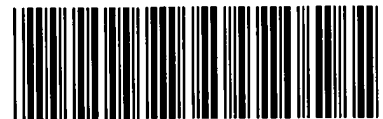


Horizon Nuclear Power Wylfa Limited

**Annual Report and Financial Statements
for the year ended 31 March 2020**

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Horizon Nuclear Power Wylfa Limited

Annual Report and Financial Statements for the year ended 31 March 2020

Contents

Strategic report	3 – 6
Directors' report	7 – 9
Independent auditors' report	10 – 12
Statement of comprehensive income	13
Statement of financial position	14
Statement of changes in equity	15
Statement of cash flow	16
Notes to the financial statements	17 – 36

Horizon Nuclear Power Wylfa Limited

Annual Report and Financial Statements for the year ended 31 March 2020

Directors

Duncan Hawthorne
Tadashi Kume (appointed 1 April 2020)
Takashi Masui
Masahiko Nakane
Tomohiro Satake
Timothy Stone
Stephen Gomersall (resigned 31 March 2020)
Yoshiteru Murase (resigned 31 March 2020)
Hidetoshi Takehara (resigned 31 March 2020)
Masahide Tanigaki (resigned 31 March 2020)

Company Secretary

Jonathan Cornelius

Auditor

Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

Registered Office

1412 Charlton Court
Gloucester Business Park
Gloucester
GL3 4AE

Horizon Nuclear Power Wylfa Limited

Strategic report for the year ended 31 March 2020

Principal activities and review of the business, including subsequent events

Principal Activities

Horizon Nuclear Power Wylfa Limited ("Horizon" or the "Company") is incorporated and domiciled in the UK. The Company is a fully owned subsidiary of Horizon Nuclear Power Wylfa Holdings Limited which is a fully owned subsidiary of Horizon Nuclear Power Limited (the "Shareholder") along with Horizon Nuclear Power Oldbury Limited. Together with its subsidiary Horizon Nuclear Power Services Limited, these companies form the Horizon Nuclear Power Group (the "Group").

The principal activity of the Company is the development of low carbon electricity generation facilities, which currently includes the development of its land holdings at Wylfa towards the construction and operation of a new nuclear power plant. However, as a result of issues relating to the raising of finance for the construction of Horizon's first power station, Wylfa Newydd, on Anglesey, the Group in January 2019 suspended the majority of its activities. As a result, the Group has been focussing on managing its landholdings whilst working closely with the UK Government and other stakeholders and investors to bring about conditions when the programme for Wylfa Newydd could be restarted.

Review of business

Following the decision in January 2019 by Horizon's parent company Hitachi Ltd., to suspend activities at both development sites, Wylfa Newydd and Oldbury, the Group has now completed the vast majority of the transition activities to move the Group into a suspended state.

This has seen release of the remaining staff associated with the transition activities, which followed the early letting go of the majority of the Group's employees. The Group was successful in finding new employers for the 33 technical apprentices it had taken on prior to suspension, with the majority continuing to work in the nuclear sector.

The Group now consists of a small core of employees undertaking activities associated with: engaging with the UK Government over the development of a new funding and financing model that could support a possible restart; continuing to engage closely with other key stakeholders, including those around its lead host community of Anglesey in Wales; and ensuring the sites remain in a state that would allow them to be developed, should a restart be possible.

Around the Group's two sites, steps were taken to bring the Group's wider portfolio of properties into a low risk, care and maintenance position. This was done in such a way so as to ensure that the sites also remained in a developable state, should a restart of the development projects be possible.

Notwithstanding the suspension decision, the Group took the decision to not withdraw its main planning permission application for Wylfa Newydd, the Development Consent Order (DCO), and continue to progress it through its remaining phases. Following the end of the public examination phase in April 2019, the Examining Authority (the Planning Inspectorate) delivered its confidential Recommendation Report to the Secretary of State for Business, Energy, and Industrial Strategy in July 2019, ahead of a final decision by the Secretary of State on whether to grant the DCO or not.

This decision to continue was made due to the small amount of work (relative to that already undertaken over preceding years) needed to complete the DCO because successful completion of the DCO would help support a timely restart of the Wylfa Newydd project, should a new funding and financing model be agreed with the UK Government.

In October 2019, the Secretary of State invited interested parties, including the Group, to comment further on a number of topics associated with the application, ahead of making a revised decision date of 31 March 2019. The Group responded fully to the further questions and is confident that all points were answered and that nothing remains outstanding such that the Secretary of State cannot determine the application.

Horizon Nuclear Power Wylfa Limited

Strategic report for the year ended 31 March 2020 (continued)

Review of business (continued)

Strategy

As noted above, the remaining Group's staff are principally focused on continuing to engage with the UK Government to try and secure the conditions that would allow for a project restart and secure opportunities to develop the Hitachi-GE Advanced Boiling Water Reactor technology on the Wylfa Newydd and Oldbury sites.

The Group submitted a detailed policy response, drawing on its previous experiences, to a Government consultation on a potential new funding model – the Regulated Asset Base model – for new nuclear projects in the UK. At point of the reporting period end, due to the timetable impacts of the UK General Election, the next steps by the UK Government on this new model were still outstanding.

The Group has also continued to engage more widely with the UK Government on this and other matters related to its potential developments and the nuclear sector generally. However, towards the end of the reporting period – and in common with all companies and sectors – the Group's engagement with the Government was impacted by the outbreak of the COVID-19 crisis and the publication of certain key policies for the Group, such as the Government's expected Energy White Paper, have inevitably been impacted by the crisis.

The Group also submitted a detailed response to an inquiry by the House of Commons' Business, Energy & Industrial Strategy Select Committee into the financing of energy infrastructure projects. This response set out the lessons that the Group believes need to be learned based on its previous experience in trying to raise finance for nuclear new build projects. The Group was due to appear before the Select Committee on this issue before the inquiry was suspended due to the calling of the General Election.

The General Election saw the return of a Conservative administration but with a more workable and stable Parliamentary majority. As before the election, the Government's overall policy is very supportive and positive on nuclear energy, as is the position of the new Member of Parliament on Anglesey, where the Group's primary development had taken place prior to suspension.

Prior and subsequent to the General Election, the Group has continued its dialogue with wider UK political audiences, including within the UK Parliament, to make the case for nuclear as part of the future energy mix in the UK. With the UK committed to ambitious Net Zero carbon targets by 2050, there remains strong cross-party support for nuclear and, furthermore, as the UK looks to chart its recovery post-COVID 19, the huge economic stimulus provided by nuclear new build projects has the potential to play a major role.

The Group has also continued to work closely with its wider stakeholders, including the Welsh Government, Isle of Anglesey County Council (Wylfa Newydd site), South Gloucestershire County Council (Oldbury site), the UK's nuclear and environmental regulators, relevant industry and business groups, and the communities around our sites. Relationships and support remain strong and the Group has continued to update these audiences on relevant activities focused on a potential restart for the projects.

Additionally, the Group has continued to engage with potential key supply chain partners, who could form the delivery team for the projects, should a restart prove possible.

Horizon Nuclear Power Wylfa Limited

Strategic report for the year ended 31 March 2020 (continued)

Subsequent events following the reporting period end

A decision on the Group's DCO application was due to be delivered by the Secretary of State for Business, Energy & Industrial Strategy by 31 March. However, on 1 April, the Planning Inspectorate announced that the Secretary of State required an additional period of time in which to complete his consideration of the application. A new deadline for determination of 30 September 2020 was set. Although the delay was disappointing, given the national circumstances at the time the decision was understandable, and the company remains confident that a positive determination will be made.

Environmental Matters

At this point in time, the Company's environmental impacts in the development of the Wylfa Newydd project are small.

Key Performance Indicators

The principal key performance indicators the Company applies to manage its activities are schedule and cost management. A baseline schedule and cost estimate has been defined and progress is measured against this baseline. The baseline is periodically being reviewed and where necessary updated.

Risk and Risk Management

The key risk for the Company is an inability to agree a new funding and financing model with the UK Government that allows for a project restart. A failure to agree a new model could stem from any new policy not meeting the commercial requirements of Horizon's parent company Hitachi, Ltd., a move away from the role of nuclear in the UK energy mix, or due to competing political pressures and issues meaning a new model is not progressed on a timescale that supports a timely restart. We are looking to mitigate this risk through continued close engagement with the UK Government, including on the lessons learned from the Company's financing and funding discussions to date.

In addition, the directors identified the need to manage the Company's material financial risks, which are principally around cash flow and liquidity management. These risks are monitored by the Finance function which develop cash flow forecasts and funding schedules for the Company. The Company is funded by the Shareholder, which is itself funded by Hitachi Limited (the "Ultimate Shareholder").

The Company's cash position is expected to satisfy any short-term liquidity requirements.

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. No assets or liabilities at the end of the year are deemed to carry a significant cash flow risk.

The Company currently does not have any significant credit or market risks.

Financial position

The Company recorded a loss of £27,982k during the year covered by these financial statements (2019: loss of £1,551,244k). The Company's total asset position as at 31 March 2020 was £41,587k (2019: £90,603k).

Horizon Nuclear Power Wylfa Limited

Strategic report for the year ended 31 March 2020 (continued)

Distributions, capital raising and share repurchases

The Company has not issued any shares during the year (2019: 1,035,000,000).

The directors do not propose a dividend for the year ended 31 March 2020 (2019: £nil).

Capital management

Capital comprises equity attributable to the parent company. The current primary objective of the Company's capital management is to ensure the Company is adequately funded to meet its financial obligations as they fall due.

The Strategic Report on pages 3 – 6 was approved by the Board of Directors on 25 June 2020 and signed on their behalf by



Tomohiro Satake
Director
17 July 2020

Horizon Nuclear Power Wylfa Limited

Directors' report for the year ended 31 March 2020

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2020.

Assets

Expenditure incurred by the Company that clearly supports the on-going project to obtain the power station designs, permissions and necessary site licences and consents, commercial agreements and organisational structure to enable the Company to build and subsequently operate a nuclear power station, as well as costs incurred in site preparation and power station construction, is all considered to be part of the cost of construction, and is capitalised as a tangible asset.

The suspension of most of Horizon's activities in January 2019 triggered an impairment review with all assets being revalued at their recoverable amount based on fair value less costs of disposal.

Going concern basis

The Ultimate Shareholder has confirmed that it will continue to provide funding to meet the financial obligations and liabilities of the Company as they fall due for at least the forthcoming twelve months from the date of approval of these financial statements.

The outbreak of COVID-19, whilst delaying discussions with the UK Government on a potential restart, does not financially impact the activities the Group is planning to undertake in FY20, nor does it impact the strategic case for nuclear as part of the energy mix in the UK's transition to Net Zero. The Wylfa Newydd project is also entirely aligned and supportive of the green economic recovery following the COVID-19 pandemic.

Accordingly, the directors are satisfied that the going concern basis remains appropriate for the preparation of the financial statements.

Political donations

No political donations were made by the Company during the year (2019: nil).

Employees

The Company has no employees.

Subsequent events following the reporting period end

Subsequent events following the reporting period end are presented in the Strategic Report.

Future developments

The future developments of the Company are presented in the Strategic Report.

Horizon Nuclear Power Wylfa Limited

Directors' report for the year ended 31 March 2020 (continued)

Directors and their interests

The directors who held office during the year and to the date of this report were:

Duncan Hawthorne
Tadashi Kume (appointed 1 April 2020)
Takashi Masui
Masahiko Nakane
Tomohiro Satake
Timothy Stone
Stephen Gomersall (resigned 31 March 2020)
Yoshiteru Murase (resigned 31 March 2020)
Hidetoshi Takehara (resigned 31 March 2020)
Masahide Tanigaki (resigned 31 March 2020)

None of the directors has any interest in the shares of the Company or its shareholder.

Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

Horizon Nuclear Power Wylfa Limited

Directors' report for the year ended 31 March 2020 (continued)

Statement of Directors' responsibilities (continued)

In accordance with Section 418, each director in office at the date the directors' report is approved, confirms that:

(a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Ernst and Young LLP have indicated their willingness to continue as auditors of the Company and to remain in office subject to the approval of the directors.

The Directors' Report on pages 7 – 9 was approved by the Board of Directors on 25 June 2020 and signed on their behalf by



Tomohiro Satake
Director
17 July 2020

Independent auditor's report to the members of Horizon Nuclear Power Wylfa Limited

Opinion

We have audited the financial statements of Horizon Nuclear Power Wylfa Limited for the year ended 31st March 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31st March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 below. 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 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.

Emphasis of matter – Effects of COVID-19

We draw attention to Note 1 of the financial statements, which describes the financial and operational consequences the company is facing as a result of COVID-19 and the commitment of the ultimate parent company to provide continued support for a period of at least 12 months from the date of approval of the statement of financial position. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

Independent auditor's report to the members of Horizon Nuclear Power Wylfa Limited (continued)

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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

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.

Independent auditor's report to the members of Horizon Nuclear Power Wylfa Limited (continued)

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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

Ernst & Young LLP

Jane Barwell (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol

Date: *21 July 2020*

Horizon Nuclear Power Wylfa Limited

Statement of comprehensive income for the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Other operating income		50	42
Operating costs	2	(7,358)	(36,133)
Operating loss		(7,308)	(36,091)
Finance income	6	266	443
Finance cost	7	(22)	(2,057)
Foreign exchange (loss)/gain	8	(18)	(1,853)
Impairment of property, plant and equipment	10	-	(1,415,507)
Impairment of intangible assets	11	-	(15,274)
Impairment of investments in subsidiaries	12	(23,082)	(8,398)
Other non-operating expenses	3	(1,642)	(72,507)
Loss before tax on ordinary activities		(31,806)	(1,551,244)
Tax on ordinary activities	9	3,824	-
Loss for the year, attributable to equity shareholder		(27,982)	(1,551,244)
Other comprehensive income			
Cash flow hedges:	8		
Losses incurred during the year		-	900
Reclassification adjustments for losses included in profit or loss		-	(941)
Adjustment for cash flow hedges transferred to the initial carrying amount of the hedged item		-	41
Net Movement on cash flow hedges		-	-
Total comprehensive loss for the year, attributable to equity shareholder		(27,982)	(1,551,244)

All amounts relate to continuing operations.

The notes on pages 17 to 36 form an integral part of these financial statements.

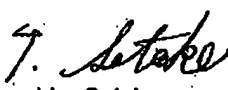
Horizon Nuclear Power Wylfa Limited

Statement of financial position as at 31 March 2020

	Note	2020 £'000	2019 £'000
Assets			
Non-current assets			
Property, plant and equipment	10	10,969	10,182
Intangible assets	11	-	-
Investments in subsidiaries	12	11,918	-
		22,887	10,182
Current Assets			
Trade and other receivables	13	9,291	10,319
Cash and cash equivalents		9,409	70,102
		18,700	80,421
Total assets		41,587	90,603
Equity and liabilities			
Equity attributable to shareholder			
Share capital	14	1,787,398	1,787,398
Retained earnings		(1,748,495)	(1,720,495)
Total equity		38,903	66,903
Liabilities			
Non-current liabilities			
Provisions	20	-	85
Lease liability	16	759	-
		759	85
Current liabilities			
Trade and other payables	15	332	22,329
Loans and borrowings		-	-
Provisions	20	1,514	1,286
Lease liability	16	79	-
		1,925	23,615
Total liabilities		2,684	23,700
Total equity and liabilities		41,587	90,603

The notes on pages 17 to 36 form an integral part of these financial statements.

The financial statements on pages 13 to 36 were approved and authorised for issue by the Board of Directors on 25 June 2020 and signed on its behalf by


 Tomohiro Satake
 Director
 17 July 2020

Horizon Nuclear Power Wylfa Limited

Statement of changes in equity for the year ended 31 March 2020

	Note	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 31 March 2019		1,787,398	(1,720,495)	66,903
Total comprehensive loss for the year		-	(27,982)	(27,982)
Issue of share capital	14	-	-	-
Effect of adoption of IFRS16 leases		-	(18)	(18)
Balance at 31 March 2020		<u>1,787,398</u>	<u>(1,748,495)</u>	<u>38,903</u>

Comparative figures are shown below for the twelve months to 31 March 2019.

	Note	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 31 March 2018		762,398	(169,251)	593,147
Total comprehensive loss for the year		-	(1,551,244)	(1,551,244)
Issue of share capital	14	1,035,000	-	1,035,000
Balance at 31 March 2019		<u>1,787,398</u>	<u>(1,720,495)</u>	<u>66,903</u>

The notes on pages 17 to 36 form an integral part of these financial statements.

Horizon Nuclear Power Wylfa Limited

Statement of cash flow for the year ended 31 March 2020

	2020 £'000	2019 £'000
Cash flows from operating activities		
Operating loss	(7,308)	(36,091)
Depreciation	86	236
Less capitalised depreciation	-	(220)
Amortisation	-	3,378
Less capitalised amortisation	-	(3,378)
Foreign exchange loss	(18)	(1,853)
Other non-operating expenses	(1,642)	(72,507)
Decrease/(Increase) in receivables	4,853	(1,080)
Decrease in payables	(21,996)	(14,741)
Increase in provisions	143	1,234
Net cash used in operating activities	(25,882)	(125,022)
Cash flows from investing activities		
Purchases of property, plant and equipment	-	(285,314)
Less non-cash PPE additions (capitalised depreciation)	-	220
Loss on disposal of PPE	-	-
Purchases of intangible assets	-	(5,695)
Less non-cash intangible asset additions (capitalised amortisation)	-	3,378
Interest income	266	443
Investment of shares in services business	(35,000)	-
Net cash used in investing activities	(34,734)	(286,968)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	-	1,035,000
Proceeds from new borrowings	-	330,000
Borrowings repaid	-	(925,000)
Finance cost	22	(2,057)
Repayment IFRS16	(99)	-
Net cash used/generated from financing activities	(77)	437,943
Net increase in cash and cash equivalents	(60,693)	25,953
Cash and cash equivalents at beginning of period	70,102	44,149
Cash and cash equivalents at end of period	9,409	70,102

The notes on pages 17 to 36 form an integral part of these financial statements.

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2020

1 Accounting policies

Horizon Nuclear Power Wylfa Limited is a private company limited by shares incorporated and domiciled in the UK.

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 periods presented, unless otherwise stated.

These financial statements provide financial data for the year ended 31 March 2020.

Basis of preparation

These financial statements are prepared on a going concern basis, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed where appropriate.

The company is exempt, by virtue of s401 of the Companies Act, from the requirement to prepare group financial statements as it is a wholly owned subsidiary of Horizon Nuclear Power Limited, a company incorporated in the United Kingdom, and is included in the publicly available consolidated financial statements of this entity. Therefore, these financial statements present information about the company and not its group.

Going Concern

The Ultimate Shareholder has confirmed that it will continue to provide funding to meet the financial obligations and liabilities of the Company as they fall due for at least the forthcoming twelve months from the date of approval of these financial statements.

The outbreak of COVID-19, whilst delaying discussions with the UK Government on a potential restart, does not financially impact the activities the Group is planning to undertake in FY20, nor does it impact the strategic case for nuclear as part of the energy mix in the UK's transition to Net Zero. The Wylfa Newydd project is also entirely aligned and supportive of the green economic recovery following the COVID-19 pandemic.

Accordingly, the directors are satisfied that the going concern basis remains appropriate for the preparation of the financial statements.

Foreign currency translation

The financial statements are presented in sterling, which is the Company's functional currency and the Shareholder's presentation currency. All values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

Other foreign currency transactions are recorded at the exchange rate prevailing at the date of the transaction or valuation, where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income within other expenses.

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

1 Accounting policies (continued)

Property, plant and equipment

Land comprises the Company's landholdings at Wylfa, and is shown at cost less accumulated impairment.

Freehold land and long leasehold land is not depreciated. The Company's long leasehold land is leased over 999 years, and therefore it is seen fit to treat it consistently with freehold land. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over the estimated useful lives of the assets.

All other property, plant and equipment are shown at historical cost less depreciation and any necessary impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items and is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Expenditure incurred by the Company that clearly supports the on-going project to obtain the power station designs, permissions and necessary site licences and consents, commercial agreements and organisational structure to enable the Company to build and subsequently operate a nuclear power station, as well as costs incurred in site preparation and power station construction, is all considered to be part of the cost of construction, and is capitalised as a tangible asset. The asset and/or component assets will be classified as an asset under construction at cost until they are ready to be brought into productive use. Depreciation will not start until the assets are brought into use. Where assets are ultimately deemed to be part of the construction of the power station, depreciation of assets already brought into use will be recapitalised as part of the costs to construct the power station.

Ranges of estimated useful lives are as follows:

Buildings	10 – 40 years
Fixtures and Fittings	5 – 10 years
IT equipment	3 years
Vehicles	4 years

Intangible assets

Software purchased or developed by the Company for own use is capitalised as an intangible asset at cost, amortised over its estimated useful life using the straight line method, usually considered to be 3 years, and impaired as appropriate. Where assets are ultimately deemed to be part of the construction of the power station, depreciation of assets already brought into use will be recapitalised as part of the costs to construct the power station.

Impairment

At each reporting period end date and throughout the year the Company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. In this event, the recoverable amount of the asset is estimated to determine the extent of the loss, and any impairment loss is recognised immediately in the statement of comprehensive income for the financial period.

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

1 Accounting policies (continued)

Investments in subsidiary companies

Investments in subsidiary companies are measured at cost, less impairment losses. At each financial period end date the Company reviews the carrying amount of its investments in subsidiaries to determine whether there is any indication that they have suffered an impairment loss. In this event, the recoverable amount of the investment is estimated to determine the extent of the loss, and any impairment loss is recognised immediately in the statement of comprehensive income for the financial period.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value and if there is objective evidence that the Company will not collect the full amount of the receivable, this is recognised through the statement of comprehensive income. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Cash and cash equivalents

Cash and cash equivalents represent cash in hand and at bank, and cash held to the Company's order within its agents' accounts, for example solicitors and land agents.

Share capital

Ordinary shares are classified as equity.

Loans and Borrowing

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

Trade and other payables

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

Provisions

Provisions are recognised when; the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

1 Accounting policies (continued)

Provisions (continued)

the amount has been reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

Financial Instruments

The Company classifies its financial instruments into the following categories:

- Loans and receivables
- Derivative instruments
- Financial assets available for sale
- Liabilities at amortised cost

The classification is dependent on the purpose for which the financial asset is acquired or liability incurred. Management determines the classification of its financial assets or financial liabilities at the time of the initial recognition and re-evaluates such designation at least at each reporting date.

On initial recognition, financial instruments are measured at fair value plus, in the case of financial instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent measurement is recognised directly through profit and loss.

Horizon has elected to adopt hedge accounting for certain foreign currency derivative transactions which may otherwise cause significant fair value or foreign exchange volatility in the income statement. This will usually apply to high value or long lead hedges and will be determined on a case by case basis. Hedge accounting allows management to eliminate or reduce the income statement volatility that otherwise would arise if the hedging instruments were accounted for through profit or loss, without regard to the hedge's risk management purpose. Horizon has therefore designated certain foreign currency derivatives, in respect of foreign currency risk, as cash flow hedges of forecast foreign currency purchases. For cash flow hedges, the effective portion of changes in the fair value of eligible derivatives that are designated as hedging instruments is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when Horizon revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income at that time is accumulated in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Other foreign currency transactions are recorded at the exchange rate prevailing at the date of the transaction or valuation, where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income within other expenses.

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2019 (continued)

1 Accounting policies (continued)

Current and deferred income tax

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the reporting period end date in the United Kingdom. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting period end date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are not recognised if the temporary difference arises from goodwill.

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

1 Accounting policies (continued)

Recent accounting developments

At the date of authorisation of the financial statements of Horizon Nuclear Power Wylfa Limited for the year ended 31 March 2020, the following Standards and Interpretations relevant to the business of the Company were in issue but not yet effective:

Standard/Interpretation	Effective date
IFRS 17 Insurance Contracts	effective 1 January 2021
Amendments to IAS 1 Presentation of Financial Statements -- Classification of Liabilities as Current or Non-current	effective 1 January 2022

The Company has considered the above new standards, interpretations and amendments to published standards that are not yet effective. The Company has concluded that they are either not relevant to the Company or that they would not have a significant impact on the Company's financial statements.

Financial risk factors

Details about the Company's assessment of financial risk factors are included within the Strategic Report on page 5.

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

1 Accounting policies (continued)

Significant accounting estimates and judgements

Preparation of financial statements pursuant to IFRS requires assumptions and estimates to be made, which have an impact on the recognised value of the assets and liabilities carried on the statement of financial position, on income and expenses, and on the disclosure of contingent liabilities.

All assumptions and estimates are based on the circumstances and forecasts prevailing on the reporting period end date. Although management uses its best estimates and judgements, actual results could differ from these estimates as future confirming events occur.

There have not been any judgements, estimates or assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the period.

2 Operating costs

	2020 £'000	2019 £'000
Depreciation	86	236
Amortisation	-	3,378
Capitalised depreciation and amortisation	-	(3,598)
Current year service fee payable to affiliate company	6,584	34,327
Other expenses	688	1,790
Total operating costs	7,358	36,133

3 Other non-operating costs

	2020 £'000	2019 £'000
Project suspension costs	1,642	72,507
Total other non-operating expenses	1,642	72,507

Following the suspension of most of Horizon's activities in January 2019 all close down and transition activities have been classified as non-operating.

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

4 Auditors' remuneration

	2020 £'000	2019 £'000
Fees payable to the Company's auditor for the audit of the financial statements	11	21

5 Employee benefits and Directors' remuneration

The Company does not employ any staff.

One of the directors is employed by Horizon Nuclear Power Services Limited (2019: eight), an affiliate to the Company, and its remuneration costs related to continuing operations are recharged to the Company totalling £2,483k (2019: £4,536k). The external non-executive director is paid by the Horizon Nuclear Power Services Limited and its full remuneration costs are also recharged to the Company totalling £32k (2019: three non-executive directors were paid £138k). The remaining directors are paid by other Hitachi group companies and it is not practical to separately identify their service costs to the Company.

The emoluments in relation to the highest paid Director recharged to the Company total £2,483k (2019: £2,345k).

6 Finance income

	2020 £'000	2019 £'000
Finance income, being interest from deposits	266	443
Finance income	266	443

7 Finance cost

	2020 £'000	2019 £'000
Interest on debts and borrowings (see note 19)	22	2,057
Finance cost	22	2,057

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

8 Foreign exchange (losses)/gains

	2020 £'000	2019 £'000
Foreign exchange losses	(18)	(953)
Reclassification adjustments for losses	-	41
Loss on ineffective portion of Hedge	-	(941)
Foreign exchange losses	(18)	(1,853)

9 Tax on ordinary activities

	2020 £'000	2019 £'000
Current tax on loss	-	-
Current tax – adjustment in respect of prior period	(3,824)	-
Income Tax credit	(3,824)	-

The tax charge is higher than (2019: higher than) the standard rate of corporate tax in the UK of 19% (2019: 19%). The differences are reconciled below.

	2020 £'000	2019 £'000
Loss before tax	(31,806)	(1,551,244)
Tax credit calculated at standard rate of corporation tax of 19% (2019: 19%)	(6,043)	(294,736)
Tax effects of:		
Pre-trading expenditure for which no deferred income tax asset was recognised	1,466	240,104
Non-deductible expenditure/non-taxable (credits)	4,577	270,842
Impairment	-	(216,223)
Effects of group relief/other reliefs	-	13
Adjustments in respect of prior years	(3,824)	-
Tax credit	(3,824)	-

At the balance sheet date, the Company has current asset of £3,824k in respect of group relief debtor. At the balance sheet date, the Company has temporary differences carried forward of £1,403,098k. This comprises pre-trading expenditure carried forward of £257,196k, non-trading expenditure carried forward of £944k, trading expenditure carried forward of 1,206k, losses of £5,881k and fixed asset timing differences of £1,137,871k. No deferred tax has been recognised in respect of these differences.

The UK government announced that the reduction in the main rate of UK Corporation Tax, which was due to fall to 17% from 1 April 2020 will no longer to be implemented, with the main rate of UK Corporation Tax remaining at 19%. The relevant legislation regarding this matter has been significantly enacted at the moment of preparing these financial statements. The effect of this rate change has been

Horizon Nuclear Power Wylfa Limited

taken into account when calculating the tax balances of the company at 31 March 2020.

Notes to the financial statements for the year ended 31 March 2020 (continued)

10 Property, plant and equipment

	Freehold land £'000	Lease- hold land £'000	Freehold building £'000	Fixtures & fittings £'000	IT equip- ment £'000	Vehic- le £'000	Power station AUC £'000	Leased building & land under IFRS16	Total £'000
Cost									
Balance at 31 March 2019	122,442	161,948	2,576	14	844	105	1,139,484	-	1,427,413
Additions	-	-	-	-	-	-	-	898	898
Disposals	-	-	(61)	(14)	(844)	(84)	-	-	(1,003)
Balance at 31 March 2020	122,442	161,948	2,515	-	-	21	1,139,484	898	1,427,308
Accumulated Depreciation									
Balance at 31 March 2019	(114,437)	(159,796)	(2,576)	(14)	(844)	(80)	(1,139,484)	-	(1,417,231)
Charge for year	-	-	-	-	-	-	-	(86)	(86)
Disposals	-	-	61	14	844	59	-	-	978
Impairment loss	-	-	-	-	-	-	-	-	-
Balance at 31 March 2020	(114,437)	(159,796)	(2,515)	-	-	(21)	(1,139,484)	(86)	(1,416,339)
Net book value									
Balance at 31 March 2019	8,005	2,152	-	-	-	25	-	-	10,182
Balance at 31 March 2020	8,005	2,152	-	-	-	-	-	812	10,969

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

10 Property, plant and equipment (continued)

Comparative figures are shown below for the twelve months to 31 March 2019.

	Freehold land £'000	Lease- hold land £'000	Freehold building £'000	Fixtures & fittings £'000	IT equip- ment £'000	Vehicle £'000	Power station AUC £'000	Total £'000
Cost								
Balance at 31 March 2018	120,331	161,948	2,515	14	844	105	856,342	1,142,099
Additions	2,111	-	61	-	-	-	283,142	285,314
Disposals	-	-	-	-	-	-	-	-
Balance at 31 March 2019	122,442	161,948	2,576	14	844	105	1,139,484	1,427,413
Accumulated Depreciation								
Balance at 31 March 2018	-	-	(729)	(13)	(710)	(36)	-	(1,488)
Charge for year	-	-	(194)	-	(26)	(16)	-	(236)
Disposals	-	-	-	-	-	-	-	-
Impairment loss	(114,437)	(159,796)	(1,653)	(1)	(108)	(28)	(1,139,484)	(1,415,507)
Balance at 31 March 2019	(114,437)	(159,796)	(2,576)	(14)	(844)	(80)	(1,139,484)	(1,417,231)
Net book value								
Balance at 31 March 2018	120,331	161,948	1,786	1	134	69	856,342	1,140,611
Balance at 31 March 2019	8,005	2,152	-	-	-	25	-	10,182

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

11 Intangible assets

	Software £'000	Total £'000
Cost		
Balance at 31 March 2019	24,357	24,357
Additions	-	-
Balance at 31 March 2020	-	-
Accumulated Amortisation		
Balance at 31 March 2019	(24,357)	(24,357)
Charge for year	-	-
Impairment loss	-	-
Balance at 31 March 2020	-	-
Net book value		
Balance at 31 March 2019	-	-
Balance at 31 March 2020	-	-

Comparative figures are shown below for the twelve months to 31 March 2019.

	Software £'000	Total £'000
Cost		
Balance at 31 March 2018	18,662	18,662
Additions	5,695	5,695
Balance at 31 March 2019	24,357	24,357
Accumulated Amortisation		
Balance at 31 March 2018	(5,705)	(5,705)
Charge for year	(3,378)	(3,378)
Impairment loss	(15,274)	(15,274)
Balance at 31 March 2019	(24,357)	(24,357)
Net book value		
Balance at 31 March 2018	12,957	12,957
Balance at 31 March 2019	-	-

The impairment loss relates to the suspension of most of Horizon's activities with all assets valued at their recoverable amount based on fair value less costs of disposal. The whole amount was recognised as non-operating expense in the statement of comprehensive income.

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

12 Investments in subsidiaries

	Total £'000
Cost	
Balance at 31 March 2019	
Additions	35,000
Impairment loss	(23,082)
Balance at 31 March 2020	11,918

The Company increased its equity in its subsidiary Horizon Nuclear Power Services Ltd in exchange for a reduction in an intercompany position which was created to enable Horizon Nuclear Power Services to fund restructuring costs it incurred following the suspension of the project.

Comparative figures are shown below for the period to 31 March 2019.

	Total £'000
Cost	
Balance at 31 March 2018	8,398
Additions	
Impairment loss	(8,398)
Balance at 31 March 2019	-

The suspension of most of Horizon's activities triggered an impairment review, the result of which was to reduce the carrying value of the investment in Horizon Nuclear Power Services Limited.

13 Trade and other receivables

	2020 £'000	2019 £'000
Amounts due from related parties (see note 19)	9,013	3,501
Prepayments		
Other receivables	278	6,818
Trade and other receivables	9,291	10,319

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

14 Share capital

	Number of shares issued '000	Ordinary shares £'000
Balance at 31 March 2019	1,787,398	1,787,398
Issue of share capital	-	-
Balance at 31 March 2020	1,787,398	1,787,398

Comparative figures are shown below for the twelve month period to 31 March 2019.

	Number of shares issued '000	Ordinary shares £'000
Balance at 31 March 2018	752,398	752,398
Issue of share capital	1,035,000	1,035,000
Balance at 31 March 2019	1,787,398	1,787,398

15 Trade and other payables

	2020 £'000	2019 £'000
Trade payables	97	4,247
Amounts due to related parties (see note 19)	44	6,324
Accrued expenses and deferred income	191	11,758
Trade and other payables	332	22,329

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

16 Leases

(i) Right-of-use assets analysis (IFRS-16)

	<i>Buildings</i> £000	<i>Land</i> £000	<i>Right of use assets</i> <i>Total</i> £000
Cost:			
At 31 March 2019	-	-	-
IFRS 16 Transition	434	464	898
Additions	-	-	-
Reclass	-	-	-
Disposals	-	-	-
At 31 March 2020	434	464	898
Depreciation and impairment:			
At 31 March 2019	-	-	-
IFRS 16 Transition	-	-	-
Depreciation charge for the year	50	35	85
Reclass	-	-	-
Disposal	-	-	-
Impairment	-	-	-
At 31 March 2020	50	35	85
Net book value:			
At 31 March 2019	-	-	-
At 31 March 2020	384	429	812

Right of use assets consist of:

- 1) Buildings used for the storage of ground investigation samples with the lease term of 10 years
- 2) Land used as ecological habitat to mitigate impacts of the proposed development on native wildlife with lease term of 15 years

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

16 Leases (continued)

(ii) Lease liability (IFRS-16)

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

	<i>Buildings</i> <i>£'000</i>	<i>Land</i> <i>£'000</i>	<i>Lease liability</i> <i>Total</i> <i>£'000</i>
At 31 March 2019	-	-	-
IFRS 16 Transition	440	475	915
Additions	-	-	-
Interest	10	12	22
Payments	(56)	(43)	(99)
At 31 March 2020	394	444	838
Analysed as:			
Current	47	32	79
Non-current	346	413	759

(iii) The following are the amounts recognised in profit or loss

	<i>Buildings</i> <i>£000</i>	<i>Land</i> <i>£000</i>	<i>Total recognised in</i> <i>profit and loss</i> <i>£000</i>
At 31 March 2019	-	-	-
Depreciation expense of right of use asset	50	35	85
Interest expense on lease liability	10	12	22
Expense relating to short-term lease (included in administrative expenses)	-	-	-
Expenses relating to low value assets (included in administrative expenses)	-	-	-
Variable lease payments	-	-	-
At 31 March 2020	60	47	107

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

17 Commitments, contingent assets and contingent liabilities

The Company has the following commitments:

(a) Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2020 £'000	2019 £'000
Within one year	-	165
In the second year to fifth year inclusive	-	233
More than five years	-	82
Total lease commitments	-	480

Operating lease payments represent rentals payable by the Company for its offices, land and storage in Anglesey.

Payments totalling £144k (2019: £144k) have been recognised in Onerous lease provisions during the year.

(b) Capital commitments and contingent liabilities

The Company has committed to the following capital expenditure at the end of the reporting period not recognised as liabilities:

	2020 £'000	2019 £'000
Property, plant and equipment	-	-

Capital expenditure contracted for at the end of the year but contingent on a number of conditions is as follows:

	2020 £'000	2019 £'000
Contingent Assets		
Freehold land	2,835	2,487
Total	2,835	2,487
Contingent Liabilities		
Balance due to third parties in respect of freehold land	(2,835)	(2,487)
Total	(2,835)	(2,487)

The Company has historically entered into certain land transactions which give rise to contingent liabilities and associated contingent assets. The Company is liable to pay up to £2,487k (2019: £2,487k) upon exercise of land options by third parties in consideration of the freehold land. The timing of these payments is uncertain.

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

18 Financial risk management

The Company has exposure to risks from its use of financial instruments. This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing financial risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity input prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

19 Related party transactions

Under the terms of its Service level agreement with its affiliate, Horizon Nuclear Power Services Limited, the Company pays Horizon Nuclear Power Services Limited a monthly fee to cover nuclear power station project delivery costs and general and administrative service costs on a cost plus basis. Amounts payable in the year ended 31 March 2020 under this contract totalled £5,150k in relation to services provided in the year ended 31 March 2020 (2019: £77,876k).

Other related party transactions relate to cash balance transfers and direct cost recharges.

Transactions between related parties are on an arms' length basis under normal commercial terms. Payables to non-Horizon Group companies are normally due within 30 days of invoice date. Payables and receivables between Horizon Group companies do not normally have fixed payment dates, with the exception of the service fee charge from Horizon Nuclear Power Services Limited, which is payable within 30 days of invoice date.

	31 March 2020 £'000	31 March 2019 £'000
<i>Value of costs/(income) transferred during the Period:</i>		
- from Horizon Nuclear Power Services Limited	6,584	78,651
- to Horizon Nuclear Power Oldbury Limited	(1,688)	(2,130)
- from Hitachi Consulting UK Limited	20	1,151
- from Hitachi Solutions Europe Limited	-	-
- from Hitachi Europe Limited	(12)	27
- from Hitachi Nuclear Energy Europe Limited	-	99,276
- from Hitachi Capital Vehicles Limited	3	40
- from Hitachi Limited	-	7,177
- from Hitachi-GE Nuclear Energy Limited	-	491
- from Hitachi Travel Bureau Ltd	-	-
- from GE-Hitachi Nuclear Energy Americas LLC	-	94

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

Period-end balance arising from transfer of costs:

- payable to Horizon Nuclear Power Services Limited	1,390	(6,188)
- receivable from to Horizon Nuclear Power Oldbury Limited	5,184	3,496
- receivable from Horizon Nuclear Power Wylfa Holdings Limited	5	5
- payable to Hitachi Consulting UK Limited	-	(95)
- payable to Hitachi-GE Nuclear Energy Limited	-	-
- receivable from Hitachi Rail Europe	3,824	-
- payable to Hitachi Nuclear Energy Europe Limited	-	-
- payable to Hitachi Europe Limited	-	(12)
- payable to Hitachi Limited	-	-
- payable to Hitachi Capital Vehicles Limited	-	(17)
- payable to GE-Hitachi Nuclear Energy Americas LLC	-	(12)

20 Provisions

	Overage payments £'000	Onerous lease £'000	Other provision £'000	AECC/DSL termination £'000	Wylfa demolition £'000	Archaeology £'000	Total £'000
Current	163	59	1,064				1,286
Non-current	-	85	-				85
At 31 March 2019	163	144	1,064				1,371
Utilised during the year		(3)	(1,064)				(1,067)
Charged to income statement	4	-	-	150	250	806	1,210
At 31 March 2020	167	141	-	150	250	806	1,514
Analysed as:							
Current	167	141	-	150	250	806	1,514
Non-current	-	-	-	-	-	-	-
	167	141	-	150	250	806	1,514

The Company has entered into a property purchase which attracts a future payment of uncertain timing and/or amount. This has been provided for and represents an overage payment that is payable upon the Company obtaining a Development Consent Order ("DCO").

Provisions are made for onerous operating leases when the properties are not used by the Company for continuing operations and the net costs of exiting from the leases exceed the economic benefits expected to be received.

Other provisions relate to property the Company was committed to purchase at the end of prior period.

AECC/DSL termination is a provision for an existing commitment to terminate an existing lease on our land.

Wylfa demolition is a provision to meet the Company's commitment to demolish various properties on its land that are no longer required and cannot be refurbished.

Archaeology is a provision for completing the archaeology commitment of the Company.

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

21 Principal subsidiaries

The following schedule outlines the effective proportion of undertakings held by the Company.

Name	Country of incorporation / registration	Nature of business	Ownership ordinary shares
Held by the Company:			
Horizon Nuclear Power Services Limited	1412 Charlton Court, Gloucester Business Park, Gloucester GL3 4AE, UK	Provision of Services	100%

22 Subsequent events following the reporting period end

A decision on the Group's DCO application was due to be delivered by the Secretary of State for Business, Energy & Industrial Strategy by 31 March. However, on 1 April, the Planning Inspectorate announced that the Secretary of State required an additional period of time in which to complete his consideration of the application. A new deadline for determination of 30 September 2020 was set. Although the delay was disappointing, given the national circumstances at the time the decision was understandable, and the company remains confident that a positive determination will be made.

23 Ultimate parent undertaking

The immediate parent undertaking is Horizon Nuclear Power Wylfa Holdings Limited and the smallest group to consolidate these financial statements is Horizon Nuclear Power Limited. Copies of Horizon Nuclear Power Limited consolidated financial statements can be obtained from: 1412 Charlton Court, Gloucester Business Park, Gloucester, GL3 4AE.

The ultimate parent undertaking and largest group to consolidate these financial statements is Hitachi, Limited incorporated in Japan. Copies of Hitachi, Limited consolidated financial statements can be obtained from: 6-6, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, 100-8280 Japan.