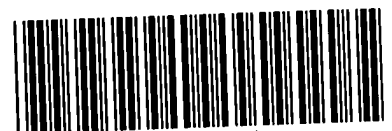


# Horizon Nuclear Power Wylfa Limited

Annual Report and Financial Statements  
for the year ended 31 March 2021

Registered Number 06811987

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# **Horizon Nuclear Power Wylfa Limited**

## **Annual Report and Financial Statements for the year ended 31 March 2021**

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## **Horizon Nuclear Power Wylfa Limited**

### **Annual Report and Financial Statements for the year ended 31 March 2021**

#### **Directors**

Tadashi Kume (appointed 1 April 2020)  
Takashi Masui  
Tomohiro Satake  
Carl Newton (appointed 1 April 2021)  
Stephen Pierce (appointed 1 April 2021)  
Duncan Hawthorne (resigned 31 March 2021)  
Masahiko Nakane (resigned 31 March 2021)  
Timothy Stone (resigned 31 March 2021)

#### **Company Secretary**

Carl Newton (appointed 1 April 2021)  
Jonathan Cornelius (resigned 31 March 2021)

#### **Auditor**

Ernst & Young LLP  
The Paragon  
Counterslip  
Bristol  
BS1 6BX

#### **Registered Office**

Whitebrook Park  
Lower Cookham Road  
Maidenhead  
SL6 8YA

## **Horizon Nuclear Power Wylfa Limited**

### **Strategic report for the year ended 31 March 2021**

#### **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 was the development of low carbon electricity generation facilities, which currently includes the development of its land holdings at Wylfa towards the construction and operation of a new nuclear power plant. However, as a result of issues relating to the raising of finance for the construction of Horizon's first power station, Wylfa Newydd, on Anglesey, the Group in January 2019 suspended the majority of its activities. Subsequently, in September 2020, following an announcement from Hitachi, Ltd. that it would cease its backing for Horizon entirely and withdraw from the UK nuclear market, the Company has now ceased all its activities to develop its project at Wylfa Newydd on Anglesey.

##### ***Review of business***

Following the decision in January 2019 by the Group's parent company Hitachi, Ltd., to suspend the majority of its active development at both sites, Wylfa Newydd and Oldbury, the Company has ceased all development activities.

The lease termination for the Group's main office, Pioneer Place in Gloucestershire, was completed in March 2021, following a year of staff mostly working from home due to the ongoing COVID-19 situation. The Company continued to progress the activities necessary – mostly property refurbishments at Wylfa Newydd – to bring the site into a low-risk, minimal intervention care and maintenance condition.

In line with moves designed to limit the liabilities and exposure of the Group, the pension scheme buy-out progressed as planned. Full buy-out is expected to be completed in 2021.

Following the decision to not withdraw its main planning permission application for Wylfa Newydd, the Development Consent Order (DCO), despite the suspension decision in January 2019, the application remained under consideration by the Secretary of State for Business, Energy, & Industrial Strategy. At the request of the Group, the Secretary of State twice agreed to defer his final decision on the application beyond its previous deadlines (October 2020 and December 2020) whilst potential new investors for the project were sought (see 'Strategy' below). A new decision deadline was set for April 2021 but, with discussions with new potential investors in the project failing to reach any definitive conclusions, the DCO was officially withdrawn by the Group in January 2021.

## **Horizon Nuclear Power Wylfa Limited**

### **Strategic report for the year ended 31 March 2021 (continued)**

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

##### *Strategy*

In the first half of the year, the remaining Group's staff focused principally on continuing to engage with the UK Government to try to secure the conditions that would allow for a project restart and secure opportunities to develop the Hitachi-GE Advanced Boiling Water Reactor technology on the Wylfa Newydd site.

As was made clear later in the year through the publication of the Prime Minister's Ten Point Plan for a Green Industrial Revolution, the National Infrastructure Strategy, and the long-awaited Energy White Paper, HM Government continues to see a key role for new nuclear in the UK's future energy mix. Detailed discussions were held with HM Government officials on how the Company's plans could be restarted, including, crucially, the need for a new funding model. HM Government made clear its in principle backing for nuclear new build at Wylfa Newydd in particular but, as in the previous year and in common with all companies and sectors, the Company's detailed engagement with the Government was impacted by the ongoing COVID-19 crisis. This included an ongoing delay to the publication of the Government's proposed new funding model for nuclear new build.

The Company has also continued to work closely with its wider stakeholders, including the Welsh Government, Isle of Anglesey County Council (Wylfa Newydd site, supply chain, relevant industry and business groups, and the communities around its site. Relationships and support remain strong and the Company has continued to update these audiences on relevant activities.

Following the decision in September by Hitachi, Ltd. to cease its backing for Horizon entirely and withdraw from the UK nuclear market, the focus of the Group moved to seeking new investors for the Group and its projects to try to ensure a future for them beyond Hitachi, Ltd.'s exit. Positive discussions took place with multiple parties, particularly in relation to Wylfa Newydd which has benefitted from substantial investment, but none of these were able to reach definitive conclusions and no new funding route became clear within the necessary timeframe.

Given this, in the final part of the year, the focus of the Group turned to shut down and ongoing maintenance activities. These activities have included the withdrawal of the DCO (as noted) and other extant environmental permits and the closure of commercial contracts other than those required for care and maintenance of the sites. The remaining Group staff were made redundant as of 31 March, except for retaining two staff who will assist the directors in managing the site and associated properties.

This change was completed as of 31 March and the directors will now manage the site and remaining assets on an ongoing basis until, as and when, an acceptable commercial offer is made from a third party for the acquisition of these. The directors retain responsibility for the ongoing stakeholder relationships, including those around the site.

## **Horizon Nuclear Power Wylfa Limited**

### **Strategic report for the year ended 31 March 2021 (continued)**

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

Following the decision to cease all development work, close the remaining Gloucester office and limit ongoing activities to site care and maintenance, Hitachi, Ltd, the Company's ultimate shareholder, determined that it would be appropriate to undertake certain corporate reorganisation activities to simplify its UK group structure and also to simplify the overall equity position of the Horizon Group companies. Activities are underway to implement this.

#### **Environmental Matters**

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

#### **Key Performance Indicators**

The principal key performance indicators the Company applies to manage its activities is cost management. A budget has been agreed and performance is measured against this budget. The budget is periodically being reviewed and where necessary updated.

#### **Risk and Risk Management**

Risks are limited following the Hitachi, Ltd. exit decision and assets are valued based on their recoverable amount based on fair value less costs of disposal assuming no future nuclear or other development.

The Company is funded by the Shareholder, which is itself funded by the Ultimate Shareholder.

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

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

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

#### **Financial position**

The Company recorded a loss of £9,635k during the year covered by these financial statements (2020: loss of £27,982k). The Company's total asset position as at 31 March 2021 was £31,107k (2020: £41,587k).

## **Horizon Nuclear Power Wylfa Limited**

### **Strategic report for the year ended 31 March 2021 (continued)**

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

The Company has not issued any shares during the year (2020: nil).

The directors do not propose a dividend for the year ended 31 March 2021 (2020: £nil).

#### **Capital management**

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

The Strategic Report on pages 3 – 6 was approved by the Board of Directors on 28 June 2021 and signed on their behalf by



Tomohiro Satake  
Director  
30 June 2021

## **Horizon Nuclear Power Wylfa Limited**

### **Directors' report for the year ended 31 March 2021**

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2021.

#### **Assets**

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

#### **Other than going concern basis**

The Ultimate Shareholder has decided to exit the nuclear new build activities in the UK and it no longer has the intention to restart the Horizon project in the future.

From 1 April 2021 the Horizon companies are managed by the directors and will be held for sale. There is no guarantee that a future sale will be successful or that nuclear newbuild activities will resume following a future sale.

Accordingly, the directors have decided that the preparation of the financial statements should be done on an other than going concern basis.

#### **Political donations**

No political donations were made by the Company during the year (2020: 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 2021 (continued)**

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

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

Tadashi Kume (appointed 1 April 2020)  
Takashi Masui  
Tomohiro Satake  
Carl Newton (appointed 1 April 2021)  
Stephen Pierce (appointed 1 April 2021)  
Duncan Hawthorne (resigned 31 March 2021)  
Masahiko Nakane (resigned 31 March 2021)  
Timothy Stone (resigned 31 March 2021)

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

#### **Statement of Directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Accounting Standards in conformity with the Companies Act 2006. 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 the financial statements have been prepared in accordance with international accounting standards in conformity with the Companies Act 2006;
- 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 2021 (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 28 June 2021 and signed on their behalf by



Tomohiro Satake  
Director  
30 June 2021

## **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 2021 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity 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 Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; 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. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of matter – Basis of preparation**

We draw attention to Note 1 of the financial statements which explains that the directors do not intend to restart the Horizon Nuclear project in the future and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in Note 1.

Our opinion is not modified in respect of this matter.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained with the annual report.

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.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves.

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

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on pages 8 & 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the Companies Act 2006, International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the relevant tax laws.
- We understood how Horizon Nuclear Power Wylfa Limited is complying with those frameworks by reading internal policies and assessing the entity level control environment through our testing of management procedures, including the level of oversight of those charged with governance. We have made inquiries of management and those charged with governance of any known instances of non-compliance or suspected non-compliance with laws and regulations. We corroborated our inquiries through review of any communications from regulatory bodies and reviewing the minutes of meetings of the board of directors where matters arising from communications from regulators are discussed. Our procedures included obtaining an understanding of the policies and procedures in place regarding compliance with laws and regulations, including how this is monitored and enforced and an understanding of management's process for identifying and responding to fraud risks including programs and controls established to address risks identified, or otherwise prevent, deter and detect fraud, and how senior management monitors those programs and controls.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by inquiring with management and performing a walkthrough of the financial statement close process. We consider there to be a fraud risk due to management override of controls, accordingly we designed our procedures to include testing significant manual journals, journals posted by the key management personnel including directors of the company and journals indicating large or unusual transactions. We have considered the nature of these transactions and for those that we do not consider to be in the normal course of business and are not of a trivial value we obtain evidence to support the validity of the transactions. Our procedures were designed to provide reasonable assurance that the financial statements were free from material misstatements arising from fraud. Further, we performed overall analytical procedures to assess the fairness of the overall financial performance and the position as at and for the year ended.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved inquires with the management, performing tests of details such as checking for unusual legal or penalty expenses, and performing journal entry testing to identify unusual transactions.

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.

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

### 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.

DocuSigned by:

*Ernst & Young LLP*

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

Date July 2, 2021

# Horizon Nuclear Power Wylfa Limited

## Statement of comprehensive income for the year ended 31 March 2021

	<i>Note</i>	<b>2021 £'000</b>	<b>2020 £'000</b>
Other operating income		60	50
Operating costs	2	(7,134)	(7,358)
<b>Operating loss</b>		<b>(7,074)</b>	<b>(7,308)</b>
Finance income	6	5	266
Finance cost	7	(19)	(22)
Foreign exchange loss	8	(59)	(18)
Impairment of property, plant and equipment	10	(142)	-
Loss on asset disposal	10	(115)	-
Impairment of investments in subsidiaries	12	(634)	(23,082)
Other non-operating expenses	3	(1,597)	(1,642)
<b>Loss before tax on ordinary activities</b>		<b>(9,635)</b>	<b>(31,806)</b>
Tax on ordinary activities	9	-	3,824
<b>Total comprehensive loss for the year, attributable to equity shareholder</b>		<b>(9,635)</b>	<b>(27,982)</b>

All amounts relate to continuing operations.

The notes on pages 18 to 39 form an integral part of these financial statements.

# Horizon Nuclear Power Wylfa Limited

## Statement of financial position as at 31 March 2021

	Note	2021 £'000	2020 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	10,496	10,969
Intangible assets	11	-	-
Investments in subsidiaries	12	11,284	11,918
		<b>21,780</b>	<b>22,887</b>
<b>Current Assets</b>			
Trade and other receivables	13	6,523	9,291
Cash and cash equivalents		2,804	9,409
		<b>9,327</b>	<b>18,700</b>
<b>Total assets</b>		<b>31,107</b>	<b>41,587</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to shareholder</b>			
Share capital	14	1,787,398	1,787,398
Retained earnings		(1,758,130)	(1,748,495)
<b>Total equity</b>		<b>29,268</b>	<b>38,903</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions	20	-	-
Lease liability	16	567	759
		<b>567</b>	<b>759</b>
<b>Current liabilities</b>			
Trade and other payables	15	570	332
Provisions	20	640	1,514
Lease liability	16	62	79
		<b>1,272</b>	<b>1,925</b>
<b>Total liabilities</b>		<b>1,839</b>	<b>2,684</b>
<b>Total equity and liabilities</b>		<b>31,107</b>	<b>41,587</b>

The notes on pages 18 to 39 form an integral part of these financial statements.

The financial statements on pages 14 to 39 were approved and authorised for issue by the Board of Directors on 28 June 2021 and signed on its behalf by



Tomohiro Satake  
Director  
30 June 2021



## Horizon Nuclear Power Wylfa Limited

### Statement of changes in equity for the year ended 31 March 2021

	<i>Note</i>	<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
<b>Balance at 31 March 2020</b>		<b>1,787,398</b>	<b>(1,748,495)</b>	<b>38,903</b>
Total comprehensive loss for the year		-	(9,635)	(9,635)
<b>Balance at 31 March 2021</b>		<b>1,787,398</b>	<b>(1,758,130)</b>	<b>29,268</b>

Comparative figures are shown below for the twelve months to 31 March 2020.

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

The notes on pages 18 to 39 form an integral part of these financial statements.

## Horizon Nuclear Power Wylfa Limited

### Statement of cash flow for the year ended 31 March 2021

	2021 £'000	2020 £'000
<b>Cash flows from operating activities</b>		
Operating loss	(7,074)	(7,308)
Depreciation	81	86
Foreign exchange loss	(59)	(18)
Other non-operating expenses	(1,597)	(1,642)
Decrease in receivables	2,768	4,853
Increase/(decrease) in payables	238	(21,996)
(Decrease)/Increase in provisions	(874)	143
<b>Net cash used in operating activities</b>	<b>(6,517)</b>	<b>(25,882)</b>
<b>Cash flows from investing activities</b>		
Interest income	6	266
Investment of shares in services business	-	(35,000)
<b>Net cash generated from/(used in) investing activities</b>	<b>6</b>	<b>(34,734)</b>
<b>Cash flows from financing activities</b>		
Finance cost	19	22
Repayment IFRS16	(113)	(99)
<b>Net cash used in financing activities</b>	<b>(94)</b>	<b>(77)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(6,605)</b>	<b>(60,693)</b>
Cash and cash equivalents at beginning of period	9,409	70,102
<b>Cash and cash equivalents at end of period</b>	<b>2,804</b>	<b>9,409</b>

The notes on pages 18 to 39 form an integral part of these financial statements.

# **Horizon Nuclear Power Wylfa Limited**

## **Notes to the financial statements for the year ended 31 March 2021**

### **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 2021.

#### **Basis of preparation**

These financial statements are prepared on an other than going concern basis, in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The preparation of the Company's financial statements 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.

#### **Other than going concern**

The Ultimate Shareholder has decided to exit the nuclear new build activities in the UK and it no longer has the intention to restart the Horizon project in the future.

From 1 April 2021 the Horizon companies are managed by the directors and will be held for sale. There is no guarantee that a future sale will be successful or that nuclear newbuild activities will resume following a future sale.

Accordingly, the directors have decided that the preparation of the financial statements should be done on an other than going concern basis.

#### **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 2021 (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.

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

##### Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use) and are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings	10 years
Land	15 years

Lease liabilities are measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise

## **Horizon Nuclear Power Wylfa Limited**

### **Notes to the financial statements for the year ended 31 March 2021 (continued)**

#### **1 Accounting policies (continued)**

##### **Leases (continued)**

price of a purchase option reasonably certain to be exercised and payments of penalties for terminating the lease, if the lease term reflects the option to terminate.

The Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. This interest rate is the average yield of bonds issued and outstanding in the same industry and with the same rating as Hitachi Ltd, which are obtained from Bloomberg for Japan, USA, Europe and UK.

The Company elected not to recognise right of use of asset and lease liability to short term leases with a lease terms of 12 months or less. It also applies the lease of low-value assets recognition exemption for leases of less than £3,600 when new. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

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

##### **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 2021 (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 2021 (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  
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.

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.

##### **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 2021 (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 2021, the following Standards and Interpretations relevant to the business of the Company were in issue but not yet effective:

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

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

##### Financial risk factors

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

##### Significant accounting estimates and judgements

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

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

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

##### Determining the lease term of contracts with renewal and termination options- lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.



## Horizon Nuclear Power Wylfa Limited

### Notes to the financial statements for the year ended 31 March 2021 (continued)

#### 2 Operating costs

	2021 £'000	2020 £'000
Depreciation	81	86
Current year service fee payable to affiliate company	6,428	6,584
Other expenses	625	688
<b>Total operating costs</b>	<b>7,134</b>	<b>7,358</b>

#### 3 Other non-operating costs

	2021 £'000	2020 £'000
Project suspension costs	1,597	1,642
<b>Total other non-operating expenses</b>	<b>1,597</b>	<b>1,642</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

	2021 £'000	2020 £'000
Fees payable to the Company's auditor for the audit of the financial statements	12	11

#### 5 Employee benefits and Directors' remuneration

The Company does not employ any staff.

One of the directors is employed by Horizon Nuclear Power Services Limited (2020: 1), an affiliate to the Company, and its remuneration costs related to continuing operations are recharged to the Company totalling £3,346k (2020: £2,483k). The external non-executive director is paid by the Horizon Nuclear Power Services Limited and its full remuneration costs are also recharged to the Company totalling £18k (2020: £32k). The remaining directors are paid by other Hitachi group companies and it is not practical to separately identify their service costs to the Company.

The emoluments in relation to the highest paid Director recharged to the Company total £3,346k (2020: £2,483k).

# Horizon Nuclear Power Wylfa Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 6 Finance income

	2021 £'000	2020 £'000
Finance income, being interest from deposits	5	266
<b>Finance income</b>	<b>5</b>	<b>266</b>

### 7 Finance cost

	2021 £'000	2020 £'000
Interest on lease liabilities (see note 16)	19	22
<b>Finance cost</b>	<b>19</b>	<b>22</b>

### 8 Foreign exchange (losses)/gains

	2021 £'000	2020 £'000
Foreign exchange losses	(59)	(18)
<b>Foreign exchange losses</b>	<b>(59)</b>	<b>(18)</b>

# Horizon Nuclear Power Wylfa Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 9 Tax on ordinary activities

	2021 £'000	2020 £'000
Current tax on loss	-	-
Current tax – adjustment in respect of prior period	-	(3,824)
<b>Income Tax credit</b>	<b>-</b>	<b>(3,824)</b>

The tax charge is higher than (2020: tax credit lower than) the standard rate of corporate tax in the UK of 19% (2019: 19%). The differences are reconciled below.

	2021 £'000	2020 £'000
<b>Loss before tax</b>	<b>(9,635)</b>	<b>(31,806)</b>
Tax credit calculated at standard rate of corporation tax of 19% (2020: 19%)	(1,831)	(6,043)
Tax effects of:		
Pre-trading expenditure for which no deferred income tax asset was recognised	1,653	1,466
Non-deductible expenditure/non-taxable (credits)	273	4,577
Income not taxable	(95)	-
Adjustments in respect of prior years	-	(3,824)
<b>Tax credit</b>	<b>-</b>	<b>(3,824)</b>

At the balance sheet date, the Company has temporary differences carried forward of £1,334k. This comprises pre-trading expenditure carried forward of £189,263k, tax losses £6,129k, non-trading expenditure carried forward of £944k and fixed asset timing differences of £1,137,690k. No deferred tax has been recognised in respect of these differences.

The UK government announced in the 2021 Budget on 3rd March 2021 that Corporation Tax will increase from 19% to 25% from 1 April 2023 reversing the downward trend since 2010. As this tax change has not been significantly enacted, the above amounts are calculated at a 19% tax rate. It is not anticipated that these changes will have a material impact on the Company's deferred tax balances.

# Horizon Nuclear Power Wylfa Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 10 Property, plant and equipment

	Freehold land £'000	Lease- hold land £'000	Freehold building £'000	Fixtures & fittings £'000	IT equip- ment £'000	Vehic le £'000	Power station AUC £'000	Leased building & land under IFRS16	Total £'000
<b>Cost</b>									
Balance at 31 March 2020	122,442	161,948	2,515	-	-	21	1,139,484	898	1,427,308
Additions	-	-	-	-	-	-	-	-	-
Disposals	(348)	(120)	-	-	-	-	-	(164)	(632)
<b>Balance at 31 March 2021</b>	<b>122,094</b>	<b>161,828</b>	<b>2,515</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>1,139,484</b>	<b>734</b>	<b>1,426,676</b>
<b>Accumulated Depreciation</b>									
Balance at 31 March 2020	(114,437)	(159,796)	(2,515)	-	-	(21)	(1,139,484)	(86)	(1,416,339)
Charge for year	-	-	-	-	-	-	-	(81)	(81)
Disposals	348	-	-	-	-	-	-	34	382
Impairment gain/(loss)	48	(190)	-	-	-	-	-	-	(142)
<b>Balance at 31 March 2021</b>	<b>(114,041)</b>	<b>(159,986)</b>	<b>(2,515)</b>	<b>-</b>	<b>-</b>	<b>(21)</b>	<b>(1,139,484)</b>	<b>(133)</b>	<b>(1,416,180)</b>
<b>Net book value</b>									
Balance at 31 March 2020	8,005	2,152	-	-	-	-	-	812	10,969
<b>Balance at 31 March 2021</b>	<b>8,053</b>	<b>1,842</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>601</b>	<b>10,496</b>

The partial disposal of the core store lease accounted for under IFRS16, resulted in a £5k gain due to the difference of the right of use asset and the lease liability at the time of the partial disposal. (see also note 16)

# Horizon Nuclear Power Wylfa Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

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

Comparative figures are shown below for the twelve months to 31 March 2020.

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

# Horizon Nuclear Power Wylfa Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 11 Intangible assets

	Software £'000	Total £'000
<b>Cost</b>		
Balance at 31 March 2020	-	-
Additions	-	-
<b>Balance at 31 March 2021</b>	-	-
<b>Accumulated Amortisation</b>		
Balance at 31 March 2020	-	-
Charge for year	-	-
Impairment loss	-	-
<b>Balance at 31 March 2021</b>	-	-
<b>Net book value</b>		
Balance at 31 March 2020	-	-
<b>Balance at 31 March 2021</b>	-	-

Comparative figures are shown below for the twelve months to 31 March 2020.

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

## Horizon Nuclear Power Wylfa Limited

### Notes to the financial statements for the year ended 31 March 2021 (continued)

#### 12 Investments in subsidiaries

	Total £'000
<b>Cost</b>	
Balance at 31 March 2020	11,918
Additions	-
Impairment loss	(634)
<b>Balance at 31 March 2021</b>	<b>11,284</b>

Comparative figures are shown below for the period to 31 March 2020.

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

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

#### 13 Trade and other receivables

	2021 £'000	2020 £'000
Amounts due from related parties (see note 19)	6,370	9,013
Other receivables	153	278
<b>Trade and other receivables</b>	<b>6,523</b>	<b>9,291</b>

# Horizon Nuclear Power Wylfa Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 14 Share capital

	Number of shares issued '000	Ordinary shares £'000
Balance at 31 March 2020 and 31 March 2021	1,787,398	1,787,398

Comparative figures are shown below for the twelve month period to 31 March 2020.

	Number of shares issued '000	Ordinary shares £'000
Balance at 31 March 2019 and 31 March 2020	1,787,398	1,787,398

### 15 Trade and other payables

	2021 £'000	2020 £'000
Trade payables	249	97
Amounts due to related parties (see note 19)	32	44
Accrued expenses and deferred income	289	191
<b>Trade and other payables</b>	<b>570</b>	<b>332</b>



# Horizon Nuclear Power Wylfa Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 16 Leases

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

The Company has lease contracts in relation to buildings used for the storage of ground investigation samples with the lease term of 10 years and land used as ecological habitat to mitigate impacts of the proposed development on native wildlife with lease term of 15 years.

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

	<i>Buildings</i> £000	<i>Land</i> £000	<i>Right of use assets</i> <i>Total</i> £000
Cost:			
At 31 March 2020	434	464	898
Additions	-	-	-
Reclass	-	-	-
Disposals	(164)	-	(164)
<b>At 31 March 2021</b>	<b>270</b>	<b>464</b>	<b>734</b>
Depreciation and impairment:			
At 31 March 2020	51	35	86
Depreciation charge for the year	46	35	81
Reclass	-	-	-
Disposal	(34)	-	(34)
Impairment	-	-	-
<b>At 31 March 2021</b>	<b>63</b>	<b>70</b>	<b>133</b>
Net book value:			
At 31 March 2020	383	429	812
<b>At 31 March 2021</b>	<b>207</b>	<b>394</b>	<b>601</b>

The partial disposal of the core store lease accounted for under IFRS16, resulted in a £5k gain due to the difference of the right of use asset and the lease liability at the time of the partial disposal. (see also note 10)

# Horizon Nuclear Power Wylfa Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 16 Leases (continued)

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

Comparative figures are shown below for the twelve months to 31 March 2020:

	<i>Buildings</i> £000	<i>Land</i> £000	<i>Right of use assets</i> <i>Total</i> £000
Cost:			
At 31 March 2019	-	-	-
IFRS 16 Transition	434	464	898
Additions	-	-	-
Reclass	-	-	-
Disposals	-	-	-
<b>At 31 March 2020</b>	<b>434</b>	<b>464</b>	<b>898</b>
Depreciation and impairment:			
At 31 March 2019	-	-	-
IFRS 16 Transition	-	-	-
Depreciation charge for the year	51	35	86
Reclass	-	-	-
Disposal	-	-	-
Impairment	-	-	-
<b>At 31 March 2020</b>	<b>51</b>	<b>35</b>	<b>86</b>
Net book value:			
At 31 March 2019	-	-	-
<b>At 31 March 2020</b>	<b>383</b>	<b>429</b>	<b>812</b>

# Horizon Nuclear Power Wylfa Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 16 Leases (continued)

#### (ii) Lease liability (IFRS-16)

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

	<i>Buildings</i> £'000	<i>Land</i> £'000	<i>Lease liability</i> <i>Total</i> £'000
At 31 March 2020	394	444	838
Additions	-	-	-
Interest	8	11	19
Payments	(49)	(43)	(92)
Disposal	(136)	-	(136)
<b>At 31 March 2021</b>	<b>217</b>	<b>412</b>	<b>629</b>
Analysed as:			
Current	31	31	62
Non-current	186	381	567

Comparative figures are shown below for the twelve months to 31 March 2020:

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

# Horizon Nuclear Power Wylfa Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 16 Leases (continued)

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

	<i>Buildings</i>	<i>Land</i>	<i>Total recognised in profit and loss</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 31 March 2020	-	-	-
Depreciation expense of right of use asset	46	35	81
Interest expense on lease liability	8	11	19
Expense relating to short-term lease ( included in administrative expenses)	-	-	-
Expenses relating to low value assets (included in administrative expenses)	-	-	-
Variable lease payments	-	-	-
<b>At 31 March 2021</b>	<b>54</b>	<b>46</b>	<b>100</b>

Comparative figures are shown below for the twelve months to 31 March 2020:

	<i>Buildings</i>	<i>Land</i>	<i>Total recognised in profit and loss</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 31 March 2019	-	-	-
Depreciation expense of right of use asset	51	35	86
Interest expense on lease liability	10	12	22
Expense relating to short-term lease ( included in administrative expenses)	-	-	-
Expenses relating to low value assets (included in administrative expenses)	-	-	-
Variable lease payments	-	-	-
<b>At 31 March 2020</b>	<b>61</b>	<b>47</b>	<b>108</b>

# Horizon Nuclear Power Wylfa Limited

## Notes to the financial statements for the year ended 31 March 2021 (continued)

### 17 Commitments, contingent assets and contingent liabilities

The Company has the following commitments:

#### (a) Operating lease commitments

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

	2021 £'000	2020 £'000
Within one year	-	-
In the second year to fifth year inclusive	-	-
More than five years	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>

Payments totalling £nil (2020: £nil) have been recognised in Onerous lease provisions during the year.

#### (b) Capital commitments and contingent liabilities

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

	2021 £'000	2020 £'000
Property, plant and equipment	-	-

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

	2021 £'000	2020 £'000
<b>Contingent Assets</b>		
Freehold land	-	2,835
<b>Total</b>	<b>-</b>	<b>2,835</b>
<b>Contingent Liabilities</b>		
Balance due to third parties in respect of freehold land	-	(2,835)
<b>Total</b>	<b>-</b>	<b>(2,835)</b>

The Company had historically entered into certain land transactions which gave rise to contingent liabilities and associated contingent assets. However, following the decision in September by Hitachi, Ltd. to cease its backing for Horizon entirely and withdraw from the UK nuclear market, and subsequent withdrawal of the DCO in January 2021, the trigger for third parties to exercise land options in consideration of freehold land has been removed and therefore the Company has no further liability (2020: £2,835k).

## Horizon Nuclear Power Wylfa Limited

### Notes to the financial statements for the year ended 31 March 2021 (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.

#### 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 2021 under this contract totalled £6,428k in relation to services provided in the year ended 31 March 2021 (2020: £6,584).

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 2021 £'000	31 March 2020 £'000
<i>Value of costs/(income) transferred during the Period:</i>		
- from Horizon Nuclear Power Services Limited	6,439	6,584
- to Horizon Nuclear Power Oldbury Limited	-	(1,688)
- from Hitachi Consulting UK Limited	-	20
- from Hitachi Europe Limited	-	(12)
- from Hitachi Capital Vehicles Limited	-	3
<i>Period-end balance arising from transfer of costs:</i>		
- receivable from Horizon Nuclear Power Services Limited	1,182	1,390
- payable to Horizon Nuclear Power Services Limited	(32)	-
- receivable from to Horizon Nuclear Power Oldbury Limited	5,184	5,184
- receivable from Horizon Nuclear Power Wylfa Holdings Limited	5	5
- receivable from Hitachi Rail Europe	-	3,824

## Horizon Nuclear Power Wylfa Limited

### Notes to the financial statements for the year ended 31 March 2021 (continued)

#### 20 Provisions

	Overage payments £'000	Onerous lease VC £'000	AECC/DSL termination £'000	Wylfa demolition £'000	Archaeology £'000	Total £'000
Current	167	141	150	250	806	1,514
Non-current	-	-	-	-	-	-
<b>At 31 March 2020</b>	<b>167</b>	<b>141</b>	<b>150</b>	<b>250</b>	<b>806</b>	<b>1,514</b>
Utilised during the year	-	(120)	(150)	(237)	(146)	(653)
Released to income statement	(167)	(16)	-	(13)	(25)	(221)
<b>At 31 March 2021</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>635</b>	<b>640</b>
Analysed as:						
Current	-	5	-	-	635	640
Non-current	-	-	-	-	-	-
	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>635</b>	<b>640</b>

The Company has entered into a property purchase which attracts a future payment of uncertain timing and/or amount. This had been provided for and represented an overage payment that was payable upon the Company obtaining a Development Consent Order ("DCO"). However, following the decision in September by Hitachi, Ltd. to cease its backing for Horizon entirely and withdraw from the UK nuclear market, and subsequent withdrawal of the DCO in January 2021, this future payment is no longer required.

A provision was made for an onerous operating lease on the Wylfa Visitor Centre (VC) as it was no longer used by the Company for continuing operations and the net costs of exiting from the lease exceed the economic benefits expected to be received. The VC lease was terminated in March 2021 at a cost lower than the provision. Most of the remaining provision balance was released but a small amount was retained for related costs invoiced post March 2021.

AECC/DSL termination is a provision for an existing commitment to terminate an existing lease on our land. This lease was terminated in the year and the provision was utilised.

Wylfa demolition was a provision to meet the Company's commitment to demolish various properties on its land that were no longer required and could not be refurbished. The demolitions were completed in the year at a cost lower than the provision and the remaining provision balance was released.

Archaeology is a provision for completing the archaeology commitment of the Company. Activities were undertaken in the year reducing the provision balance. In March 2021 the Company agreed to buy out of its remaining obligation at a cost of £625k (to be payable in April 2021). Most of the remaining provision balance was released but a small amount was retained for related costs invoiced post March 2021.

## Horizon Nuclear Power Wylfa Limited

### Notes to the financial statements for the year ended 31 March 2021 (continued)

#### 21 Principal subsidiaries

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

Name	Country of incorporation / registration	Nature of business	Ownership ordinary shares
<b>Held by the Company:</b>			
Horizon Nuclear Power Services Limited	Whitebrook Park, Lower Cookham Road, Maidenhead, SL6 8YA	Provision of Services	100%

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

Following the decision to cease all development work, close the remaining Gloucester office and limit ongoing activities to site care and maintenance, Hitachi, Ltd, the Company's ultimate shareholder, determined that it would be appropriate to undertake certain corporate reorganisation activities to simplify its UK group structure and also to simplify the overall equity position of the Horizon Group companies. Activities are underway to implement this.

#### 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: Whitebrook Park, Lower Cookham Road, Maidenhead, SL6 8YA.

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.