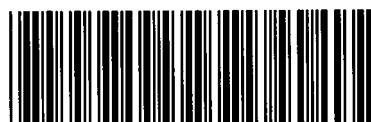


Horizon Nuclear Power Wylfa Limited

Annual Report and Financial Statements
for the year ended 31 March 2018

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Registered Number 06811987

Horizon Nuclear Power Wylfa Limited

Annual Report and Financial Statements for the year ended 31 March 2018

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Horizon Nuclear Power Wylfa Limited

Annual Report and Financial Statements for the year ended 31 March 2018

Directors

Duncan Hawthorne
Sang Hoon Lee
Timothy Stone
Yoshiteru Murase
Masahiko Nakane
William Doig
Kenneth Petrunik
Carl Devlin (resigned 31 March 2018)
Mark Lunn
Greg Evans
Anthony Webb
Rabih Hafez (appointed 1 November 2017)
James Jones (appointed 1 November 2017)
Lisa White (appointed 2 May 2018)

Company Secretary

James Jones

Auditor

Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

Registered Office

Sunrise House
1420 Charlton Court
Gloucester Business Park
Gloucester
GL3 4AE

Horizon Nuclear Power Wylfa Limited

Strategic report for the year ended 31 March 2018

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 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. It will continue with these activities for the foreseeable future. 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").

Review of business

Throughout the year, the Company has continued to make strong progress towards the delivery of its lead project, Wylfa Newydd power station on Anglesey. The business undertook a programme of change to enhance its capabilities in design, construction and cost and schedule management.

Horizon's chosen reactor technology the UK ABWR completed its regulatory Generic Design Assessment when a Design Acceptance Confirmation and Statement of Design Acceptability was awarded to the requesting party – Hitachi-GE – by the Office for Nuclear Regulation, Environment Agency and Natural Resources Wales. The completion of the process in December 2017 marked a major milestone for the development of the project and will now enable site specific assessment work for Wylfa Newydd to proceed.

Horizon Nuclear Power Wylfa Limited submitted its Site Licence Application in the previous financial year and has, this year, been going through the intense period of assessment and intervention by the Office for Nuclear Regulation to establish whether the Group can demonstrate it will be in control of all safety related activities on its site.

In addition, the Group completed its third and final round of public consultation as part of the process towards submitting its main planning permission, a Development Consent Order (DCO). The consultation was held between May and June 2017, asking people to give their views on the latest proposals for Wylfa Newydd.

Strategy

The Company's focus is to construct two UK Advanced Boiling Water Reactor (UK ABWR) units as a single power station at Wylfa Newydd. The project is on course to begin main construction at the beginning of the 2020s, with commercial operation in the mid-2020s. The priority focus is to create a strong and investable project, with a credible delivery plan, that meets the requirements of the shareholder and future investors, the Governments of UK, Japan and Wales, as well as the end consumer.

The Group has continued to work closely with UK Government to develop and progress the requirements of a Government Support Package for Wylfa Newydd. The development of new nuclear power continues to enjoy very strong political support from the UK Government and we are confident of moving the discussions onto the next stage in 2018-19.

In order to support the Group in its Nuclear Site License application, a group reorganisation took place in the year. Under the terms of a share purchase agreement entered into on 15th May 2017, the entire share capital of Horizon Nuclear Power Services Limited was transferred from Horizon Nuclear Power Limited to Horizon Nuclear Power Wylfa Holdings Limited. As consideration for the transfer, Horizon Nuclear Power Wylfa Holdings Limited allotted 8,398,001 ordinary shares of £1.00 fully paid to Horizon Nuclear Power Limited.

Horizon Nuclear Power Wylfa Limited

Strategic report for the year ended 31 March 2018 (continued)

Review of business (continued)

Under the terms of a share purchase agreement entered into on 16th May 2017, the entire share capital of Horizon Nuclear Power Services Limited was transferred from Horizon Nuclear Power Wylfa Holdings Limited to Horizon Nuclear Power Wylfa Limited. As consideration for the transfer, Horizon Nuclear Power Wylfa Limited allotted 8,398,001 ordinary shares of £1.00 fully paid to Horizon Nuclear Power Wylfa Holdings Limited.

Site Development

Work on site has continued in earnest, with the main thrust being the archaeological digs carried out by Jones Brothers and Balfour Beatty, with expert input from Wessex Archaeology. Further to this, Structural Soils carried out further ground investigation work at site.

In March 2018 a bat barn was completed and ecological receptor sites have been identified as temporary habitats for reptiles who will need to be moved from the site will preparation is under way.

Corporate

The Group announced in April 2017 that Exelon and The Japan Atomic Power Company had formed a joint venture to consolidate the work they had been doing for the Group going forward. The joint venture, known as JExel Nuclear, continues with the work to provide advisory services, operations and maintenance management services.

In July 2017 the Group also announced a training partnership with Tecnatom to help develop its operational capability. The well-respected company provides comprehensive training for the global nuclear industry and has more than 35 years' experience in applying the most advanced training methodologies.

Building on the success of its technical apprenticeship scheme, the Group opened recruitment for a third tranche of apprentices in January 2018.

Subsequent events following the reporting period end

On Tuesday 5th June the Group welcomed the UK Government's announcement that it has entered into formal negotiations with Horizon Nuclear Power and Hitachi over the Wylfa Newydd power station. Rt. Hon Greg Clark MP, Secretary of State for Business, Energy & Industrial Strategy made a Statement to the Houses of Parliament on Monday 4th June in which he restated the key role nuclear will play in the UK's energy policy, confirmed Wylfa Newydd power station as the UK's next Nuclear New Build project and confirmed HMG is considering direct investment.

In addition on 5th June, Horizon Nuclear Power Wylfa Limited formally announced its application to the Planning Inspectorate for its main planning permission, the Development Consent Order (DCO). Simultaneously Horizon Nuclear Power Wylfa Limited also submitted key applications for a Marine Licence, Operations Combustion permit, Operations Water Discharge permit and Construction Water Discharge permit from Natural Resources Wales.

Environmental Matters

At this point in time, Horizon's environmental impacts in the development of the Wylfa Newydd project are small. However, significant time and effort is being put to the identification of potentially significant environmental impacts as part of the construction and operation of the Wylfa Newydd Power Station, and mitigations that will minimise our environmental impact is being built into our plans and design. These impacts have been communicated with the public as part of public consultation ahead of our DCO application, as well as in the consultation conducted by Natural Resources Wales following submission of our Radioactive Substances Regulations Environmental Permit (EP-RSR) application in October 2017.

Horizon Nuclear Power Wylfa Limited

Strategic report for the year ended 31 March 2018 (continued)

Environmental Matters (continued)

Horizon's approach to managing environmental risk is embedded within its risk assessment processes and delivery processes, making use of its relevant subject matter experts. Our Safety, Health and Environment Policy commits Horizon to protect the environment by undertaking activities including preventing pollution, minimising resource use, implementing the waste hierarchy, managing our waste Duty of Care and limiting our environmental impact.

Key Performance Indicators

The principal key performance indicators the Group 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. Any changes to the baseline will be controlled by applying a change control process.

Risk and Risk Management

We recognise the need for risk management in order to support the achievement of Horizon's strategy, and adopt best practice and appropriate corporate codes. The identification and management of key risks for Horizon is achieved through a risk register which is updated and reviewed on a regular basis. This ensures that the prioritised risks are focused on, mitigating actions are feasible and effective and the residual risk is appropriate. A Risk & Audit Committee meets on a quarterly basis to review the priority risks raised and to ensure that the risk processes are maturing to reflect the complexity and maturity of the Horizon organisation. The committee is mandated by appropriate Terms of Reference in order to fulfil its remit set by the Board of Directors. Key risks faced by Horizon are predominately from Political, Economic, Societal and Regulatory sources of risk. The risk process is an iterative process that continually assesses the dynamic risk environment faced by Horizon and there may be additional risks that are unknown and could have a positive (opportunity) or adverse (threat) effect on Horizon in meeting its strategy.

In addition, the directors have 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 develops cash flow forecasts and funding schedules for the Company. The Company is funded by its 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 Group currently does not have any significant credit or market risks, and manages foreign exchange risk by hedging firm foreign currency commitments (or highly probable cash flows in foreign currency) using forward foreign currency contracts.

Financial position

The Company recorded a loss of £16,770k during the year covered by these financial statements (2017: loss of £17,893k). The Company's total asset position as at 31 March 2018 was £1,215,354k (2017: £856,089k).

To support on-going development costs, shareholder loan cash injections were made during the financial year, as detailed in note 15 to the financial statements.

Horizon Nuclear Power Wylfa Limited

Strategic report for the year ended 31 March 2018 (continued)

Distributions, capital raising and share repurchases

The Company issued 8,398,001 shares in the year in exchange for £8,398k of share capital of Horizon Nuclear Power Services Limited from Horizon Nuclear Power Wylfa Holdings Limited.

The directors do not propose a dividend for the year ended 31 March 2018 (2017: 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. In the year ended 31 March 2018 this was managed through quarterly shareholder loan cash injections, calculated and timed in accordance with cash flow forecast information.

The Strategic Report on pages 3 – 6 was approved by the Board of Directors on 27 June 2018 and signed on their behalf by



Sang Hoon Lee
Director
27 June 2018

Horizon Nuclear Power Wylfa Limited

Directors' report for the year ended 31 March 2018

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2018.

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.

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. 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 (2017: 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 2018 (continued)

Directors and their interests

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

Duncan Hawthorne
Sang Hoon Lee
Timothy Stone
Yoshiteru Murase
Masahiko Nakane
William Doig
Kenneth Petrunik
Carl Devlin (resigned 31 March 2018)
Mark Lunn
Greg Evans
Anthony Webb
Rabih Hafez (appointed 1 November 2017)
James Jones (appointed 1 November 2017)
Lisa White (appointed 2 May 2018)

Each director has no interest in the shares of the Company.

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 2018 (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 27 June 2018 and signed on their behalf by



Sang Hoon Lee
Director
27 June 2018

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 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statements of Changes in Equity, the Statement of Cash Flow and the related notes 1 to 22, 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 31 March 2018 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.

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.

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

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 by the parent company, 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: *28 June 2018*

Horizon Nuclear Power Wylfa Limited

Statement of comprehensive income for the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Other operating income		38	94
Operating costs	2	(17,136)	(18,447)
Operating loss		(17,098)	(18,353)
Finance income	5	204	153
Finance cost	6	(553)	(249)
Foreign exchange gain/(loss)	7	677	556
Loss before tax on ordinary activities		(16,770)	(17,893)
Tax on ordinary activities	8	-	-
Loss for the year, attributable to equity shareholder		(16,770)	(17,893)
Other comprehensive income			
Cash flow hedges:	7		
Losses/(gains) incurred during the year		1,282	(421)
Reclassification adjustments for gains included in profit or loss		(1,282)	450
Adjustment for cash flow hedges transferred to the initial carrying amount of the hedged item		-	(29)
Net Movement on cash flow hedges		-	-
Total comprehensive loss for the year, attributable to equity shareholder		(16,770)	(17,893)

All amounts relate to continuing operations.

The notes on pages 17 to 34 form an integral part of these financial statements.

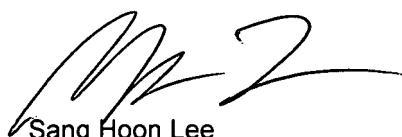
Horizon Nuclear Power Wylfa Limited

Statement of financial position as at 31 March 2018

	Note	2018 £'000	2017 £'000
Assets			
Non-current assets			
Property, plant and equipment	9	1,140,611	810,055
Intangible assets	10	12,957	5,977
Investments in subsidiaries	11	8,398	-
		1,161,966	816,032
Current Assets			
Trade and other receivables	12	9,239	5,942
Cash and cash equivalents		44,149	34,115
		53,388	40,057
Total assets		1,215,354	856,089
Equity and liabilities			
Equity attributable to shareholder			
Share capital	13	752,398	744,000
Retained earnings		(169,251)	(152,481)
Total equity		583,147	591,519
Liabilities			
Non-current liabilities			
Provisions	19	137	137
		137	137
Current liabilities			
Trade and other payables	14	37,070	24,433
Loans and borrowings	15	595,000	240,000
		632,070	264,433
Total liabilities		632,207	264,570
Total equity and liabilities		1,215,354	856,089

The notes on pages 17 to 34 form an integral part of these financial statements.

The financial statements on pages 13 to 34 were approved and authorised for issue by the Board of Directors on 27 June 2018 and signed on its behalf by



Sang Hoon Lee
Director
27 June 2018

Horizon Nuclear Power Wylfa Limited
Registered Number: 06811987

Horizon Nuclear Power Wylfa Limited

Statement of changes in equity for the year ended 31 March 2018

	<i>Note</i>	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 31 March 2017		744,000	(152,481)	591,519
Total comprehensive loss for the year		-	(16,770)	(16,770)
Issue of share capital	13	8,398	-	8,398
Balance at 31 March 2018		752,398	(169,251)	583,147

Comparative figures are shown below for the twelve months to 31 March 2017.

	<i>Note</i>	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 31 March 2016		744,000	(134,588)	609,412
Total comprehensive loss for the year		-	(17,893)	(17,893)
Issue of share capital	13	-	-	-
Balance at 31 March 2017		744,000	(152,481)	591,519

The notes on pages 17 to 34 form an integral part of these financial statements.

Horizon Nuclear Power Wylfa Limited

Statement of cash flow for the year ended 31 March 2018

	2018 £'000	2017 £'000
Cash flows from operating activities		
Operating loss	(17,098)	(18,353)
Depreciation	279	471
Less capitalised depreciation	(271)	(465)
Amortisation	2,427	1,870
Less capitalised amortisation	(2,427)	(1,870)
Foreign exchange gain	678	556
Increase in receivables	(3,297)	(4,508)
Increase in payables	12,637	8,969
Decrease in provisions	-	(700)
Net cash used in operating activities	(7,072)	(14,030)
Cash flows from investing activities		
Purchases of property, plant and equipment	(331,353)	(233,104)
Less non cash PPE additions (capitalised depreciation)	271	465
Loss on disposal of PPE	517	-
Purchases of intangible assets	(9,407)	(3,481)
Less non cash intangible asset additions (capitalised amortisation)	2,427	1,870
Interest income	204	153
Net cash used in investing activities	(337,341)	(234,097)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	-	-
Proceeds from new borrowings	355,000	240,000
Finance cost	(553)	(249)
Net cash generated from financing activities	354,447	239,751
Net increase/(decrease) in cash and cash equivalents	10,034	(8,376)
Cash and cash equivalents at beginning of period	34,115	42,491
Cash and cash equivalents at end of period	44,149	34,115

The notes on pages 17 to 34 form an integral part of these financial statements.

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2018

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 2018.

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 which are publicly available. 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.

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 2018 (continued)

1 Accounting policies (continued)

Property, plant and equipment

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

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. 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 and amortised over its estimated useful life, using the straight line method usually considered to be 3 years. 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 2018 (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 2018 (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 2018 (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 substantially 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 2018 (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 2018, the following Standards and Interpretations relevant to the business of the Company were in issue but not yet effective:

Standard/Interpretation		Effective date
IFRS 9 Financial Instruments (issued in 2010)	May early adopt	Annual periods beginning on or after 1 January 2018
Amendments to IFRS 7 and IFRS 9 Mandatory Effective Date and Transition Disclosures	May early adopt	Annual periods beginning on or after 1 January 2018
Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39	May early adopt	Annual periods beginning on or after 1 January 2018
IFRS 15 Revenue from Contracts with Customers	May early adopt	Annual periods beginning on or after 1 January 2018
IFRS 9 Financial Instruments (issued in 2014)	May early adopt	Annual periods beginning on or after 1 January 2018
IFRS 16 Leases	May early adopt	Annual periods beginning on or after 1 January 2019

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 2018 (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. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

Capitalisation of project costs

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. The judgements required to determine the classification of these costs are based on the exact nature of the cost, historical experience and other reasonable factors.

Provisions

The Group has recognised provisions for land overage payments in its financial statements which requires management to make judgements. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

2 Operating costs

	2018 £'000	2017 £'000
Depreciation	279	471
Amortisation	2,427	1,870
Capitalised depreciation and amortisation	(2,698)	(2,335)
Current year service fee payable to affiliate company	15,295	17,004
Other expenses	1,833	1,437
Total operating costs	17,136	18,447

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

3 Auditors' remuneration

	2018 £'000	2017 £'000
Fees payable to the Company's auditor for the audit of the financial statements	17	16

4 Employee benefits and Directors' remuneration

The Company does not employ any staff.

Seven of the directors of are employed by Horizon Nuclear Power Services Limited (2017: five), an affiliate to the Company, and their full remuneration costs are recharged to the Company totalling £4,079k (2017: £4,530k). The three non-executive directors are paid by the Horizon Nuclear Power Services Limited and their full remuneration costs are also recharged to the Company totalling £130k (2017: £36k). The remaining directors are paid by other Hitachi group companies and it is not practical to separately identify their Service costs to the Company. Horizon Nuclear Power Services Limited recharges to the Company a management charge from Hitachi Europe Limited totalling £2,500k (2017: £748k) which includes the value of the services provided by these directors.

The emoluments in relation to the highest paid Director recharged to the Company total £2,011k (2017: £3,771k).

5 Finance income

	2018 £'000	2017 £'000
Finance income, being interest from deposits	204	153
Finance income	204	153

6 Finance cost

	2018 £'000	2017 £'000
Interest on debts and borrowings (see note 18)	553	249
Finance cost	553	249

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

7 Foreign exchange gains/(losses)

	2018 £'000	2017 £'000
Foreign exchange (losses)/gains	(605)	135
Reclassification adjustments for losses	1,282	450
Loss on ineffective portion of Hedge	-	(29)
Foreign exchange gain	677	556

8 Tax on ordinary activities

	2018 £'000	2017 £'000
Current tax on loss	-	-
Current tax – adjustment in respect of prior period	-	-
Income Tax credit	-	-

The tax charge is higher than (2017: higher than) the standard rate of corporate tax in the UK of 19% (2017: 20%). The differences are reconciled below.

	2018 £'000	2017 £'000
Loss before tax	(16,770)	(17,893)
Tax credit calculated at standard rate of corporation tax of 19% (2017: 20%)	(3,186)	(3,579)
Tax effects of:		
- Pre-trading expenditure for which no deferred income tax asset was recognised	3,605	3,142
- Non-taxable (credits)/non-deductible expenditure	(724)	47
- Carry forward/(utilisation) of tax losses brought forward for which no deferred tax is recognised	305	390
Tax credit	-	-

At the balance sheet date, the Company has temporary differences carried forward of £171,011k. This comprises pre-trading expenditure carried forward of £162,192k, non-trading expenditure carried forward of £944k, losses of £6,157k and fixed asset timing differences of £1,718k. No deferred tax has been recognised in respect of these differences.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017, 18% from 1 April 2018 and 17% from 1 April 2020.

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for/ the year ended 31 March 2018 (continued)

9 Property, plant and equipment

	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 2017	120,669	161,324	2,350	14	841	38	526,028	811,264
Additions	180	624	165	-	3	67	330,314	331,353
Disposals	(518)	-	-	-	-	-	-	(518)
Balance at 31 March 2018	120,331	161,948	2,515	14	844	105	856,342	1,142,099
Accumulated Depreciation								
Balance at 31 March 2017	-	-	(494)	(12)	(674)	(29)	-	(1,209)
Charge for year	-	-	(235)	(1)	(36)	(7)	-	(279)
Disposals	-	-	-	-	-	-	-	-
Balance at 31 March 2018	-	-	(729)	(13)	(710)	(36)	-	(1,488)
Net book value								
Balance at 31 March 2017	120,669	161,324	1,856	2	167	9	526,028	810,055
Balance at 31 March 2018	120,331	161,948	1,786	1	134	69	856,342	1,140,611

Certain freehold buildings owned by the Company been assessed as having a limited economic life and are depreciated over 10 years.

Borrowing costs totalling £2,337k were capitalised during the year (2017: £578k). The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was 81% (2017: 70%).

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

9 Property, plant and equipment (continued)

Comparative figures are shown below for the twelve months to 31 March 2017.

	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 2016	119,003	161,324	1,553	14	841	38	295,387	578,160
Additions	1,666	-	797	-	-	-	230,641	233,104
Balance at 31 March 2017	120,669	161,324	2,350	14	841	38	526,028	811,264
Accumulated Depreciation								
Balance at 31 March 2016	-	-	(259)	(8)	(447)	(24)	-	(738)
Charge for year	-	-	(235)	(4)	(227)	(5)	-	(471)
Balance at 31 March 2017	-	-	(494)	(12)	(674)	(29)	-	(1,209)
Net book value								
Balance at 31 March 2016	119,003	161,324	1,294	6	394	14	295,387	577,422
Balance at 31 March 2017	120,669	161,324	1,856	2	167	9	526,028	810,055

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

10 Intangible assets

	Software £'000	Total £'000
Cost		
Balance at 31 March 2017	9,255	9,255
Additions	9,407	9,407
Balance at 31 March 2018	18,662	18,662
Accumulated Amortisation		
Balance at 31 March 2017	(3,278)	(3,278)
Charge for year	(2,427)	(2,427)
Balance at 31 March 2018	(5,705)	(5,705)
Net book value		
Balance at 31 March 2017	5,977	5,977
Balance at 31 March 2018	12,957	12,957

Comparative figures are shown below for the twelve months to 31 March 2017.

	Software £'000	Total £'000
Cost		
Balance at 31 March 2016	5,774	5,774
Additions	3,481	3,481
Balance at 31 March 2017	9,255	9,255
Accumulated Amortisation		
Balance at 31 March 2016	(1,408)	(1,408)
Charge for year	(1,870)	(1,870)
Balance at 31 March 2017	(3,278)	(3,278)
Net book value		
Balance at 31 March 2016	4,366	4,366
Balance at 31 March 2017	5,977	5,977

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

11 Investments in subsidiaries

	Total £'000
Cost	
Balance at 31 March 2017	-
Additions	8,398
Balance at 31 March 2018	8,398

Comparative figures are shown below for the period to 31 March 2017.

	Total £'000
Cost and balance at 31 March 2016 and 31 March 2017	-

On 15th May 2017 Horizon Nuclear Power Wylfa Holdings Limited acquired 100% of the share capital of Horizon Nuclear Power Services Limited from Horizon Nuclear Power Limited. Horizon Nuclear Power Wylfa Holdings Limited allotted 8,398,001 ordinary shares of £1.00 fully paid to Horizon Nuclear Power Limited as consideration for the transfer.

12 Trade and other receivables

	2018 £'000	2017 £'000
Amounts due from related parties (see note 18)	1,370	167
Prepayments	997	2,695
Other receivables	6,872	3,080
Trade and other receivables	9,239	5,942

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

13 Share capital

	Number of shares issued '000	Ordinary shares £'000
Balance at 31 March 2017	744,000	744,000
Issue of share capital	8,398	8,398
Balance at 31 March 2018	752,398	752,398

The total authorised number of ordinary shares is 1,000,000,000 shares of £1.00 each. The issued and paid ordinary share capital is 752,398,002 shares.

On 15th May 2017 Horizon Nuclear Power Wylfa Holdings Limited acquired 100% of the share capital of Horizon Nuclear Power Services Limited from Horizon Nuclear Power Limited. Horizon Nuclear Power Wylfa Holdings Limited allotted 8,398,001 ordinary shares of £1.00 fully paid to Horizon Nuclear Power Limited as consideration for the transfer.

Comparative figures are shown below for the twelve month period to 31 March 2017.

	Number of shares issued '000	Ordinary shares £'000
Balance at 31 March 2016	744,000	744,000
Issue of share capital	-	-
Balance at 31 March 2017	744,000	744,000

14 Trade and other payables

	2018 £'000	2017 £'000
Trade payables	3,368	1,013
Amounts due to related parties (see note 18)	16,584	7,765
Accrued expenses and deferred income	17,118	15,655
Trade and other payables	37,070	24,433

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

15 Loans and borrowings

	2018 £'000	2017 £'000
Loans from related parties	595,000	240,000
Loans and borrowings	595,000	240,000

Loans from related parties are due for repayment on 27th April 2018. The loan was extended until 29th June 2018 and it is expected that it will be extended for a further 2 months from that date. Interest of 0.98% per annum is charged on the outstanding loan balances.

16 Commitments, contingent assets and contingent liabilities

The Company has the following commitments:

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:

	2018 £'000	2017 £'000
Property, plant and equipment	5,477	330

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

	2018 £'000	2017 £'000
<i>Contingent Assets</i>		
Freehold land	2,971	2,966
Total	2,971	2,966
<i>Contingent Liabilities</i>		
Balance due to third parties in respect of freehold land	(2,971)	(2,966)
Total	(2,971)	(2,966)

The Company has entered into further land transactions which give rise to contingent liabilities and associated contingent assets. The Company is liable to pay up to £2,971k (2017: £2,966k) upon exercise of land options to 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 2018 (continued)

17 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.

As at the 31 March 2018, the Company has been financed with equity and loan injections from the Company's Ultimate Shareholder.

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.

The Company buys foreign currency derivatives in order to manage market risks. Generally the Company seeks to apply hedge accounting in order to manage volatility in profit or loss.

The Company has exposure to currency risk.

Currency risk

The Company is exposed to currency risk on purchases that are denominated in a currency other than the respective functional currencies of Company entities. The Company is primarily exposed to the Japanese Yen and US Dollar.

The Company has hedged its foreign currency exposure in respect to its early contractor engagement contract which ran from May 2016 to March 2018.

There are no open F.E.C's (Forward Exchange Contracts) as at the 31 March 2018.

In respect of transactions not covered by forward exchange contracts or other monetary assets and liabilities denominated in foreign currencies that arise in the normal course, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary.

The fair values of cash and short term deposits, trade receivables, other receivables, trade payables and other current liabilities approximate to their carrying value, largely because of their short term nature.

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

18 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 2018 under this contract totalled £73,281k in relation to services provided in the year ended 31 March 2018 (2017: £85,925k). There were also direct cost recharges of £nil made by Wylfa to Horizon Nuclear Power Services Limited in the year (2017: £1,424k) and direct cost recharges made by Horizon Nuclear Power Services Limited to Wylfa of £2,431k (2017: £nil).

Under its contract with the Mentor Newydd joint venture for early contractor engagement services, Hitachi Nuclear Energy Europe Limited provided services for the front-end engineering and design of the Wylfa power station. The Company incurred £90,749k of costs for the year ended 31 March 2018 (2017: £68,658k), £83,884k of which was invoiced and paid by the year end reporting date. The Company also received consultancy support services from Hitachi Consulting UK Limited and vehicle leasing services from Hitachi Capital Vehicles Limited.

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 2018 £'000	31 March 2017 £'000
<i>Value of costs/(income) transferred during the Period:</i>		
- from Horizon Nuclear Power Services Limited	73,281	85,925
- to Horizon Nuclear Power Oldbury Limited	(1,203)	(6)
- from Hitachi Consulting UK Limited	1,076	1,326
- from Hitachi Solutions Europe Limited	-	87
- from Hitachi Europe Limited	69	311
- from Hitachi Nuclear Energy Europe Limited	90,749	68,658
- from Hitachi Capital Vehicles Limited	18	7
- from Hitachi Limited	2,931	820
- from Hitachi GE Nuclear Energy Limited	893	-
- from Hitachi Travel Bureau Ltd	9	-
- from GE-Hitachi Nuclear Energy Americas LLC	69	-
<i>Period-end balance arising from transfer of costs:</i>		
- payable to Horizon Nuclear Power Services Limited	(8,855)	(4,361)
- receivable from to Horizon Nuclear Power Oldbury Limited	1,365	162
- receivable from Horizon Nuclear Power Wylfa Holdings Limited	5	5
- payable to Hitachi Consulting UK Limited	(290)	(129)
- payable to Hitachi-GE Nuclear Energy Limited	(454)	-
- payable to Hitachi Nuclear Energy Europe Limited	(6,864)	(3,265)
- payable to Hitachi Europe Limited	(71)	(10)
- payable to Hitachi Limited	(595,048)	(240,008)
- payable to Hitachi Capital Vehicles Limited	(2)	-

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2018 (continued)

19 Provisions

The Company has entered into a number of property transactions which attract future payments of uncertain timing and/or amount. These have been provided for and represent either payments which are payable on relocation of the vendor, or overage payments that are payable upon the Company obtaining a Development Consent Order ("DCO"). Current expectation is that no payment will be made within the next 12 months and therefore the provision is considered to be non-current at 31 March 2018.

	Overage payments £'000	Total £'000
At 31 March 2017 and 31 March 2018	137	137

20 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	Sunrise House, 1420 Charlton Court, Gloucester Business Park, Gloucester GL3 4AE, UK	Provision of Services	100%

21 Subsequent events following the reporting period end

On Tuesday 5th June the Group welcomed the UK Government's announcement that it has entered into formal negotiations with Horizon Nuclear Power and Hitachi over the Wylfa Newydd power station. Rt. Hon Greg Clark MP, Secretary of State for Business, Energy & Industrial Strategy made a Statement to the Houses of Parliament on Monday 4th June in which he restated the key role nuclear will play in the UK's energy policy, confirmed Wylfa Newydd power station as the UK's next Nuclear New Build project and confirmed HMG is considering direct investment.

In addition on 5th June, Horizon Nuclear Power Wylfa Limited formally announced its application to the Planning Inspectorate for its main planning permission, the Development Consent Order (DCO). Simultaneously Horizon Nuclear Power Wylfa Limited also submitted key applications for a Marine Licence, Operations Combustion permit, Operations Water Discharge permit and Construction Water Discharge permit from Natural Resources Wales.

22 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: Sunrise House, 1420 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.