

Horizon Nuclear Power Services Limited

Annual Report and Financial Statements
for the year ended 31 March 2022



Registered Number 06812099

Horizon Nuclear Power Services Limited

Annual Report and Financial Statements for the year ended 31 March 2022

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Horizon Nuclear Power Services Limited

Annual Report and Financial Statements for the year ended 31 March 2022

Directors

Tadashi Kume
Takashi Masui
Tomohiro Satake
Carl Newton (appointed 1 April 2021)
Stephen Pierce (appointed 1 April 2021)

Company Secretary

Carl Newton (appointed 1 April 2021)

Auditor

Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

Registered Office

Sefton Park
Bells Hill
Stoke Poges
Buckinghamshire
SL2 4HD

Horizon Nuclear Power Services Limited

Strategic report for the year ended 31 March 2022

Principal activities and review of the business, including subsequent events

Principal Activities

Horizon Nuclear Power Services Limited ("Horizon" or the "Company") is incorporated and domiciled in the UK. The principal activity of the Company is to provide support to the affiliate companies; Horizon Nuclear Power Limited, Horizon Nuclear Power Oldbury Limited, Horizon Nuclear Power Wylfa Holdings Limited and Horizon Nuclear Power Wylfa Limited (together "the Group"). The Company is a fully owned subsidiary of Horizon Nuclear Power Wylfa Limited which is an indirectly fully owned subsidiary of Horizon Nuclear Power Limited (the "Shareholder"). The Shareholder is owned by Hitachi, Limited (the "Ultimate Shareholder").

Historically, the principal activity of the Company is to support its parent company, Horizon Nuclear Power Wylfa Limited, in the delivery of its lead project Wylfa Newydd. However, as a result of issues relating to the raising of finance for the construction of this project, the Group in January 2019 year suspended the majority of its activities. Subsequently, in September 2020, following an announcement from the Ultimate Shareholder that it would cease its backing for Horizon entirely and withdraw from the UK nuclear market, the Company ceased all its activities to develop its project at Wylfa Newydd on Anglesey.

Review of business

Following the Ultimate Shareholder's decision to suspend its development activities and subsequent decision to withdraw from the UK nuclear market, the Company ceased all development activities.

The Company continued to support Horizon Nuclear Power Wylfa Limited and Horizon Nuclear Power Oldbury Limited in managing and maintaining their sites and remaining assets on an ongoing basis to ensure that their sites and properties remain safe and compliant with relevant UK legislation.

The Company supported planned de-risking activities at the Oldbury and Wylfa sites. Property refurbishment activities to bring the property estates into a low risk and maintenance position were completed. Boreholes on land held under option but not owned were decommissioned.

In line with moves designed to limit the liabilities and exposure of the Company, the pension scheme buy-out progressed as planned. Full buy-out is now expected to be completed in 2022.

As part of the corporate reorganisation activities to help simplify arrangements and better reflect the current state and activities of the Horizon Nuclear Power group, the Company undertook a reduction of capital programme to reduce its share capital to £1. The rationale for undertaking the reduction of capital was to maximise the pool of reserves that would be available to eliminate any brought forward deficits on distributable reserves, with the balance being surplus available to absorb future losses and/or facilitate future distributions. As part of the corporate restructuring, various intra group indebtedness was settled and the Company paid a cash dividend of £110k to its Shareholder.

Horizon Nuclear Power Services Limited

Strategic report for the year ended 31 March 2022 (continued)

Review of business (continued)

Strategy

The Company will support Horizon Nuclear Power Wylfa Limited and Horizon Nuclear Power Oldbury Limited in managing their sites and remaining assets on an ongoing basis until such time as the Group concludes a disposal of these remaining assets to a third party.

The Group's sites will be maintained for future sale as nuclear development sites. This will maximise value recovery potential and aligns with stakeholder objectives. Leases and options have been extended to maintain the footprint of the sites.

Nuclear continues to be part of the UK energy policy in order to achieve net zero.

Various other explorative discussions with potential interested parties interested in acquiring the Group's sites have taken place and are continuing.

Subsequent events following the reporting period end

No subsequent events to report.

Key Performance Indicators

The principal key performance indicator 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 Ultimate Shareholder's exit decision. Horizon's 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, and its 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 profit after tax of £816k during the year covered by these financial statements (2021: loss of £634k). The Company's total asset position as at 31 March 2022 was £7,149k (2021: £16,586k).

Horizon Nuclear Power Services Limited

Strategic report for the year ended 31 March 2022

Distributions, capital raising and share repurchases

The Company has not issued any shares during the year (2021: £nil).

The Company reduced its share capital by £43,398k to £1.

The Company declared a dividend of £5,166 during the year (2021: £nil). The dividend was settled by way of: i. £110k in cash; and ii. a distribution in specie comprising the assignment of a receivable amounting to £5,056k owed to the Company by Horizon Nuclear Power Limited.

Capital management

Capital comprises equity attributable to the Shareholder. 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 to 5 was approved by the Board of Directors on 23 June 2022 and signed on their behalf by



Tomohiro Satake
Director
24 June 2022

Horizon Nuclear Power Services Limited

Directors' report for the year ended 31 March 2022

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2022.

Other than going concern basis

In 2020 the Ultimate Shareholder decided to exit the nuclear new build activities in the UK and it does not intend to restart the Horizon project in the future.

The Company continues to be managed by the directors and are 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 (2021: nil).

Employees

The number of employees within the Company at the end of the year was 2 (2021: 8).

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 Services Limited

Directors' report for the year ended 31 March 2022 (continued)

Directors and their interests

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

Tadashi Kume
Takashi Masui
Tomohiro Satake
Carl Newton (appointed 1 April 2021)
Stephen Pierce (appointed 1 April 2021)

None of the directors have any interest in the shares of the Company or its Shareholder.

Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic report, 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 UK adopted International Accounting Standards. 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 UK adopted international accounting standards;
- 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 Services Limited

Directors' report for the year ended 31 March 2022 (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 & 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 6 to 8 was approved by the Board of Directors on 23 June 2022 and signed on their behalf by



Tomohiro Satake
Director
24 June 2022

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

Opinion

We have audited the financial statements of Horizon Nuclear Power Services Limited for the year ended 31 March 2022 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 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards. In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; 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 – financial statements prepared on a basis other than going concern

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.

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

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 7 & 8, 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 Services 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, UK adopted International Accounting Standards and the relevant tax laws.
- We understood how Horizon Nuclear Power Services 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 Services 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 June 24, 2022

Horizon Nuclear Power Services Limited**Statement of comprehensive income for the year ended 31 March 2022**

	<i>Note</i>	2022 £'000	2021 £'000
Revenue		1,451	6,445
Staff costs	2	(343)	(4,669)
Operating costs	3	(1,133)	(1,167)
Operating (loss)/profit		(25)	609
Finance income	6	40	5
Finance cost		(68)	-
Foreign exchange (loss)/gain		(34)	39
Other non-operating expenses	4	(8)	(2,291)
Loss before tax on ordinary activities		(95)	(1,638)
Tax credit on ordinary activities	7	911	1,004
Profit/(Loss) for the year, attributable to equity shareholders		816	(634)
Actuarial loss on defined benefit pension scheme	15	-	-
Deferred tax on defined benefit pension scheme		-	-
Current tax on defined benefit pension scheme		-	-
Total other comprehensive loss for the year		-	-
Total comprehensive profit/(loss) for the year, attributable to equity shareholders		816	(634)

All amounts relate to continuing operations.

The notes on pages 17 to 35 form an integral part of these financial statements.

Horizon Nuclear Power Services Limited**Statement of financial position as at 31 March 2022**

	Note	2022 £'000	2021 £'000
Assets			
Non-current assets			
Property, plant and equipment	8	-	-
Current assets			
Trade and other receivables	10	967	5,271
Cash and cash equivalents		6,182	11,315
		7,149	16,586
Total assets		7,149	16,586
Equity and liabilities			
Equity attributable to shareholders			
Share capital	11	-	43,398
Reserves		6,934	(32,114)
		6,934	11,284
Liabilities			
Non-current liabilities			
Retirement benefit obligations	15	-	-
Provisions	13	-	-
		-	-
Current liabilities			
Trade and other payables	12	215	5,293
Provisions	13	-	9
		215	5,302
Total liabilities		215	5,302
Total equity and liabilities		7,149	16,586

The notes on pages 17 to 35 form an integral part of these financial statements.

The financial statements on pages 13 to 35 were approved and authorised for issue by the Board of Directors on 23 June 2022 and signed on their behalf by


 Tomohiro Satake
 Director
 24 June 2022

Horizon Nuclear Power Services Limited**Statement of changes in equity for the year ended 31 March 2022**

	<i>Note</i>	Share capital £'000	Reserves £'000	Total equity £'000
Balance at 31 March 2021		43,398	(32,114)	11,284
Capital reduction		(43,398)	43,398	-
Total comprehensive profit for the year		-	816	816
Dividend	9	-	(5,166)	(5,166)
Balance at 31 March 2022	11	-*	6,934	6,934

Comparative figures are shown below for the twelve months to 31 March 2021.

	<i>Note</i>	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 31 March 2020		43,398	(31,479)	11,919
Total comprehensive loss for the year		-	(634)	(634)
Balance at 31 March 2021	11	43,398	(32,114)	11,284

The notes on pages 17 to 35 form an integral part of these financial statements.

Horizon Nuclear Power Services Limited**Statement of cash flow for the year ended 31 March 2022**

	<i>Note</i>	2022	2021
		£'000	£'000
Cash flows from operating activities			
Operating (loss)/profit		(25)	609
Defined benefit service cost		-	-
Payment to defined benefit pension scheme		-	-
Foreign exchange (loss)/gain		(34)	39
Other non-operating expenses		(8)	(2,291)
Decrease in receivables		4,304	2,969
(Decrease)/Increase in payables		(5,078)	2,850
Decrease in provisions		(9)	(513)
Taxation refunded		911	1,004
Net interest expense (operating)		(32)	-
Other			(1)
Net cash generated from operating activities		29	4,666
Cash flows from investing activities			
Interest income		4	5
Net cash generated from investing activities		4	5
Cash flows from financing activities			
Dividend paid (cash)		(110)	-
Dividend paid (in specie)		(5,056)	-
Net cash from financing activities		(5,166)	-
Net increase/(decrease) in cash and cash equivalents		(5,133)	4,671
Cash and cash equivalents at beginning of period		11,315	6,644
Cash and cash equivalents at end of period		6,182	11,315

The notes on pages 17 to 35 form an integral part of these financial statements.

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2022

1 Accounting policies

Horizon Nuclear Power Services 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 2022, with comparatives 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 UK adopted International Accounting Standards. 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 on page 21.

Other than going concern

In 2020 the Ultimate Shareholder decided to exit the nuclear new build activities in the UK and it does not intend to restart the Horizon project in the future.

The Company continues to be managed by the directors and is 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.

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 ended 31 March 2022 (continued)

1 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are shown at historical cost less depreciation and accumulated 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:

Fixtures and Fittings	5 – 10 years
IT equipment	3 years

Intangible assets

Software purchased or developed by the Company for own use is capitalised as an intangible asset at cost, amortised over its estimated useful life using the straight line method, usually considered to be 3 years, and impaired as appropriate.

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.

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.

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.

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

1 Accounting policies (continued)

Recharge services to Horizon Group companies

The Company has a service agreement to provide power station project delivery services and general and administrative services to another company within the Horizon Group, Horizon Nuclear Power Wylfa Limited, on a cost plus basis, effective from 1 April 2013. Following the Ultimate Shareholder's decision to suspend its development activities and subsequent decision to withdraw from the UK nuclear market, the Company no longer provides project delivery services to Horizon Nuclear Power Wylfa Limited. Instead, the Company supports Horizon Nuclear Power Wylfa Limited and Horizon Nuclear Power Oldbury Limited in managing and maintaining their sites and remaining assets on an ongoing basis to ensure that their sites and properties remain safe and compliant with relevant UK legislation. As a result, the Company now has a recharge agreement to recharge costs on a cost-plus basis with both Horizon Nuclear Power Wylfa Limited and Horizon Nuclear Power Oldbury Limited on a 50/50 basis between the two entities.

Other external costs incurred that specifically related to another Group company were passed through to that company at cost. These are shown within operating costs.

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.

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 statement of comprehensive income on a straight-line basis over the period of the lease.

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

1 Accounting policies (continued)

Financial instruments

The Company classifies its financial instruments into the following categories:

Loans and receivables

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.

The Company has elected to not apply hedge accounting as prescribed in IAS 39, Financial Instruments Recognition and measurement.

Recent accounting developments

At the date of authorisation of the financial statements of Horizon Nuclear Power Services Limited for the year ended 31 March 2022, 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
Definition of Accounting Estimates - Amendments to IAS 8	effective for annual periods beginning on or after 1 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	effective for annual periods beginning on or after 1 January 2023
Reference to the Conceptual Framework – Amendments to IFRS 3	effective for annual periods beginning on or after 1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	effective for annual periods beginning on or after 1 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	effective for annual periods beginning on or after 1 January 2022
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	effective for annual periods beginning on or after 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.

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

1 Accounting policies (continued)

Employee benefit costs

The Company provided a defined benefit scheme for employees of the Company that were in a defined benefit scheme with the previous shareholders. None of the remaining employees are members of the defined benefit scheme and the Company is in the process of completing a buy-out of the scheme.

For all other employees, the Company provides a defined contribution scheme.

Details of the defined benefit scheme are set out in note 15. The defined contribution scheme allows employee contributions of between 3%, and 6% with the Company doubling these to a maximum employer contribution of 12% of pensionable salary. Company contributions to the defined contribution plan are disclosed in note 2.

Financial risk factors

Details about the Company's assessment of financial risk factors are included within the Strategic Report on page 4.

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

Recoverability of deferred income tax asset

Recognition of a deferred income tax asset requires judgement for determining the extent of its recoverability at each balance sheet date. Management assesses recoverability with reference to approved forecasts of future taxable profits. These forecasts require the use of assumptions and estimates. Due to the uncertainty of the Company's future taxable profits no deferred income tax asset has been recognised at the balance sheet date

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

2 Staff costs, directors' emoluments and key management remuneration

(a) Staff costs

	2022 £'000	2021 £'000
Wages and salaries	288	4,032
Social security costs	36	814
Other pension costs	19	80
Other staff gain	(-)	(3)
Termination costs	-	1,841
Total staff costs	343	6,764

Average number of employees during the year 2 8

All staff employed are office staff (2021: all office).

Following the suspension of most of Horizon's activities from January 2019 and the release of the vast majority of the Company's workforce, staff costs related to transition activities from this date have been reported as non-operating due to no ongoing benefit to the business. Transition activities were largely completed by 31 March 2021 and all staff costs in the year ended 31 March 2022 were reported as operating costs as follows:

	2022 £'000	2021 £'000
Operating Costs	343	4,669
Non-operating Costs	-	2,095
Total staff costs	343	6,764

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

2 Staff costs, directors' emoluments and key management remuneration (continued)

(b) *Directors' emoluments and key management remuneration*

All directors' salaries are paid by other Hitachi group companies who employ them and it is not practicable to separately allocate the value of their services to the Company. In prior year, the highest paid director was employed by the Company and received remuneration during the financial year total £3,346k. He left the Company on 31 March 2021.

Key management remuneration is as follows:

	2022 £'000	2021 £'000
Short term employee benefits	-	2,484
Pension and other post-retirement benefits	-	-
Termination benefits	-	862
Total remuneration	-	3,346

Short term employee benefits comprise salary and benefits earned during the year, including bonuses payable within 12 months of the reporting date.

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

3 Operating costs

	2022 £'000	2021 £'000
Other expenses	1,133	1,167
Total operating costs	1,133	1,167

4 Other non-operating expenses

	2022 £'000	2021 £'000
Staff costs	-	2,095
Project suspension costs	8	196
Total other non-operating expenses	8	2,291

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

5 Auditors remuneration

	2022 £'000	2021 £'000
Fees payable to the Company's auditor for the audit of the financial statements	5	10

6 Finance income

	2022 £'000	2021 £'000
Finance income	40	5
Finance income	40	5

Horizon Nuclear Power Services Limited**Notes to the financial statements for the year ended 31 March 2022 (continued)****7 Tax expense on ordinary activities**

	2022 £'000	2021 £'000
Current tax on profit	(696)	(881)
Deferred tax charge	-	-
Deferred tax prior year adjustment	-	-
Effect of changes in tax rates	-	-
Adjustment in respect of prior years	(215)	(123)
Tax credit	(911)	(1,004)

The tax credit is higher than (2021: lower than) the standard rate of corporate tax in the UK of 19% (2021: 19%). The differences are reconciled below.

	2022 £'000	2021 £'000
(Loss)/Profit before tax	(95)	(1,638)
Tax charge calculated at the standard rate of corporation tax of 19% (2021: 19%)	(18)	(311)
Tax effects of:		
Non-deductible expenses	-	219
Amounts not recognised	(680)	(794)
Adjustment in respect of prior periods	(215)	(123)
Effects of group relief/other reliefs	2	5
Lease surrender payment	-	-
Tax credit	(911)	(1,004)

At the balance sheet date, the Company has temporary differences carried forward of £9,226k. This comprises pension timing differences of £2,545k, and fixed asset timing differences of £6,681k. 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 Services Limited**Notes to the financial statements for the year ended 31 March 2022 (continued)****8 Property, plant and equipment**

	Fixtures and fittings £'000	IT equipment £'000	Total £'000
Cost			
Balance at 31 March 2021	-	-	-
Additions	-	-	-
Disposals	-	-	-
Balance at 31 March 2022	-	-	-
Accumulated Depreciation			
Balance at 31 March 2021	-	-	-
Charge for the year	-	-	-
Disposals	-	-	-
Impairment loss	-	-	-
Balance at 31 March 2022	-	-	-
Net book value			
Balance at 31 March 2021	-	-	-
Balance at 31 March 2022	-	-	-

Horizon Nuclear Power Services Limited**Notes to the financial statements for the year ended 31 March 2022 (continued)****8 Property, plant and equipment (continued)**

Comparative figures are shown below for the twelve months to 31 March 2021.

	Fixtures and fittings £'000	IT equipment £'000	Total £'000
Cost			
Balance at 31 March 2020	1,154	-	1,154
Additions	-	-	-
Disposals	(1,154)	-	(1,154)
Balance at 31 March 2021	-	-	-
Accumulated Depreciation			
Balance at 31 March 2020	(1,154)	-	(1,154)
Charge for the year	-	-	-
Disposals	1,154	-	1,154
Impairment loss	-	-	-
Balance at 31 March 2021	-	-	-
Net book value			
Balance at 31 March 2020	-	-	-
Balance at 31 March 2021	-	-	-

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

9 Dividend paid

A dividend of £5,166k was declared to the Shareholder for the period ended 31st July 2021. The dividend was settled by way of: i. £110k in cash; and ii. a distribution in specie comprising the assignment of a receivable amounting to £5,056k owed to the Company by Horizon Nuclear Power Limited.

10 Trade and other receivables

	2022 £'000	2021 £'000
Amounts due from related parties (see note 14)	238	4,046
Prepayments	18	-
Other receivables	711	1,225
Trade and other receivables	967	5,271

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

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

The prior year related party balances were settled as part of intra-group restructuring activities. These balances were settled in the form of dividends.

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

11 Share capital

	Number of shares issued '000	Ordinary shares £'000
Balance at 31 March 2021	43,398	43,398
Capital reduction	(43,398)	(43,398)
Balance at 31 March 2022	-*	-*

*£1.

As part of the corporate reorganisation activities to help simplify arrangements and better reflect the current state and activities of the Horizon Nuclear Power group, the Company undertook a reduction of capital programme to reduce its share capital to £1. The rationale for undertaking the reduction of capital was to maximise the pool of reserves that would be available to eliminate any brought forward deficits on distributable reserves, with the balance being surplus available to absorb future losses and/or facilitate future distributions.

Comparative figures are shown below for the twelve months to 31 March 2021.

	Number of shares issued '000	Ordinary shares £'000
Balance at 31 March 2020 and 31 March 2021	43,398	43,398

12 Trade and other payables

	2022 £'000	2021 £'000
Amounts due to related parties (see note 14)	-	1,182
Trade payables due to third parties	98	64
Accrued expenses	117	4,047
Trade and other payables	215	5,293

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

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

13 Provisions

	Onerous lease provision £'000	Total £'000
Current	9	9
Non-current	-	-
At 31 March 2021	9	9
Utilised during the year	(4)	(4)
Released to the income statement	(5)	(5)
At 31 March 2022	-	-
Analysed as:		
Current	-	-
Non-current	-	-
	-	-

Following the suspension decision in January 2019 provisions were made for onerous operating leases when the properties were no longer used by the Company for continuing operations and the net costs of exiting from the leases exceed the economic benefits expected to be received.

The onerous lease provision opening balance was for the Group's remaining Gloucester office, Pioneer Place. Whilst this lease was terminated on 31 March 2021, the opening provision balance was for termination related costs invoiced post March 2021. These costs were settled from the remaining provision with the remainder released to the income statement.

14 Related party transactions

The Company has Service fee agreements with its affiliates, Horizon Nuclear Power Wylfa Limited and Horizon Nuclear Power Oldbury Limited. Under the terms of the agreements the Company provides general and administrative service costs to Horizon Nuclear Power Wylfa Limited and Horizon Nuclear Power Oldbury Limited on a cost plus basis.

The Company has contracted with Hitachi Europe Limited for the provision of business support services including tax and accounting, procurement, HR, financial systems data hosting and management support.

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

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

14 Related party transactions (continued)

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 to Horizon Nuclear Power Wylfa Limited and Horizon Nuclear Power Oldbury Limited, which are payable within 30 days of invoice date.

	2022 £'000	2021 £'000
<i>Value of costs charged by/transfers from related parties during the year:</i>		
- from Hitachi Europe Limited	720	601
- from Hitachi Information & Control Systems	-	17
<i>Value of costs transferred during the year:</i>		
- to Horizon Nuclear Power Oldbury Limited	799	9
- to Horizon Nuclear Power Wylfa Limited	629	12
- to Horizon Nuclear Power Limited	-	21
- to Horizon Nuclear Power Wylfa Holdings Limited	-	4
<i>Period-end balances due to/ from:</i>		
- from Horizon Nuclear Power Oldbury Limited	119	3,771
- from Horizon Nuclear Power Wylfa Limited	119	32
- to Horizon Nuclear Power Wylfa Limited	-	1,182
- from Horizon Nuclear Power Limited	-	208
- from Horizon Nuclear Power Wylfa Holdings Limited	-	35
- to Hitachi Europe Limited	103	54
- to Hitachi Information Control Systems Europe	-	17

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

15 Retirement benefit obligations

Employee defined benefit pension costs

The Company operates a funded pension plan providing benefits based on final pensionable pay for some former employees. The Company established a ring-fenced section in the Prudential Platinum Pension Scheme for this purpose (the 'Scheme'). The assets of the Scheme are held in a separate trustee administered fund. The Scheme was closed to the future build up of pension benefits from March 2020.

The Trustee purchased a full "buy-in" contract in November 2019 that secured the Scheme's liabilities with an insurer, with the view to winding-up the Scheme in due course. This transaction led to an immediate settlement which was allowed for in year ending 31 March 2020 accounts.

As is usual following such transactions, the Scheme's Trustee and the insurer are going through a data verification process following which a balancing payment may be due from the Trustee to the insurer (to be met by the Company), or vice versa.

Following the buy-in the value of the Scheme's asset is expected to move in the same way as the value of the corresponding liability. As such, the fair asset value is not based on quoted prices in active markets. The Scheme does not invest in any property occupied by the Company or in any financial securities issued by the Company.

The full buy-in contract purchased with Aviva on 26 November 2019 that covered all the Scheme's liabilities means that no net pension asset or liability is recognised on the balance sheet again this year. As no asset or liability was recognised last year, and the last active member ceased to accrue benefits in the Scheme on 31 March 2020, there is no pension cost over 2021/22.

Over the period to 31 March 2022 the Trustee has been in the process of implementing GMP equalisation through a GMP conversion exercise (where Scheme benefits are converted to alternative benefits of equal value in order to remove the inequalities caused by unequal GMPs). This only affected 5 members and the impact was immaterial. There were no other special events over the year.

For the purpose of the figures at the accounting date, the results of an actuarial valuation were updated to the accounting date by an independent qualified actuary in accordance with IAS19. The discount rate is based on the yields on AA rated sterling corporate bond yields at the reporting date.

The pensioner mortality tables adopted are 100% of the S2NA standard mortality tables and long-term improvement rates in line with the "CMI 2017" core projections with a long term annual improvement rate of 1.25% based on each member's actual date of birth.

No employer contributions are expected to be paid to the Scheme during 2022/23, subject to the outcome of the data verification process mentioned above (2021/22 actual: nil).

The weighted average duration of the projected accrued benefit payments is around 22 years.

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

15 Retirement benefit obligations (continued)

Amounts recognised in the statement of comprehensive income during the year in respect of the Scheme are as follows:

	2022 £'000	2021 £'000
Employer's part of current service cost	-	-
Past service cost	-	-
Running costs	-	-
Net interest expense	-	-
Losses on settlements	-	-
Total expense recognised in statement of comprehensive income	-	-

The estimated total service cost for the financial year ending 31 March 2023 is £nil.

The amounts to be recognised immediately in other comprehensive loss are as follows:

	2022 £'000	2021 £'000
Actuarial losses	-	-
Impact of asset ceiling	-	-
Amount to recognise in other comprehensive loss	-	-

Other key assumptions used:

	Actual 2022	Actual 2021
Principal actuarial assumptions:		
Retail Price Inflation (% pa)	3.6%	3.3%
Consumer price inflation – pre 2030 (%pa)	2.6%	2.3%
Consumer price inflation – post 2030 (%pa)	3.5%	3.2%
Discount rate (% pa)	2.6%	1.9%
Pension increases in payment (LPI 5%)	3.4%	3.1%
General salary increases (% pa)	n/a	n/a
Life expectancy of male/female aged 60 in 2020 (years)	27.1/29.3	27.1/29.2
Life expectancy of male/female aged 60 in 2040 (years)	28.7/30.9	28.6/30.8

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

15 Retirement benefit obligations (continued)

The amount included in the statement of financial position arising from the Company's obligations in respect of the Scheme is as follows:

	2022 £'000	2021 £'000
Present value of defined benefit obligation	(12,955)	(14,115)
Fair value of plan assets	12,955	14,115
	<hr/>	<hr/>
Surplus/(deficit)	-	-
Impact of asset ceiling	-	-
	<hr/>	<hr/>
Net asset/(liability) in statement of financial position	<hr/> - <hr/>	<hr/> - <hr/>

Reconciliation of present value of plan liabilities	2022 £'000	2021 £'000
Opening defined benefit obligation	14,115	12,340
Employer's part of current service cost	-	-
Interest on plan liabilities	265	287
Contributions by plan participants	-	-
Actuarial (gains)/losses due to:		
Experience on benefit obligation	393	(76)
Changes in financial assumptions	(1,515)	2,337
Changes in demographic assumptions	-	-
Benefits paid	(303)	(773)
Past service costs	-	-
Curtailment and settlements	-	-
	<hr/>	<hr/>
Closing defined benefit obligation	<hr/> 12,955 <hr/>	<hr/> 14,115 <hr/>

Reconciliation of fair value of plan assets	2022 £'000	2021 £'000
Opening fair value of plan assets	14,115	12,340
Interest on plan assets	265	287
Actual return on plan assets less interest in plan assets	(1,122)	2,261
Contributions by the employer	-	-
Contributions by plan participants	-	-
Running costs	-	-
Benefit payments	(303)	(773)
Curtailment and settlements	-	-
	<hr/>	<hr/>
Closing fair value of plan assets	<hr/> 12,955 <hr/>	<hr/> 14,115 <hr/>

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2022 (continued)

15 Retirement benefit obligations (continued)

The current allocation of plan assets is as follows:

	2022 Current Allocation	2022 £'000	2021 Current Allocation	2021 £'000
Insured annuities	100%	12,955	100%	14,115
Total	100%	12,955	100%	14,115

16 Subsequent events following the reporting period end

No subsequent events to report.

17 Ultimate parent undertaking

The immediate parent undertaking is Horizon Nuclear Power Wylfa Limited. 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: Sefton Park, Bells Hill, Stoke Poges, Buckinghamshire, SL2 4HD.

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.