

Horizon Nuclear Power Services Limited

**Annual Report and Financial Statements
for the year to 31 December 2011**

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Registered Number 06812099

Horizon Nuclear Power Services Limited

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Directors

Ralf Guedner
Joern-Erik Mantz
Kevin McCullough
Derek Parkin
Fiona Stark
Frank Weigand

Jason Clarke
Paul Cowling
Ruediger Koenig
Willibald Kohlpainter
Sara Vaughan

Company Secretary

Alex Rippon

Auditor

PricewaterhouseCoopers LLP
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London WC2N 6RH

Registered Office

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Gloucester Business Park
Delta Way
Gloucester GL3 4FE

Horizon Nuclear Power Services Limited

Directors' report for the year to 31 December 2011

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2011

Principal activities and review of the business, including subsequent events

Principal Activities

Horizon Nuclear Power Services Limited is a 100% owned subsidiary of Horizon Nuclear Power Limited, itself a 50/50 joint venture owned by RWE Npower plc and E.ON UK plc (the "Ultimate Shareholders"). The Company was incorporated on 6 February 2009 as a UK limited company.

The principal activity of Horizon Nuclear Power Services Limited ("the Company") is to provide support to Horizon Nuclear Power Limited, Horizon Nuclear Power Wylfa Limited and Horizon Nuclear Power Oldbury Limited (together "the Group").

Review of business

Throughout the year, the Company has continued to provide support to the development of the sites at Wylfa and Oldbury, owned respectively by its sister companies Horizon Nuclear Power Wylfa Limited and Horizon Nuclear Power Oldbury Limited towards obtaining the necessary consents to construct and operate new nuclear power plants.

Going forward, the Company will continue to provide support to the development of the sites at Wylfa and Oldbury, as well as providing support to any alternative low carbon electricity generation in which the Group may invest.

Subsequent events following the balance sheet date

On 29 March 2012, following strategic reviews undertaken separately by the Ultimate Shareholders, it was announced that the Ultimate Shareholders do not intend to continue nuclear development in the United Kingdom, and consequently the Company was put up for sale. There is therefore material uncertainty surrounding the ability of the Company to continue as a going concern.

These financial statements have been prepared on the basis that the Company is sold and remains a going concern. The Ultimate Shareholders have confirmed that they will, for at least twelve months after the approval of these financial statements, continue to provide funding to meet the financial obligations and liabilities as they fall due.

Key Performance Indicators

The principal key performance indicators the Company applies to manage its activities is cost optimisation and monitoring of project development milestones. Costs are detailed in note 2 (Operating costs).

Financial risk factors

The management of the Company and the execution of the Company's strategy are subject to a number of risks. These are principally around the wider political and public acceptance of building new nuclear power stations, and specifically around obtaining the relevant licences and approvals to build and operate a nuclear power plant at the Group's sites. The Company manages these risks through careful stakeholder involvement and monitoring against the project milestones.

In addition, the directors have identified the need to manage the Company's material financial risks, which are principally around cash flow and liquidity management. These risks are monitored by the Finance and Risk function which develop cash flow forecasts and funding schedules for the Company. The Company is funded by its parent company, which is itself funded by the Ultimate Shareholders.

Horizon Nuclear Power Services Limited

Directors' report for the year to 31 December 2011 (continued)

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 period are deemed to carry a significant cash flow risk.

The Company currently does not have any significant credit or market risks, and is exposed to limited foreign exchange risk in the normal course of business.

During the year, the Company was party to two material contracts whose settlement currency was Euros. To manage the resulting foreign currency exposure, a number of forward contract purchases were entered into with settlement dates matching the payment schedule for the underlying contract. The profile of these payments is monitored monthly and the forward contracts optimised to reflect the latest cashflow.

Policy on payment of creditors

It is the Company's policy to agree payment terms with suppliers when agreeing the terms of each transaction, to pay all accounts payable as they fall due, and to abide by agreed terms of payment. The average creditor days at the end of the year for the Company were 169 days (2010: 96 days) based on the ratio of average creditors during the year and total purchases.

Charitable and political donations

The Company made one donation during the year of £500 to Barnardos, charity number 216250 (2010: £500). No political donations were made by the Company during the year (2010: £0).

Employees

The Company has no employees. Staff undertaking activities for the Company are seconded between the Company and the Ultimate Shareholder company or affiliates of the Ultimate Shareholder company by which the individual is employed.

Results and dividends

In line with expectations, the Company recorded a loss of £18,338,000 during the year covered by these financial statements. The Company's total asset position as at 31 December 2011 was £108,490,000. The directors do not propose a dividend for the year ended 31 December 2011.

Directors and their interests

The directors who held office during the year to 31 December 2011 and up to the date of this report, except as noted, were:

Ralf Guedner
Joern-Erik Mantz
Kevin McCullough
Derek Parkin
Colin Scoins (resigned 1 October 2011)
Fiona Stark
Frank Weigand

Jason Clarke
Paul Cowling
Ruediger Koenig
Willibald Kohlpainter
Sara Vaughan (appointed 2 December 2011)

The directors do not have any interest in the shares of Horizon Nuclear Power Services Limited or its parent company.

Horizon Nuclear Power Services Limited

Directors' report for the year to 31 December 2011 (continued)

Statement of Directors' responsibilities

The directors are responsible for preparing 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.

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

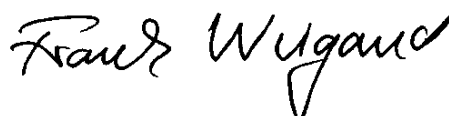

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(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

PricewaterhouseCoopers LLP have indicated their willingness to continue as auditors of the Company and to remain in office until the next Annual General Meeting of the Company at which financial statements are laid.

By Order of the Board



26 September 2012

Horizon Nuclear Power Services Limited

Independent auditors' report to the members of Horizon Nuclear Power Services Limited

We have audited the financial statements of Horizon Nuclear Power Services Limited for the year ended 31 December 2011 which comprise the Balance Sheet, the Statement of Comprehensive Income, the Statement of Cash Flow, the Statement of Changes in Equity and the related notes. 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss and cash flows 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

Horizon Nuclear Power Services Limited

Independent auditors' report to the members of Horizon Nuclear Power Services Limited (continued)

Emphasis of matter - going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1 concerning the Company's ability to continue as a going concern. On 29 March 2012, following strategic reviews undertaken separately by the Ultimate Shareholders, it was announced that the Ultimate Shareholders do not intend to continue nuclear development in the United Kingdom, and consequently the Company was put up for sale. This matter indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

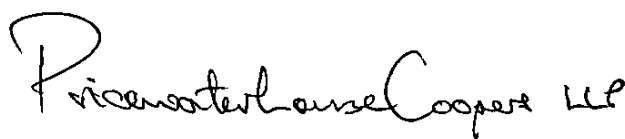
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

The company has passed a resolution in accordance with Section 506 of the Companies Act 2006 that the senior statutory auditor's name should not be stated.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

27 September 2012

Horizon Nuclear Power Services Limited

Statement of comprehensive income for the year to 31 December 2011

	<i>Note</i>	Year to 31 December 2011 £'000	Year to 31 December 2010 £'000
Revenue		-	-
Operating costs	2	(18,460)	(28,419)
Operating loss		(18,460)	(28,419)
Finance income	5	143	113
Loss before tax on ordinary activities		(18,317)	(28,306)
Tax expense on ordinary activities	6	(21)	(32)
Loss for the year, attributable to equity shareholder		(18,338)	(28,338)
Total comprehensive income for the year, attributable to equity shareholder		(18,338)	(28,338)

All amounts relate to continuing operations

The notes on pages 11 to 22 form an integral part of these financial statements

Comparative figures are shown for the year to 31 December 2010


Horizon Nuclear Power Services Limited

Balance sheet as at 31 December 2011

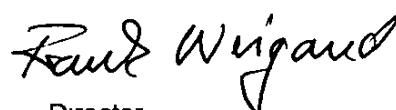
	Note	31 December 2011 £'000	31 December 2010 £'000
Assets			
Non-current assets			
Property, plant and equipment	7	4,753	4,017
Intangible assets		-	-
		4,753	4,017
Current assets			
Trade and other receivables	8	102,404	43,534
Cash and cash equivalents		1,333	3,323
		103,737	46,857
Total assets		108,490	50,874
Equity and liabilities			
Equity attributable to shareholder			
Share capital	9	139,500	69,500
Retained earnings		(56,096)	(37,758)
Total equity		83,404	31,742
Liabilities			
Current liabilities			
Trade and other payables	10	25,075	19,116
Current income tax liabilities		11	16
Total liabilities		25,086	19,132
Total equity and liabilities		108,490	50,874

The notes on pages 11 to 22 form an integral part of these financial statements

The financial statements on pages 7 to 22 were approved by the Board of Directors on 26 September 2012 and signed on their behalf by



Director
26 September 2012



Director
26 September 2012

Horizon Nuclear Power Services Limited

Registered Number: 06812099

Horizon Nuclear Power Services Limited

Statement of changes in equity for the year to 31 December 2011

	<i>Note</i>	Share Capital £'000	Retained earnings £'000	Total equity £'000
Balance at 31 December 2010		69,500	(37,758)	31,742
Loss for the year		-	(18,338)	(18,338)
Issue of share capital	9	70,000	-	70,000
Balance at 31 December 2011		139,500	(56,096)	83,404

Comparative figures are shown below for the year to 31 December 2010

	<i>Note</i>	Share Capital £'000	Retained earnings £'000	Total equity £'000
Balance at 31 December 2009		29,500	(9,420)	20,080
Loss for the year		-	(28,338)	(28,338)
Issue of share capital	9	40,000	-	40,000
Balance at 31 December 2010		69,500	(37,758)	31,742

The notes on pages 11 to 22 form an integral part of these financial statements

Horizon Nuclear Power Services Limited

Cash flow statement for the year to 31 December 2011

	Year to 31 December 2011 £'000	Year to 31 December 2010 £'000
Cash flows from operating activities		
Loss for the year	(18,460)	(28,419)
Depreciation	982	480
Increase in receivables	(36,870)	(19,337)
Increase in payables	5,959	9,913
Taxation paid	(26)	(17)
Net cash used in operating activities	(48,415)	(37,380)
Cash flows from investing activities		
Purchases of property, plant and equipment	(1,718)	(2,280)
Interest Income	143	113
Net cash used in investing activities	(1,575)	(2,167)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	70,000	40,000
(Increase) / decrease in deposits to shareholders	(22,000)	2,800
Net cash generated from financing activities	48,000	42,800
Net increase in cash and cash equivalents	(1,990)	3,253
Cash and cash equivalents at beginning of year	3,323	70
Cash and cash equivalents at end of year	1,333	3,323

The notes on pages 11 to 22 form an integral part of these financial statements

Comparative figures are shown for the year to 31 December 2010

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year to 31 December 2011

1 Accounting policies

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 years presented, unless otherwise stated.

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 on page 14.

Going Concern

On 29 March 2012, following strategic reviews undertaken separately by the Ultimate Shareholders, it was announced that the Ultimate Shareholders do not intend to continue nuclear development in the United Kingdom, and consequently the Company was put up for sale. There is therefore material uncertainty surrounding the ability of the Company to continue as a going concern.

As set out in the Directors' Report, after making enquiries, the Directors have reasonable expectation that the going concern basis remains appropriate for the preparation of the financial statements.

These financial statements have been prepared on the basis that the Company is sold and remains a going concern. The Ultimate Shareholders have confirmed that they will, for at least twelve months after the approval of these financial statements, continue to provide funding to meet the financial obligations and liabilities as they fall due. The directors do not believe an impairment of the Company's assets is necessary.

An assessment has been performed of the implications of the Company not being sold and the future development activities not continuing. The implications for the financial statements are shown in note 14.

Foreign currency translation

The financial statements are presented in sterling, which is the Company's functional currency and the Parent's presentation currency.

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 Services Limited

Notes to the financial statements for the year to 31 December 2011 (continued)

1 Accounting policies (continued)

Property, plant and equipment

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

Freehold land is not depreciated. 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.

Ranges of estimated useful lives are as follows:

Fixtures and Fittings	5 years
IT equipment	3 years

Trade and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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. The Company's loans and receivables comprise 'trade and other receivables'.

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.

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 or less. If not, they are presented as non-current liabilities.

Recharge services to affiliated companies

During the year, those external costs incurred that specifically related to an affiliated company were passed through to that affiliated company at cost. These are shown within operating costs.

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year to 31 December 2011 (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 balance sheet 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 or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet 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.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Financial instruments

The Company has elected not to seek to hedge account its future foreign exchange transactions, the instruments are held for trading. All forward foreign currency transactions are disclosed as trade and other receivables or trade and other payables on the Balance Sheet at inception and marked to market at the end of each period. Any movement on these positions is disclosed as a credit or debit within the operating results in the Statement of comprehensive income.

Recent accounting developments

The following standards, amendments and interpretations became effective for the first time for the year beginning 1 January 2011 but either have no material impact or are not relevant to the Company.

- IAS 24 (revised) 'Related party disclosures'
- Amendments IAS 32 Financial instruments: Presentation on classification of rights issues
- Amendment to IFRS 1, First time adoption on financial instrument disclosures
- Amendment to IFRIC 14, 'Pre-payments of a Minimum Funding Requirement'
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments'

There are also a number of changes to the standards as a result of the annual improvements 2010 project mainly effective for the financial year beginning 1 January 2011. These had no material impact on the Company.

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year to 31 December 2011 (continued)

1 Accounting policies (continued)

Financial risk factors

Details about the Company's assessment of financial risk factors are included within the Directors' Report on pages 2 and 3

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 balance sheet, 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 balance sheet date. Although management uses its best estimates and judgements, actual results could differ from these estimates as future confirming events occur

Other than the uncertainty surrounding the sale of the Company (see note 14), there are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

2 Operating costs

	Year to 31 December 2011 £'000	Year to 31 December 2010 £'000
Cost of staff seconded to the Company	10,237	6,181
Depreciation	982	480
Operating lease costs	216	226
Other expenses	7,025	21,532
Total operating costs	18,460	28,419

3 Auditors' remuneration

	Year to 31 December 2011 £'000	Year to 31 December 2010 £'000
Fees payable to the Company's auditor for the audit of the financial statements	15	12

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year to 31 December 2011 (continued)

4 Employee benefits and Directors' remuneration

The Company does not employ any staff. Staff undertaking activities for the Company are seconded between the Company and the Ultimate Shareholder company or an affiliate of the Ultimate Shareholder Company by which the individual is employed. At 31 December 2011, the Company had 126 seconded staff (2010: 103), with a charge of £10,182,000 (2010: £6,181,000).

None of the directors of the Company received any remuneration in respect of their services to Horizon Nuclear Power Services Limited. Directors' emoluments are paid by the Ultimate Shareholder companies by which the respective directors are employed.

5 Finance income

	Year to 31 December 2011 £'000	Year to 31 December 2010 £'000
Finance income, being interest on deposits	143	113
Finance income	143	113

6 Tax expense on ordinary activities

	Year to 31 December 2011 £'000	Year to 31 December 2010 £'000
Current tax on loss for the year	29	32
Deferred tax credit for the year	-	-
Adjustment in respect of prior periods	(8)	-
Tax expense	21	32

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year to 31 December 2011 (continued)

6 Tax expense on ordinary activities (continued)

The tax assessed for the year is higher than the small profits rate (2010 higher than the standard rate) of corporation tax in the UK for the following reasons

	Year to 31 December 2011 £'000	Year to 31 December 2010 £'000
Loss before tax	(18,317)	(28,306)
Tax credit calculated at the average small profits rate of corporation tax of 20 25% (2010 standard rate of corporation tax of 28%)	(3,709)	(7,926)
Tax effects of		
- Pre-trading expenditure for which no deferred income tax asset was recognised	3,738	7,958
- Adjustment in respect of prior periods	(8)	-
Tax expense	21	32

The small profits rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2011

Factors that may affect future tax charges

- During the year the main rate of UK Corporation tax was reduced from 28% to 26%, which was substantively enacted on 29 March 2011 and is effective from 1 April 2011

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year to 31 December 2011 (continued)

7 Property, plant and equipment

	Fixtures and fittings £'000	IT equipment £'000	Total £'000
Cost			
Balance at 31 December 2010	2,340	2,237	4,577
Additions	184	1,534	1,718
Balance at 31 December 2011	2,524	3,771	6,295
Accumulated Depreciation			
Balance at 31 December 2010	(501)	(59)	(560)
Charge for year	(458)	(524)	(982)
Balance at 31 December 2011	(959)	(583)	(1,542)
Net book value			
Balance at 31 December 2010	1,839	2,178	4,017
Balance at 31 December 2011	1,565	3,188	4,753

Comparative figures are shown below for the year to 31 December 2010

	Fixtures and fittings £'000	IT equipment £'000	Total £'000
Cost			
Balance at 31 December 2009	2,146	151	2,297
Additions	194	2,086	2,280
Balance at 31 December 2010	2,340	2,237	4,577
Accumulated Depreciation			
Balance at 31 December 2009	(72)	(8)	(80)
Charge for year	(429)	(51)	(480)
Balance at 31 December 2010	(501)	(59)	(560)
Net book value			
Balance at 31 December 2009	2,074	143	2,217
Balance at 31 December 2010	1,839	2,178	4,017

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year to 31 December 2011 (continued)

8 Trade and other receivables

	31 December 2011 £'000	31 December 2010 £'000
Deposits receivable from the Ultimate Shareholders	42,000	20,000
Amounts due from related parties (see note 12)	59,192	21,639
Prepayments	78	692
Other receivables	1,134	1,203
Trade and other receivables	102,404	43,534

The Company has entered agreements with the Ultimate Shareholders to enable it to deposit equal amounts of surplus funds with them. The deposits are repayable on demand. The interest rate applicable to each deposit is LIBOR less 5 basis points.

The other receivables within trade and other receivables do not contain impaired assets.

9 Share capital

	Number of shares issued '000	Ordinary shares £'000
Balance at 31 December 2010	69,500	69,500
Proceeds from shares issued	70,000	70,000
Balance at 31 December 2011	139,500	139,500

The total authorised number of ordinary shares is 1,000,000,000 shares of £1.00 each. The issued and paid ordinary share capital is 139,500,001 shares.

The Company issued 40,000,000 ordinary shares of £1.00 each on 17 March 2011 and 30,000,000 ordinary shares of £1.00 each on 26 October 2011 to Horizon Nuclear Power Limited as a funding injection for development activities.

Comparative figures are shown below for the year to 31 December 2010.

	Number of shares issued '000	Ordinary shares £'000
Balance at 31 December 2009	29,500	29,500
Proceeds from shares issued	40,000	40,000
Balance at 31 December 2010	69,500	69,500

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year to 31 December 2011 (continued)

10 Trade and other payables

	31 December 2011 £'000	31 December 2010 £'000
Trade payables due to related parties (see note 12)	8,100	8,960
Accrued expenses	15,433	10,117
Other payables	1,542	39
Trade and other payables	25,075	19,116

11 Commitments and contingent liabilities

The Company has the following commitments

(a) Operating lease commitments

The Company leases its headquarters building in Gloucester under an operating lease agreement. The lease term is for 10 years, although there is a cancellation clause after 5 years. The lease expenditure charged to the statement of comprehensive income during the year is disclosed in note 2. The annual commitment under this non-cancellable lease, expiring between two and five years, is £351,000 (2010 £351,000).

(b) IT contract commitments

In November 2009, the Company entered a four year agreement with E.ON UK plc for the provision of information technology infrastructure equipment and on-going support to the Company. The agreement may be terminated at any point after one year, although the Company would be liable to an early cancellation charge equivalent to the cost of any unrecovered investment by the supplier. This equates to a maximum commitment of £61,000 which reduces during the lifetime of the agreement.

In November 2010, the Company entered a three year agreement with a third party IT provider for the delivery of core infrastructure and a managed IT service. The agreement may be terminated at any point, although the Company would be liable to an early cancellation charge if cancelled prior to the end of 2012 equivalent to 6 months service charge plus redeployment costs or, if during 2013, the balance of contract value. This equates to a maximum commitment of £620,000 which reduces during 2013 to £557,000.

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year to 31 December 2011 (continued)

12 Related party transactions

The Company has received assistance from the Ultimate Shareholders and a number of the Ultimate Shareholders' affiliates during the year for various operational and support activities. It also has debtor positions with its affiliates, Horizon Nuclear Power Limited, Horizon Nuclear Power Wylfa Limited and Horizon Nuclear Power Oldbury Limited as the Company incurs all costs relating to the Horizon Nuclear Power Group before transferring these to the final entity.

	31 December 2011 £'000	31 December 2010 £'000
<i>Value of costs charged by related parties during the year</i>		
- from RWE Technology UK Limited	639	332
- from RWE Technology GmbH	1,497	2,220
- from RWE Power AG	1,234	816
- from E.ON Kernkraft GmbH	2,435	2,575
- from E.ON Ruhrgas AG	-	4
- from E.ON New Build & Technology Limited	118	720
- from E.ON UK Plc	5,454	4,384
- from RWE Npower Plc	5,145	4,181
- from Horizon Nuclear Power Limited	12	-
<i>Year-end balance arising from transfer of costs</i>		
- with RWE Technology UK Limited	645	332
- with RWE Technology GmbH	428	2,220
- with RWE Power AG	984	441
- with E.ON Kernkraft GmbH	1,727	2,861
- with E.ON Ruhrgas AG	-	4
- with E.ON New Build & Technology Limited	202	334
- with E.ON UK Plc	1,857	1,393
- with RWE Npower Plc	2,237	1,376
- with Horizon Nuclear Power Limited	20	8
<i>Value of costs transferred during the year</i>		
- to Horizon Nuclear Power Oldbury Limited	434	3,939
- to Horizon Nuclear Power Wylfa Limited	37,021	15,316
- to Horizon Nuclear Power Limited	99	24
<i>Year-end balances arising from transfer of costs</i>		
- with Horizon Nuclear Power Oldbury Limited	5,378	4,944
- with Horizon Nuclear Power Wylfa Limited	53,679	16,659
- with Horizon Nuclear Power Limited	135	36

The operating costs that are passed through to affiliates Horizon Nuclear Power Limited, Horizon Nuclear Power Oldbury Limited and Horizon Nuclear Power Wylfa Limited are at cost and are shown as a reduction in the operating costs of the Company.

In addition, the Company has a deposit agreement with the Shareholders (see note 8). Both Shareholders owed the Company £21,000,000 each at the end of the year.

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year to 31 December 2011 (continued)

13 Financial instruments by category

31 December 2011 Assets as per Balance Sheet	Derivatives used for hedging £'000	Total £'000
Derivative Financial Instruments	-	-
31 December 2011 Liabilities as per Balance Sheet	Derivatives used for hedging £'000	Total £'000
Derivative Financial Instruments	-	-

Trading derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2011 were £0 (2010: £2,109,000).

Comparative figures are shown below for the year to 31 December 2010.

31 December 2010 Assets as per Balance Sheet	Derivatives used for hedging £'000	Total £'000
Derivative Financial Instruments	41	41
31 December 2010 Liabilities as per Balance Sheet	Derivatives used for hedging £'000	Total £'000
Derivative Financial Instruments	-	-

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year to 31 December 2011 (continued)

14 Events after the reporting period

On 29 March 2012, following strategic reviews undertaken separately by the Ultimate Shareholders, it was announced that the Ultimate Shareholders do not intend to continue nuclear development in the United Kingdom, and consequently the Company was put up for sale

These financial statements have been prepared on the basis that the Company is sold and remains a going concern. However, the possibility exists that a buyer for the Company is not identified. In the event that the Company is not sold, this will lead to the cessation of all activities undertaken by the Company.

An assessment has been performed of the impact of a cessation of development activities on the financial statements of the Company based on the assets, liabilities and commitments existing as at 31 December 2011. The key assumptions applied to this assessment are:

- All staff seconded to the Company from the Ultimate Shareholders will return to roles within the Ultimate Shareholders and the Company will not be liable to any potential future redundancy costs associated with these staff,
- There is a continuing value to the business of the fixtures and fittings held on the balance sheet as at 31 December 2011,
- The IT contracts with E.ON UK plc and the third party will not be cancelled, thus contract cancellation charges will not be triggered.

The results of the assessment are as follows:

	Description of impact on financial statements	Value of impact £'000
IT equipment	Write-off net book value to zero - charge to consolidated statement of comprehensive income	3,188
Total impact against fixed assets		3,188
Total impact against statement of comprehensive income		3,188

The Ultimate Shareholders have confirmed that they will, for at least twelve months after the approval of these financial statements, continue to provide funding to meet the financial obligations and liabilities as they fall due.

15 Ultimate parent undertaking

The immediate parent undertaking is Horizon Nuclear Power Limited.

The ultimate parent undertakings of Horizon Nuclear Power Limited are E.ON AG, a company incorporated in Germany, and RWE AG, a company incorporated in Germany, each with a shareholding of 50%.