited (the 'company'):

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

We have audited the financial statements which comprise:

- the Income Statement;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 22.

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

**Basis for opinion**

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

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

**Conclusions relating to going concern**

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

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

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



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDF DEVELOPMENT COMPANY 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 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDF DEVELOPMENT COMPANY 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 framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty

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

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.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDF DEVELOPMENT COMPANY 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 any 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 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.



Anthony Matthews FCA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor

London, United Kingdom

Date : 24 August 2021

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**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £ 000	2019 £ 000
Revenue	4	<u>2,208</u>	<u>2,166</u>
<b>Gross margin</b>		<b>2,208</b>	2,166
Other operating expenses		<u>(30)</u>	<u>(61)</u>
<b>Operating profit before depreciation and amortisation</b>		<b>2,178</b>	2,105
Depreciation and amortisation	11	(112)	(111)
Loss on disposal of property, plant and equipment		<u>-</u>	<u>(717)</u>
<b>Profit before taxation and finance costs</b>		<b>2,066</b>	1,277
Investment income	6	9,650	10,355
Finance costs	7	<u>(3,036)</u>	<u>(3,031)</u>
<b>Profit before taxation</b>		<b>8,680</b>	8,601
Taxation	9	<u>(3,906)</u>	<u>(1,899)</u>
<b>Profit for the year</b>		<b><u>4,774</u></b>	<b><u>6,702</u></b>

The above results were derived from continuing operations in both the current and preceding year.

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

**EDF DEVELOPMENT COMPANY LIMITED**  
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**BALANCE SHEET**  
**AT 31 DECEMBER 2020**

	Note	2020 £ 000	2019 £ 000
<b>Non-current assets</b>			
Property, plant and equipment	10	106,363	106,363
Right of use assets	11	793	905
Finance lease receivable	11	<u>115,324</u>	<u>117,720</u>
		<u>222,480</u>	<u>224,988</u>
<b>Current assets</b>			
Finance lease receivable	11	2,396	2,222
Trade and other receivables	12	907	1,068
Cash and cash equivalents	13	177,107	167,142
Current tax asset		<u>16,496</u>	<u>17,271</u>
		<u>196,906</u>	<u>187,703</u>
<b>Total assets</b>		<u>419,386</u>	<u>412,691</u>
<b>Current liabilities</b>			
Other liabilities	14	(336)	(233)
Lease liabilities	11	<u>(103)</u>	<u>(103)</u>
		<u>(439)</u>	<u>(336)</u>
<b>Net current assets</b>		<u>196,467</u>	<u>187,367</u>
<b>Total assets less current liabilities</b>		<u>418,947</u>	<u>412,355</u>
<b>Non-current liabilities</b>			
Borrowings	15	(80,000)	(80,000)
Deferred tax liability	16	(22,367)	(20,446)
Lease liabilities	11	<u>(676)</u>	<u>(779)</u>
		<u>(103,043)</u>	<u>(101,225)</u>
<b>Net assets</b>		<u>315,904</u>	<u>311,130</u>
<b>Capital and reserves</b>			
Called up share capital	17	285,016	285,016
Retained earnings		<u>30,888</u>	<u>26,114</u>
<b>Shareholders' funds</b>		<u>315,904</u>	<u>311,130</u>

**EDF DEVELOPMENT COMPANY LIMITED  
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**BALANCE SHEET  
AT 31 DECEMBER 2020 (CONTINUED)**

The financial statements of EDF Development Company Limited (registered number: 06222043) on pages 10 to 31 were approved by the Board, authorised for issue and signed on its behalf by:

DocuSigned by:

*Marc Lotz*

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Marc Lotz  
Director

24 August 2021

**EDF DEVELOPMENT COMPANY LIMITED**  
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**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2019	285,016	19,412	304,428
Profit for the year	<u>-</u>	<u>6,702</u>	<u>6,702</u>
At 31 December 2019	<u>285,016</u>	<u>26,114</u>	<u>311,130</u>
Profit for the year	<u>-</u>	<u>4,774</u>	<u>4,774</u>
At 31 December 2020	<u>285,016</u>	<u>30,888</u>	<u>315,904</u>

**EDF DEVELOPMENT COMPANY LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**1 General information**

EDF Development Company 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 nature of the company's operations and its principal activities are set out in the strategic report on pages 1 to 2.

**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 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 the period 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.



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2 Accounting policies (continued)**

**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.

Where relevant, equivalent disclosures have been given in the group accounts which are available to the public as set out in note 22.

**Going concern**

The Company is equity financed via its parent company. After making enquiries and reviewing cash flow forecasts and available facilities for at least the next twelve months, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

**Revenue recognition**

Rentals under operating leases are recognised on a straight line basis over the lease term, even if the payments are not made on such a basis. Rental income is wholly derived in the United Kingdom.

**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.

**Investment income**

Investment income is earned on financial assets and recognised on an accruals basis.

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**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.

**Foreign currency transactions and balances**

The functional and presentational currency of the company is pounds sterling. Transactions in foreign currency are initially recorded in the functional currency at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

**Taxation**

**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 are also recognised in other comprehensive income or directly in equity respectively.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2 Accounting policies (continued)**

**Property, plant and equipment**

Property, plant and equipment is stated in the Balance Sheet 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.

Short leasehold refers to land assets with a lease of up to 25 years, these land assets are not depreciated. Long leasehold refers to assets with a lease up to 999 years, this category of land is considered as freehold and therefore is not depreciated.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**Financial instruments**

Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through the profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through the profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability or a financial asset and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or asset or (where appropriate) a shorter period, to the net carrying amount on initial recognition).

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2 Accounting policies (continued)**

Recognition of expected credit losses

The Company recognises a loss allowance for expected credit losses on a financial asset that is measured at amortised cost, measured at fair value through other comprehensive income, a lease receivable, a contract asset or a loan commitment and a financial guarantee contract to which impairment requirements apply.

At each reporting date, the Company measures the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The expected credit losses are assessed considering all reasonable and supportable information, including that which is forward-looking.

If at the reporting date the credit risk on a financial instrument has not increased significantly since initial recognition, and entity shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The amount of credit losses (or reversal) is recognised in profit or loss, as an impairment gain or loss at the reporting date.

**Leases**

**Company as a lessee**

At contract inception, the company assesses whether a contract is or contains a lease. A contract is treated as a lease if it conveys the rights to control the use of an identified asset for a period of time in exchange for consideration.

Identified arrangements that do not have the legal form of a lease contract but nonetheless convey the right to control the use of an asset or group of specific assets to the purchaser are treated by the company as leases, and analysed by reference to IFRS 16.

The company recognises a lease liability which represents the lease payments to be made and a right-of-use asset representing the right to use the underlying asset for all leases apart from short-term leases (12 months or less) and leases of low value assets. Payment on short-term leases and low value assets are recognised on a straight-line basis over the lease term in the income statement.

**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 asset is 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.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2 Accounting policies (continued)**

**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.

**Company as a Lessor**

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in the income statement. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

For a finance lease which transfers substantially all risks and rewards inherent to ownership of the underlying asset to the lessee, the Company recognises a financial asset in its balance sheet instead of the initial fixed asset; in this case, the receivable is equal to the discounted value of future lease payments.

**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.

**Other financial liabilities**

Other financial liabilities include borrowings and trade and other payables and are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2 Accounting policies (continued)**

**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.

**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.

**Carrying value of property, plant and equipment**

The Company reviews the carrying value of property, plant and equipment on an annual basis where there is an indicator of impairment. The impairment review involves a number of assumptions including discount rates and asset lives. As at December 2020 there was no impairment. Please refer to note 10 for information on property, plant and equipment.

**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.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4 Rental Income**

Revenue, which is stated net of value added tax, arises entirely in the United Kingdom and is attributable to the continuing activities of rental, management and ownership of land.

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

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Rental income	<u>2,208</u>	<u>2,166</u>

**5 Profit for the year**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Depreciation of right of use assets (note 11)	<u>112</u>	<u>111</u>

In 2020, an amount of £15,940 (2019: £12,173) was paid to Deloitte LLP for audit services. This charge was borne by another Group company in both the current and prior year. In 2020, amounts payable to Deloitte LLP by the Company in respect of other non-audit services were £nil (2019: £nil).

The Company had no employees in the current or previous financial years.

**6 Investment income**

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest receivable on cash and cash equivalents	318	862
Interest receivable on finance leases	<u>9,332</u>	<u>9,493</u>
	<u>9,650</u>	<u>10,355</u>

**7 Finance costs**

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest on borrowings	3,016	3,009
Interest expense on lease liabilities (note 11)	<u>20</u>	<u>22</u>
	<u>3,036</u>	<u>3,031</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**8 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 is available in the Group accounts, which are available to the public as set out in note 22.

No Director (2019: none) held any interests in the shares or debentures of the Company or the Group required to be disclosed under the Companies Act 2006.

**9 Tax on profit on continuing activities**

(a) Tax charged in the income statement

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Current taxation</b>		
UK corporation tax charge on profits made in the year	2,072	2,248
Adjustments in respect of previous years' reported tax charges / (credits)	<u>(87)</u>	<u>1</u>
Total current tax charge in the year	<u>1,985</u>	<u>2,249</u>
<b>Deferred taxation</b>		
Current year credit	(422)	(350)
Adjustments in respect of previous years' reported tax credits	(62)	-
Effect of increased tax rate on opening deferred tax balance	<u>2,405</u>	<u>-</u>
Total deferred tax in the year	<u>1,921</u>	<u>(350)</u>
Income tax charge reported in the income statement	<u><u>3,906</u></u>	<u><u>1,899</u></u>



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**9 Tax on profit on continuing activities (continued)**

(b) The tax on profit before tax for the year is higher than (2019: lower than) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%).

The charge for the year can be reconciled to the profit in the income statement as follows:

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Profit before tax	8,680	8,601
Tax at the UK corporation tax rate of 19.00% (2019: 19.00%)	<u>1,649</u>	<u>1,634</u>
Effect of:		
Non-deductible expenses and non-taxable income	1	223
Current year effect of deferred tax rate change	-	41
Adjustment to prior-year corporation tax credit	(87)	1
Adjustment to prior year deferred tax credit	(62)	-
Impact of increased tax rate on opening deferred tax balance	<u>2,405</u>	
Tax charge reported in the income statement	<u><u>3,906</u></u>	<u><u>1,899</u></u>

(c) Other factors affecting the tax charge 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 2020 has been calculated at 17.00% (31 December 2019: 17.00%). This is the average tax rate at which the reversal of the net deferred tax liability is expected to occur.

Changes to the main rate of corporation tax were enacted after the balance sheet date. The impact of the changes is disclosed as a post balance sheet event in account note 21.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**10 Property, plant and equipment**

**Property, plant and equipment**

	Long leasehold assets £000
<b>Cost</b>	
At 1 January 2020	106,363
Disposals	-
At 31 December 2020	<u>106,363</u>
<b>Impairment</b>	
At 1 January 2020	-
At 31 December 2020	<u>-</u>
<b>Carrying amount</b>	
At 31 December 2020	<u>106,363</u>
At 31 December 2019	<u>106,363</u>

**11 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 2.51%.

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

	2020 £000	2019 £000
<b>As at 1 January</b>	882	977
Additions	-	5
Interest	20	22
Lease Payments	<u>(123)</u>	<u>(122)</u>
<b>As at 31 December</b>	<u>779</u>	<u>882</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**11 Leases (continued)**

The lease liabilities have been split as follows:

	<b>2020</b>	<b>2019</b>
	<b>£m</b>	<b>£m</b>
Current	103	103
Non-current	676	779
<b>Total</b>	<u>779</u>	<u>882</u>

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

	<b>Land and Buildings</b>	<b>Other Plant and Equipment</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost</b>			
<b>At 1 January 2020</b>	1,013	3	1,016
Additions	-	-	-
Disposals	-	(3)	(3)
<b>At 31 December 2020</b>	<u>1,013</u>	<u>-</u>	<u>1,013</u>
<b>Accumulated depreciation</b>			
<b>At 1 January 2020</b>	(110)	(1)	(111)
Charge for the year	(110)	(2)	(112)
Disposals	-	3	3
<b>At 31 December 2020</b>	<u>(220)</u>	<u>-</u>	<u>(220)</u>
<b>Carrying amount</b>			
<b>At 31 December 2019</b>	<u>903</u>	<u>2</u>	<u>905</u>
<b>At 31 December 2020</b>	<u>793</u>	<u>-</u>	<u>793</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**11 Leases (continued)**

The following are amounts recognised in profit or loss:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Depreciation of right-of-use assets	112	111
Interest expense on lease liabilities	20	22
Total amount recognised in income statement	<u>132</u>	<u>133</u>

**Short term and Low value leases**

There were no expenses recognised in the income statement in relation to short term or low value leases (2019: £nil).

**Company as a lessor**

**Finance lease receivable**

	<b>Minimum lease payments</b>		<b>Present value of minimum lease payments</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Amounts receivable under finance leases				
Within one year	11,555	11,555	2,396	2,222
In the second to fifth years inclusive	46,220	46,220	11,597	10,760
More than five years	184,880	196,435	103,727	106,960
	<u>242,655</u>	<u>254,210</u>	<u>117,720</u>	<u>119,942</u>
Less: unearned finance income	<u>(124,935)</u>	<u>(134,268)</u>		
Present value of minimum lease payments	<u>117,720</u>	<u>119,942</u>		

The present values of future finance lease payments are analysed as follows:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Current assets	2,396	2,222
Non-current assets	115,324	117,720
<b>Total</b>	<u>117,720</u>	<u>119,942</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**11 Leases (continued)**

The land at the Hinkley Point C Development Site is accounted for as a finance lease with another company within the EDF S.A. Group. The term ends in 2041 and had an effective interest rate of 7.78% per annum at inception. Repayments under the lease are re-calculated annually and no arrangements have been entered into for contingent rental payments. The lease is denominated in sterling, and there are no restrictions attached to this lease arrangement.

**Operating leases**

As set out in note 4, property rental income earned during the year was £2,208k (2019: 2,166k). All of the land leases has committed lessees for the next 6 years. The lessee does not have an option to purchase the property at the expiry of the lease period.

At the balance sheet date, the company had contracted with tenants for the following future minimum lease payments:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Within one year	2,120	2,120
In the second to fifth years	6,710	8,270
After five years	-	500
<b>Total</b>	<u>8,830</u>	<u>10,890</u>

**12 Trade and other receivables**

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Prepayments and accrued income	682	793
Amounts owed by other Group companies	<u>225</u>	<u>275</u>
	<u>907</u>	<u>1,068</u>

The amounts owed by other Group companies are unsecured, non-interest bearing and repayable on demand. The amounts due by other Group companies includes an amount of £225k (2019: 275k) which is owed from NNB Generation Company (HPC) Limited, a group company.

**13 Cash and cash equivalents**

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Cash pooling with Group companies	<u>177,107</u>	<u>167,142</u>
	<u>177,107</u>	<u>167,142</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**14 Other liabilities**

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Accruals and deferred income	17	17
Other payables	243	216
Value added tax creditor	76	-
	<u>336</u>	<u>233</u>

**15 Borrowings**

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Non-current loans and borrowings</b>		
Other borrowings	<u>80,000</u>	<u>80,000</u>

Other borrowings of £80m relate to cash deposit from Bradwell Power Generation Company Limited. This borrowing incurs interest at 3.76% per annum over a 30 year period and is unsecured. The term of the deposit is the point at which the call or put option is exercised.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**16 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:

	Timing difference on lease payments	Total
	£ 000	£ 000
<b>At 31 December 2018</b>	(20,796)	(20,796)
Charge to income:		
- current year	350	350
- effect of decreased tax rate on opening liability		
<b>At 31 December 2019</b>	<u>(20,446)</u>	<u>(20,446)</u>
Credit to income:		
- current year	422	422
- adjustments in respect of previous years' reported tax charges	62	62
- effect of increased tax rate on opening liability	(2,405)	(2,405)
- effect of increased tax rate on opening liability		
<b>At 31 December 2020</b>	<u><u>(22,367)</u></u>	<u><u>(22,367)</u></u>
	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Deferred tax liabilities	<u>(22,367)</u>	<u>(20,446)</u>

**17 Share capital**

**Allotted, called up and fully paid shares**

	No. 000	2020 £ 000	No. 000	2019 £ 000
Ordinary Shares of £1 each	<u>285,016</u>	<u>285,016</u>	<u>285,016</u>	<u>285,016</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**18 Contingent liabilities**

**Associated group company guarantees**

The Company has received three guarantees from EDF Energy Limited that will underwrite the settlement of the contingent liabilities. Two of the guarantees expire in August 2033 and the third expires in August 2050. Due to confidentiality clauses further information has not been disclosed.

**19 Contingent assets**

On 1 March 2017, the company entered into a conditional sale and purchase contract for land owned at Bradwell with Bradwell Power Generation Company Limited. The contract contains a call or put option which will be exercised if certain conditions are met. The contract will expire on 28 February 2047 if the conditions to exercise the option have not been met.

**20 Related party transactions**

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 8 for details of their remuneration. There are no other transactions with key management personnel during the year (2019: none).

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

**Amounts owed by related parties**

<b>2020</b>	<b>Other related parties</b>
	<b>£000</b>
Trade and other receivables	225
	<hr/>
<b>2019</b>	<b>Other related parties</b>
	<b>£000</b>
Trade and other receivables	275
	<hr/>



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**20 Related party transactions (continued)**

**Amounts owed to related parties**

<b>2020</b>	<b>Other related parties</b>
	<b>£000</b>
Borrowings	80,000
	<hr/>
<b>2019</b>	<b>Other related parties</b>
	<b>£000</b>
Borrowings	80,000
	<hr/>

**21 Post balance sheet events**

In the March 2021 Budget it was announced that legislation will be introduced in Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2020 continue to be measured at a rate of 19%. The company is in the process of assessing the full impact of this announcement, but if the amended tax rate had been used, it is possible that the deferred tax liability would be materially higher.

**22 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 2020, Electricité 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 Electricité de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.