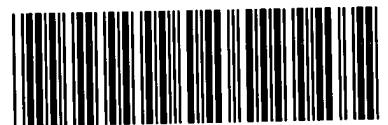


# **Horizon Nuclear Power Wylfa Limited**

**Annual Report and Financial Statements  
for the year ended 31 March 2019**

**Registered Number 06811987**

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# **Horizon Nuclear Power Wylfa Limited**

## **Annual Report and Financial Statements for the year ended 31 March 2019**

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## **Horizon Nuclear Power Wylfa Limited**

### **Annual Report and Financial Statements for the year ended 31 March 2019**

#### **Directors**

Duncan Hawthorne  
Timothy Stone  
Masahiko Nakane  
Yoshiteru Murase  
Stephen Gomersall (appointed 1 April 2019)  
Takashi Masui (appointed 1 April 2019)  
Tomohiro Satake (appointed 1 April 2019)  
Hidetoshi Takehara (appointed 1 April 2019)  
Masahide Tanigaki (appointed 1 April 2019)  
Lisa White (appointed 2 May 2018 & resigned 31 March 2019)  
Gwen Parry-Jones (appointed 1 July 2018 & resigned 31 March 2019)  
William Doig (resigned 31 March 2019)  
Sang Hoon Lee (resigned 31 March 2019)  
Kenneth Petrunik (resigned 31 March 2019)  
Mark Lunn (resigned 31 March 2019)  
Greg Evans (resigned 13 November 2018)  
Anthony Webb (resigned 31 March 2019)  
Rabih Hafez (resigned 31 March 2019)  
James Jones (resigned 31 March 2019)

#### **Company Secretary**

Jonathan Cornelius

#### **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 2019**

### **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 this year suspended the majority of its activities. As a result, Horizon will now focus 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***

In April and May of 2018 significant progress was made in discussions with the UK Government regarding financing of the Wylfa Newydd project, which represents the majority of the Group's activities.

This led to an announcement in June by the Secretary of State for Business, Energy and Industrial Strategy that the UK Government was prepared to consider direct financial support for the project, beyond the market-based mechanism that had been available to date. This was contingent upon agreeing the details of the financial structure, the participation of further equity investors beyond Hitachi and Her Majesty's Government, and Horizon demonstrating it satisfied a number of conditions relating to progress and verification of project costs.

During FY18 Horizon made strong progress in all areas.

The Development Consent Order (DCO) and associated environmental and marine licences and permits were progressed to a mature state and submitted. As at 31 March 2019 the DCO examination phase was on target to conclude by the end of April 2019 to support a determination during 2019.

Following Horizon's application to the Office for Nuclear Regulation for a Nuclear Site Licence in 2017, assessment was ongoing leading to an expected Site Licence Grant also in 2019.

Horizon evolved its engineering and construction 'delivery model', establishing the Bechtel Corporation as Project Management Contractor and signing further contracts for work from Hitachi Nuclear Energy Europe and the Japan Gasoline Corporation. This enabled an acceleration in analysis of project costs, with further estimates provided to the UK Government.

Another cohort of apprentices joined in September 2018 and Horizon continued to expand its workforce in key areas, both at its headquarters and on site at Wylfa Newydd.

The Wylfa Newydd project received a positive 'Opinion' from the European Commission for two key European permissions, under Articles 37 and 41 of the Euratom Treaty. Article 37, which was the larger and more substantial of the two permits, stated that the station will not have significant health or environmental impacts on other Member States. It was assessed against routine operations, decommissioning and spent fuel storage, as well as in the highly unlikely event of accidental release, and found to be in full compliance with European safety standards under all scenarios.

## **Horizon Nuclear Power Wylfa Limited**

### **Strategic report for the year ended 31 March 2019 (continued)**

#### ***Review of business (continued)***

During 2018 Horizon was in negotiations with the UK Government and discussions with potential investors and the Government of Japan, on the financing and associated commercial arrangements for the Wylfa Newydd project. Unfortunately, the parties were not able to reach an agreement to the satisfaction of all concerned on the necessary timetable.

The lack of agreement in this key area led to the decision by Horizon's parent company Hitachi, Ltd. to suspend the nuclear new build activities of Horizon at both its development sites, Wylfa Newydd and Oldbury. This decision, taken in January 2019, led Horizon to halt almost all development activities and move immediately into a period of staff consultation, which resulted, at the end of March 2019, in the vast majority of Horizon employees departing Horizon.

Similarly, following the suspension decision Horizon entered into a series of commercial conversations with its large number of suppliers and subsequently moved to terminate almost all contracts at the earliest possible point allowed by the terms and conditions.

Notwithstanding the suspension decision, Horizon took the decision to not withdraw its main planning permission application for Wylfa Newydd, the DCO application, and continue to progress it though the end of its public examination phase in April 2019. Following the end of this phase, the Examining Authority (the Planning Inspectorate) will consider its recommendation to the Secretary of State for Business, Energy, and Industrial Strategy, who will make the final decision 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 take the DCO through to the end of the examination phase and 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.

#### ***Strategy***

Following the suspension of most of the Group's activities, the release of the vast majority of the Group's workforce, and the termination of most of the commercial contracts, Horizon will move into a suspended state. This will see a very small number of staff continue a limited number of activities designed to keep the option open of a possible restart of Horizon's projects, in particular the lead development at Wylfa Newydd.

The activities in the suspended state will see the Company continue to engage with the UK Government over the development of a new funding and financing model that could support a possible restart. It will also continue to engage closely with other key stakeholders, including those around its lead host community of Anglesey in Wales, represented by the Isle of Anglesey County Council and Welsh Government, as well as ensuring the site remains in a state that would allow it to be developed, should a restart be possible.

The intention, therefore, is to continue to try and secure opportunities to develop the Hitachi-GE Advanced Boiling Water Reactor technology on the Wylfa Newydd site. However, the Company cannot state with a high degree of confidence that it will be successful in this intent and, as a result, the decision has been taken to impair all assets and hold the land value at non-nuclear development value.

#### ***Subsequent events following the reporting period end***

The DCO examination phase was completed on 24 April. The planning inspectorate has three months to make its recommendation to the Secretary of State who has a further three months to make a decision.

## **Horizon Nuclear Power Wylfa Limited**

### **Strategic report for the year ended 31 March 2019 (continued)**

#### **Environmental Matters**

At this point in time, Horizon'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 Group'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.

#### **Financial position**

The Company recorded a loss of £1,551,244k during the year covered by these financial statements (2018: loss of £16,770k). The Company's total asset position as at 31 March 2019 was £90,603k (2018: £1,215,354k).

To support on-going development costs, shareholder loan cash injections were made during the financial year. Following the decision to suspend the project in January 2019, the shareholder loan was converted into equity and further transition costs were funded by equity injections.

#### **Distributions, capital raising and share repurchases**

The Company issued 1,035,000,000 shares during the year (2018: 8,398,001).

The directors do not propose a dividend for the year ended 31 March 2019 (2018: £nil).

## **Horizon Nuclear Power Wylfa Limited**

### **Strategic report for the year ended 31 March 2019 (continued)**

#### **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 2019 this was initially managed through bimonthly shareholder loan cash injections into Horizon Nuclear Power Wylfa Limited, calculated and timed in accordance with cash flow forecast information. Following the suspension decision the loans were converted to equity in January 2019 and further funding requirements were met through equity injections, as detailed in in the Statement of Changes in Equity.

The Strategic Report on pages 3 – 6 was approved by the Board of Directors on 25 June 2019 and signed on their behalf by



Tomohiro Satake  
Director  
26 June 2019

## **Horizon Nuclear Power Wylfa Limited**

### **Directors' report for the year ended 31 March 2019**

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2019.

#### **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 during the year 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. 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 (2018: 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 2019 (continued)**

#### **Directors and their interests**

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

Duncan Hawthorne  
Timothy Stone  
Masahiko Nakane  
Yoshiteru Murase  
Stephen Gomersall (appointed 1 April 2019)  
Takashi Masui (appointed 1 April 2019)  
Tomohiro Satake (appointed 1 April 2019)  
Hidetoshi Takehara (appointed 1 April 2019)  
Masahide Tanigaki (appointed 1 April 2019)  
Lisa White (appointed 2 May 2018 & resigned 31 March 2019)  
Gwen Parry-Jones (appointed 1 July 2018 & resigned 31 March 2019)  
William Doig (resigned 31 March 2019)  
Sang Hoon Lee (resigned 31 March 2019)  
Kenneth Petrunik (resigned 31 March 2019)  
Mark Lunn (resigned 31 March 2019)  
Greg Evans (resigned 13 November 2018)  
Anthony Webb (resigned 31 March 2019)  
Rabih Hafez (resigned 31 March 2019)  
James Jones (resigned 31 March 2019)

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 2019 (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 2019 and signed on their behalf by



Tomohiro Satake  
Director  
26 June 2019

## **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 2019 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 2019 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)**

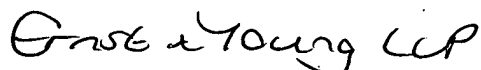
### **Auditor's responsibilities for the audit of the financial statements**

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.



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

Date: 28 June 2019

# Horizon Nuclear Power Wylfa Limited

## Statement of comprehensive income for the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Other operating income		42	38
Operating costs	2	(36,133)	(17,136)
<b>Operating loss</b>		<b>(36,091)</b>	<b>(17,098)</b>
Finance income	6	443	204
Finance cost	7	(2,057)	(553)
Foreign exchange (loss)/gain	8	(1,853)	677
Impairment of property, plant and equipment	10	(1,415,507)	-
Impairment of intangible assets	11	(15,274)	-
Impairment of investments in subsidiaries	12	(8,398)	-
Other non-operating expenses	3	(72,507)	-
<b>Loss before tax on ordinary activities</b>		<b>(1,551,244)</b>	<b>(16,770)</b>
Tax on ordinary activities	9	-	-
<b>Loss for the year, attributable to equity shareholder</b>		<b>(1,551,244)</b>	<b>(16,770)</b>
<b>Other comprehensive income</b>			
Cash flow hedges:	8		
Losses incurred during the year		900	1,282
Reclassification adjustments for losses included in profit or loss		(941)	(1,282)
Adjustment for cash flow hedges transferred to the initial carrying amount of the hedged item		41	-
<b>Net Movement on cash flow hedges</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year, attributable to equity shareholder</b>		<b>(1,551,244)</b>	<b>(16,770)</b>

All amounts relate to continuing operations.

The notes on pages 17 to 37 form an integral part of these financial statements.


# Horizon Nuclear Power Wylfa Limited

## Statement of financial position as at 31 March 2019

	Note	2019 £'000	2018 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	10,182	1,140,611
Intangible assets	11	-	12,957
Investments in subsidiaries	12	-	8,398
		<b>10,182</b>	<b>1,161,966</b>
<b>Current Assets</b>			
Trade and other receivables	13	10,319	9,239
Cash and cash equivalents		70,102	44,149
		<b>80,421</b>	<b>53,388</b>
<b>Total assets</b>		<b>90,603</b>	<b>1,215,354</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to shareholder</b>			
Share capital	14	1,787,398	752,398
Retained earnings		(1,720,495)	(169,251)
<b>Total equity</b>		<b>66,903</b>	<b>583,147</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions	20	85	137
		<b>85</b>	<b>137</b>
<b>Current liabilities</b>			
Trade and other payables	15	22,329	37,070
Loans and borrowings	16	-	595,000
Provisions	20	1,286	
		<b>23,615</b>	<b>632,070</b>
<b>Total liabilities</b>		<b>23,700</b>	<b>632,207</b>
<b>Total equity and liabilities</b>		<b>90,603</b>	<b>1,215,354</b>

The notes on pages 17 to 37 form an integral part of these financial statements.

The financial statements on pages 13 to 37 were approved and authorised for issue by the Board of Directors on 25 June 2019 and signed on its behalf by

  
Tomohiro Satake  
Director  
26 June 2019

Horizon Nuclear Power Wylfa Limited  
Registered Number: 06811987

# Horizon Nuclear Power Wylfa Limited

## Statement of changes in equity for the year ended 31 March 2019

	<i>Note</i>	<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
<b>Balance at 31 March 2018</b>		<b>752,398</b>	<b>(169,251)</b>	<b>583,147</b>
Total comprehensive loss for the year		-	(1,551,244)	(1,551,244)
Issue of share capital	14	1,035,000	-	1,035,000
<b>Balance at 31 March 2019</b>		<b>1,787,398</b>	<b>(1,720,495)</b>	<b>66,903</b>

Comparative figures are shown below for the twelve months to 31 March 2018.

	<i>Note</i>	<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
<b>Balance at 31 March 2017</b>		<b>744,000</b>	<b>(152,481)</b>	<b>591,519</b>
Total comprehensive loss for the year		-	(16,770)	(16,770)
Issue of share capital	14	8,398	-	8,398
<b>Balance at 31 March 2018</b>		<b>752,398</b>	<b>(169,251)</b>	<b>583,147</b>

The notes on pages 17 to 37 form an integral part of these financial statements.



# Horizon Nuclear Power Wylfa Limited

## Statement of cash flow for the year ended 31 March 2019

	2019 £'000	2018 £'000
<b>Cash flows from operating activities</b>		
Operating loss	(36,091)	(17,098)
Depreciation	236	279
Less capitalised depreciation	(220)	(271)
Amortisation	3,378	2,427
Less capitalised amortisation	(3,378)	(2,427)
Foreign exchange (loss)/gain	(1,853)	678
Other non-operating expenses	(72,507)	-
Increase in receivables	(1,080)	(3,297)
(Decrease)/increase in payables	(14,741)	12,637
Increase in provisions	1,234	-
<b>Net cash used in operating activities</b>	<b>(125,022)</b>	<b>(7,072)</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(285,314)	(331,353)
Less non cash PPE additions (capitalised depreciation)	220	271
Loss on disposal of PPE	-	517
Purchases of intangible assets	(5,695)	(9,407)
Less non cash intangible asset additions (capitalised amortisation)	3,378	2,427
Interest income	443	204
<b>Net cash used in investing activities</b>	<b>(286,968)</b>	<b>(337,341)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	1,035,000	-
Proceeds from new borrowings	330,000	355,000
Borrowings repaid	(925,000)	-
Finance cost	(2,057)	(553)
<b>Net cash generated from financing activities</b>	<b>437,943</b>	<b>354,447</b>
<b>Net increase in cash and cash equivalents</b>	<b>25,953</b>	<b>10,034</b>
Cash and cash equivalents at beginning of period	44,149	34,115
<b>Cash and cash equivalents at end of period</b>	<b>70,102</b>	<b>44,149</b>

The notes on pages 17 to 37 form an integral part of these financial statements.

# **Horizon Nuclear Power Wylfa Limited**

## **Notes to the financial statements for the year ended 31 March 2019**

### **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 2019.

#### **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.

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 2019 (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 2019 (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 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 2019 (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 2019, the following Standards and Interpretations relevant to the business of the Company were in issue but not yet effective:

Standard/Interpretation		Effective date
IFRS 16 Leases	May early adopt	Annual periods beginning on or after 1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	May early adopt	Annual periods beginning on or after 1 January 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards	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 2019 (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.

#### *Impairment of assets*

The suspension of most of Horizon's activities during the year triggered an impairment review with all assets being revalued at their recoverable amount based on fair value less costs of disposal. The asset under construction has been fully impaired due to the uncertainty over the restart of the project.

#### *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

	2019 £'000	2018 £'000
Depreciation	236	279
Amortisation	3,378	2,427
Capitalised depreciation and amortisation	(3,598)	(2,698)
Current year service fee payable to affiliate company	34,327	15,295
Other expenses	1,790	1,833
<b>Total operating costs</b>	<b>36,133</b>	<b>17,136</b>

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



## Horizon Nuclear Power Wylfa Limited

### 3 Other non-operating costs

	2019 £'000	2018 £'000
Project suspension costs	72,507	-
<b>Total other non-operating expenses</b>	<b>72,507</b>	<b>-</b>

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

### 4 Auditors' remuneration

	2019 £'000	2018 £'000
Fees payable to the Company's auditor for the audit of the financial statements	21	17

### 5 Employee benefits and Directors' remuneration

The Company does not employ any staff.

Eight of the directors of are employed by Horizon Nuclear Power Services Limited (2018: seven), an affiliate to the Company, and their remuneration costs related to continuing operations are recharged to the Company totalling £4,536k (2018: £4,079k). 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 £138k (2018: £130k). 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 £2,572k (2018: £2,500k) 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 £2,345k (2018: £2,011k).

## Horizon Nuclear Power Wylfa Limited

### 6 Finance income

	2019 £'000	2018 £'000
Finance income, being interest from deposits	443	204
<b>Finance income</b>	<b>443</b>	<b>204</b>

### 7 Finance cost

	2019 £'000	2018 £'000
Interest on debts and borrowings (see note 19)	2,057	553
<b>Finance cost</b>	<b>2,057</b>	<b>553</b>

# Horizon Nuclear Power Wylfa Limited

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

### 8 Foreign exchange (losses)/gains

	2019 £'000	2018 £'000
Foreign exchange losses	(953)	(605)
Reclassification adjustments for losses	41	1,282
Loss on ineffective portion of Hedge	(941)	-
<b>Foreign exchange (losses)/gains</b>	<b>(1,853)</b>	<b>677</b>

### 9 Tax on ordinary activities

	2019 £'000	2018 £'000
Current tax on loss	-	-
Current tax – adjustment in respect of prior period	-	-
<b>Income Tax credit</b>	<b>-</b>	<b>-</b>

The tax charge is higher than (2018: higher than) the standard rate of corporate tax in the UK of 19% (2018: 19%). The differences are reconciled below.

	2019 £'000	2018 £'000
<b>Loss before tax</b>	<b>(1,551,244)</b>	<b>(16,770)</b>
Tax credit calculated at standard rate of corporation tax of 19% (2018: 19%)	(294,736)	(3,186)
Tax effects of:		
Pre-trading expenditure for which no deferred income tax asset was recognised	240,104	3,605
Non-deductible expenditure/non-taxable (credits)	270,842	(724)
Impairment	(216,223)	-
Effects of group relief/other reliefs	13	305
<b>Tax credit</b>	<b>-</b>	<b>-</b>

At the balance sheet date, the Company has temporary differences carried forward of £1,416,178k. This comprises pre-trading expenditure carried forward of £250,472k, non-trading expenditure carried forward of £944k, losses of £26,926k and fixed asset timing differences of £1,137,836k. 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 2019 (continued)

### 10 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
<b>Cost</b>								
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	-	-	-	-	-	-	-	-
<b>Balance at 31 March 2019</b>	<b>122,442</b>	<b>161,948</b>	<b>2,576</b>	<b>14</b>	<b>844</b>	<b>105</b>	<b>1,139,484</b>	<b>1,427,413</b>
<b>Accumulated Depreciation</b>								
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)
<b>Balance at 31 March 2019</b>	<b>(114,437)</b>	<b>(159,796)</b>	<b>(2,576)</b>	<b>(14)</b>	<b>(844)</b>	<b>(80)</b>	<b>(1,139,484)</b>	<b>(1,417,231)</b>
<b>Net book value</b>								
Balance at 31 March 2018	120,331	161,948	1,786	1	134	69	856,342	1,140,611
<b>Balance at 31 March 2019</b>	<b>8,005</b>	<b>2,152</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>10,182</b>

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

Borrowing costs totalling £5,414k were capitalised during the year (2018: £2,337k). The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was 85% (2018: 81%).

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 2019 (continued)

### 10 Property, plant and equipment (continued)

Comparative figures are shown below for the twelve months to 31 March 2018.

	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
<b>Cost</b>								
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)
<b>Balance at 31 March 2018</b>	<b>120,331</b>	<b>161,948</b>	<b>2,515</b>	<b>14</b>	<b>844</b>	<b>105</b>	<b>856,342</b>	<b>1,142,099</b>
<b>Accumulated Depreciation</b>								
Balance at 31 March 2017	-	-	(494)	(12)	(674)	(29)	-	(1,209)
Charge for year	-	-	(235)	(1)	(36)	(7)	-	(279)
Disposals	-	-	-	-	-	-	-	-
<b>Balance at 31 March 2018</b>	<b>-</b>	<b>-</b>	<b>(729)</b>	<b>(13)</b>	<b>(710)</b>	<b>(36)</b>	<b>-</b>	<b>(1,488)</b>
<b>Net book value</b>								
Balance at 31 March 2017	120,669	161,324	1,856	2	167	9	526,028	810,055
<b>Balance at 31 March 2018</b>	<b>120,331</b>	<b>161,948</b>	<b>1,786</b>	<b>1</b>	<b>134</b>	<b>69</b>	<b>856,342</b>	<b>1,140,611</b>

# Horizon Nuclear Power Wylfa Limited

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

### 11 Intangible assets

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

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.

Comparative figures are shown below for the twelve months to 31 March 2018.

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

# Horizon Nuclear Power Wylfa Limited

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

### 12 Investments in subsidiaries

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

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

Comparative figures are shown below for the period to 31 March 2018.

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

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.

### 13 Trade and other receivables

	2019 £'000	2018 £'000
Amounts due from related parties (see note 18)	3,501	1,370
Prepayments	-	997
Other receivables	6,818	6,872
<b>Trade and other receivables</b>	<b>10,319</b>	<b>9,239</b>

# Horizon Nuclear Power Wylfa Limited

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

### 14 Share capital

	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
<b>Balance at 31 March 2019</b>	<b>1,787,398</b>	<b>1,787,398</b>

During the year the company issued 1,035,000,000 shares for consideration of £1 each (2018: 8,398,000 shares for consideration of £1 each).

Comparative figures are shown below for the twelve month period to 31 March 2018.

	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
<b>Balance at 31 March 2018</b>	<b>752,398</b>	<b>752,398</b>

### 15 Trade and other payables

	2019 £'000	2018 £'000
Trade payables	4,247	3,368
Amounts due to related parties (see note 19)	6,324	16,584
Accrued expenses and deferred income	11,758	17,118
<b>Trade and other payables</b>	<b>22,329</b>	<b>37,070</b>



## Horizon Nuclear Power Wylfa Limited

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

#### 16 Loans and borrowings

	2019 £'000	2018 £'000
Loans from related parties	-	595,000
<b>Loans and borrowings</b>	<b>-</b>	<b>595,000</b>

Loans from related parties were increased by £330,000k during the year. The full loan of £925,000k was then repaid on 30 January 2019.

#### 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:

	2019 £'000	2018 £'000
Within one year	165	102
In the second year to fifth year inclusive	233	284
More than five years	82	204
<b>Total lease commitments</b>	<b>480</b>	<b>590</b>

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

Payments totalling £144k (2018: £nil) have been recognised in Onerous lease provisions during the year.

## Horizon Nuclear Power Wylfa Limited

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

#### 17 Commitments, contingent assets and contingent liabilities (continued)

##### (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:

	2019 £'000	2018 £'000
Property, plant and equipment	-	5,477

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

	2019 £'000	2018 £'000
<b>Contingent Assets</b>		
Freehold land	2,487	2,971
<b>Total</b>	<b>2,487</b>	<b>2,971</b>
<b>Contingent Liabilities</b>		
Balance due to third parties in respect of freehold land	(2,487)	(2,971)
<b>Total</b>	<b>(2,487)</b>	<b>(2,971)</b>

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 £2,487k (2018: £2,971k) 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 2019 (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.

As at the 31 March 2019, 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.

##### **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 until March 2019.

There are no open F.E.C's (Forward Exchange Contracts) as at the 31 March 2019.

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 2019 (continued)

#### 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 2019 under this contract totalled £77,876k in relation to services provided in the year ended 31 March 2019 (2018: £73,281k). There were also direct cost recharges of £nil made by Wylfa to Horizon Nuclear Power Services Limited in the year (2018: £nil) and direct cost recharges made by Horizon Nuclear Power Services Limited to Wylfa of £271k (2018: £2,431k).

Under its contract with the Menter 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 £99,276k of costs for the year ended 31 March 2019 (2018: £90,749k), all 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 2019 £'000	31 March 2018 £'000
<i>Value of costs/(income) transferred during the Period:</i>		
- from Horizon Nuclear Power Services Limited	78,651	73,281
- to Horizon Nuclear Power Oldbury Limited	(2,130)	(1,203)
- from Hitachi Consulting UK Limited	1,151	1,076
- from Hitachi Solutions Europe Limited	-	-
- from Hitachi Europe Limited	27	69
- from Hitachi Nuclear Energy Europe Limited	99,276	90,749
- from Hitachi Capital Vehicles Limited	40	18
- from Hitachi Limited	7,177	2,931
- from Hitachi-GE Nuclear Energy Limited	491	893
- from Hitachi Travel Bureau Ltd	-	9
- from GE-Hitachi Nuclear Energy Americas LLC	94	69
<i>Period-end balance arising from transfer of costs:</i>		
- payable to Horizon Nuclear Power Services Limited	(6,188)	(8,855)
- receivable from to Horizon Nuclear Power Oldbury Limited	3,496	1,365
- receivable from Horizon Nuclear Power Wylfa Holdings Limited	5	5
- payable to Hitachi Consulting UK Limited	(95)	(290)
- payable to Hitachi-GE Nuclear Energy Limited	-	(454)
- payable to Hitachi Nuclear Energy Europe Limited	-	(6,864)
- payable to Hitachi Europe Limited	(12)	(71)
- payable to Hitachi Limited	-	(595,048)
- payable to Hitachi Capital Vehicles Limited	(17)	(2)
- payable to GE-Hitachi Nuclear Energy Americas LLC	(12)	-

# Horizon Nuclear Power Wylfa Limited

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

### 20 Provisions

	Overage payments £'000	Onerous lease provision £'000	Other provision £'000	Total £'000
Current	-	-	-	-
Non-current	137	-	-	137
<b>At 31 March 2018</b>	<b>137</b>	<b>-</b>	<b>-</b>	<b>137</b>
Charged to income statement	26	144	1,064	1,234
<b>At 31 March 2019</b>	<b>163</b>	<b>144</b>	<b>1,064</b>	<b>1,371</b>
Analysed as:				
Current	163	59	1,064	1,286
Non-current	-	85	-	85
	<b>163</b>	<b>144</b>	<b>1,064</b>	<b>1,371</b>

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.

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").

Other provisions relate to land the Group was committed to purchase at the end of the period.

### 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
<b>Held by the Company:</b>			
Horizon Nuclear Power Services Limited	Sunrise House, 1420 Charlton Court, Gloucester Business Park, Gloucester GL3 4AE, UK	Provision of Services	100%

### 22 Subsequent events following the reporting period end

The DCO examination phase was completed on 24 April. The planning inspectorate has three months to make its recommendation to the Secretary of State who has a further three months to make a decision.

## **Horizon Nuclear Power Wylfa Limited**

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

#### **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: 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.