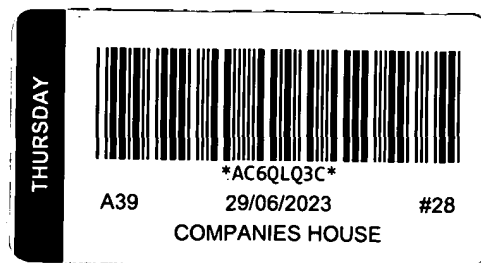


Horizon Nuclear Power Services Limited

Annual Report and Financial Statements
for the year ended 31 March 2023



Registered Number 06812099

Horizon Nuclear Power Services Limited

Annual Report and Financial Statements for the year ended 31 March 2023

Contents

Company information	2
Strategic report	3 – 4
Directors' report	5 – 7
Independent auditor's report	8 – 11
Statement of comprehensive income	12
Statement of financial position	13
Statement of changes in equity	14
Statement of cash flow	15
Notes to the financial statements	16 – 28

Horizon Nuclear Power Services Limited

Company information

Directors

Yasunori Inada (appointed 1 April 2023)
Takashi Masui
Carl Newton
Stephen Pierce
Tomohiro Satake
Tadashi Kume (resigned 31 March 2023)

Company Secretary

Carl Newton

Auditor

Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

Registered Office

Sefton Park
Bells Hill
Stoke Poges
Buckinghamshire
SL2 4HD

Horizon Nuclear Power Services Limited

Strategic report for the year ended 31 March 2023

Principal activities and review of the business, including subsequent events

Principal activities

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. The Company supports 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.

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.

Having undertaken planned de-risking activities at the sites in previous years, 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.

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 2023.

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. Where practicable, leases and options are being extended to maintain the footprint of the sites.

Explorative discussions with potential interested parties interested in deploying their nuclear reactor technologies on the Group's site(s) have taken place throughout the year and are continuing.

The recent publication of HM Government's ('HMG') policy paper "Powering up Britain" underlines HMG's drive to enhance the UK's energy security and deliver on its net zero commitments through diversification, decarbonisation and domestication of Britain's energy generation. This is broadly welcomed by the Company and, having undertaken a review of its portfolio and considered the broader policy landscape, Hitachi intends to adopt a more proactive approach to enable the Group to divest its residual assets and intends to take steps to implement a disposal strategy during the new financial year.

Subsequent events following the reporting period end

No subsequent events to report.

Horizon Nuclear Power Services Limited

Strategic report for the year ended 31 March 2023 (continued)

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.

Financial 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.

Distributions, capital raising and share repurchases

The Company has not issued any shares during the year (2022: £nil).

The Directors do not propose a dividend for the year ended 31 March 2023 (2022: £5,166k; 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 4 was approved by the Board of Directors on 23 June 2023 and signed on their behalf by



Tomohiro Satake
Director
23 June 2023

Horizon Nuclear Power Services Limited

Directors' report for the year ended 31 March 2023

The directors present their annual report and the audited financial statements of the Company for the year ended 31 March 2023.

Financial position

The Company recorded a profit after tax of £713k during the year covered by these financial statements (2022: profit of £816k). The Company's total asset position as at 31 March 2023 was £7,939k (2022: £7,149k).

Events in Ukraine, and more recently cost of living increases, have not had a material impact on the Company.

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 Group continues to be managed by the directors and they are awaiting offers from interested parties to purchase the assets of the Group. Whilst the board intends to adopt a more proactive strategy in the new financial year, 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 assessed that the financial statements should be prepared on an other than going concern basis.

Political donations

No political donations were made by the Company during the year (2022: £nil).

Employees

Excluding the directors, the number of employees within the Company at the end of the year was 2 (2022: 2).

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.

Financial risk management

Financial risk management activities of the Company are presented in the Strategic Report.

Horizon Nuclear Power Services Limited

Directors' report for the year ended 31 March 2023 (continued)

Directors

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

Yasunori Inada (appointed 1 April 2023)
Takashi Masui
Carl Newton
Stephen Pierce
Tomohiro Satake
Tadashi Kume (resigned 31 March 2023)

Statement of Directors' responsibilities

The directors are responsible for preparing the Annual 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 ("IFRSs"). 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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. For the reasons stated in the Directors' report and Note 1, the financial statements have not been prepared on a going concern basis.

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.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and Directors' Report that comply with that law and those regulations.

Horizon Nuclear Power Services Limited

Directors' report for the year ended 31 March 2023 (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.

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

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 5 to 7 was approved by the Board of Directors on 23 June 2023 and signed on their behalf by



Tomohiro Satake
Director
23 June 2023

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 2023 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flow, and the related notes 1 to 16, 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 2023 and of its profit 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 to the financial statements which explains that the Ultimate Shareholder decided to exit the nuclear new build activities in the UK and it does 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 6 and 7, 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.

Ernst & Young LLP

Neil Corry (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
Date: 26 June 2023

Horizon Nuclear Power Services Limited

Statement of comprehensive income for the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Revenue	2	1,334	1,451
Staff costs	3	(371)	(343)
Operating costs	4	(941)	(1,133)
Operating profit/(loss)		22	(25)
Finance income	7	141	40
Finance cost		-	(68)
Foreign exchange loss		(1)	(34)
Other non-operating income/(expenses)	5	2	(8)
Profit/(loss) before tax		164	(95)
Tax credit	8	549	911
Profit for the year, attributable to equity shareholders		713	816
Actuarial loss on defined benefit pension scheme	14	-	-
Deferred tax on defined benefit pension scheme		-	-
Current tax on defined benefit pension scheme		-	-
Total other comprehensive loss for the year		-	-
Total comprehensive profit for the year, attributable to equity shareholders		713	816

The notes on pages 16 to 28 form an integral part of these financial statements.

Horizon Nuclear Power Services Limited

Statement of financial position as at 31 March 2023

	Note	2023 £'000	2022 £'000
Assets			
Non-current assets		-	-
Current assets			
Trade and other receivables	10	2,076	967
Cash and cash equivalents		5,863	6,182
		7,939	7,149
Total assets		7,939	7,149
Equity and liabilities			
Equity attributable to shareholders			
Share capital	11	-	-
Profit and loss account		7,647	6,934
		7,647	6,934
Liabilities			
Non-current liabilities			
Retirement benefit obligations	14	-	-
		-	-
Current liabilities			
Trade and other payables	12	292	215
		292	215
Total liabilities		292	215
Total equity and liabilities		7,939	7,149

The notes on pages 16 to 28 form an integral part of these financial statements.

The financial statements on pages 12 to 28 were approved and authorised for issue by the Board of Directors on 23 June 2023 and signed on their behalf by



Tomohiro Satake
Director
23 June 2023

Horizon Nuclear Power Services Limited
Registered Number: 06812099

Horizon Nuclear Power Services Limited

Statement of changes in equity for the year ended 31 March 2023

	Note	Share capital £'000	Profit and loss account £'000	Total equity £'000
Balance at 31 March 2022		-*	6,934	6,934
Total comprehensive profit for the year		-	713	713
Balance at 31 March 2023	11	-*	7,647	7,647
*£1 share capital				

Comparative figures are shown below for the twelve months to 31 March 2022.

	Note	Share capital £'000	Profit and loss account £'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
*£1 share capital				

The notes on pages 16 to 28 form an integral part of these financial statements.

Horizon Nuclear Power Services Limited

Statement of cash flow for the year ended 31 March 2023

	Note	2023 £'000	2022 (Restated) £'000
Cash flows from operating activities			
Operating profit/(loss)		22	(25)
Foreign exchange loss		(1)	(34)
Other non-operating income/(expenses)		2	(8)
Increase in receivables		(1,109)	(752)
Increase/(decrease) in payables		77	(5,078)
Decrease in provisions		-	(9)
Taxation		549	911
Net interest expense (operating)		-	(32)
Net cash used in operating activities		(460)	(5,027)
Cash flows from investing activities			
Interest income (net)		141	4
Net cash generated from investing activities		141	4
Cash flows from financing activities			
Dividend paid		-	(110)
Net cash used in financing activities		-	(110)
Net decrease in cash and cash equivalents		(319)	(5,133)
Cash and cash equivalents at beginning of period		6,182	11,315
Cash and cash equivalents at end of period		5,863	6,182

The notes on pages 16 to 28 form an integral part of these financial statements.

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2023

1 Accounting policies

Horizon Nuclear Power Services Limited is a private company limited by shares incorporated in England and Wales and domiciled in England.

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 2023, with comparatives for the year ended 31 March 2022.

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 19.

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 Group continues to be managed by the directors and they are awaiting offers from interested parties to purchase the assets of the Group. Whilst the board intends to adopt a more proactive strategy in the new financial year, 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 assessed that the financial statements should be prepared on an other than going concern basis.

Prior year adjustment

In the prior year, dividends paid in specie were presented in the cash flows from financing activities. The dividend payment is not a cash transaction and therefore should not be presented in the statement of cash flow. This error impacts the statement of cash flow only and there is no impact to the balance sheet, reported profit, notes disclosures and the overall net current assets and net assets positions. The statement of cash flow has been adjusted to correct this error in presentation. The table below details the relevant adjustment.

	Amount as previously reported (£'000)	Adjustment (£'000)	Amount as restated (£'000)
(Increase)/decrease in receivables	4,304	(5,056)	(752)
Dividend paid (in specie)	(5,056)	5,056	-

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

1 Accounting policies (continued)

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.

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 (classified as restricted cash).

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.

Revenue - 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

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

1 Accounting policies (continued)

Revenue - recharge services to Horizon Group companies (continued)

ensure that their sites and properties remain safe and compliant with relevant UK legislation. As a result, the Company 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 measured 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.

Changes in accounting policies and disclosures

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. No new or amended standards had an impact on the entity's financial statements.

Recent accounting developments

At the date of authorisation of the financial statements of Horizon Nuclear Power Services Limited for the year ended 31 March 2023, the following Standards and Interpretations relevant to the business of the Company were in issue but not yet effective:

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

1 Accounting policies (continued)

Recent accounting developments (continued)

Standard/Interpretation	Effective date
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	effective for annual periods beginning on or after 1 January 2023
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
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	effective for annual periods beginning on or after 1 January 2023

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.

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 14. 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 3.

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

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

2 Revenue

Revenue consists of one class of transaction and all originated in the United Kingdom.

3 Staff costs, directors' emoluments and key management remuneration

(a) Staff costs

	2023 £'000	2022 £'000
Wages and salaries	309	288
Social security costs	42	36
Other pension costs	20	19
Total staff costs	371	343

Average number of employees during the year (excluding directors)	2	2
---	---	---

All direct staff employed are office staff (2022: 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 remaining staff costs from the year ended 31 March 2022 were reported as operating costs as follows:

	2023 £'000	2022 £'000
Operating Costs	371	343
Total staff costs	371	343

(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.

Key management remuneration is £nil (2022 £nil)

4 Operating costs

	2023 £'000	2022 £'000
Other expenses	941	1,133
Total operating costs	941	1,133

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

5 Other non-operating income/(expenses)

	2023 £'000	2022 £'000
Staff costs	-	-
Project suspension activity	2	(8)
Total other non-operating income/(expenses)	2	(8)

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

6 Auditors remuneration

	2023 £'000	2022 £'000
Fees payable to the Company's auditor for the audit of the financial statements	-	5

Audit costs for the Horizon Group are incurred in the Company and recharged to Horizon Nuclear Power Wylfa Limited and Horizon Nuclear Power Oldbury Limited on a 50% / 50% basis.

In prior years audit fees were incurred in the Company and then allocated to each of the Horizon Group companies. Since project suspension in 2019, and subsequent project closure in 2020, this approach was continued. However, now, the Company, Horizon Nuclear Power Limited and Horizon Nuclear Power Wylfa Holdings Limited are only maintained to support Horizon Nuclear Power Wylfa Limited and Horizon Nuclear Power Oldbury Limited until their (asset) disposal. On this basis, corporate costs incurred in the Company, such as audit fees, are paid for by the companies it is supporting, Horizon Nuclear Power Oldbury Limited and Horizon Nuclear Power Wylfa Limited. This is consistent with how all other corporate costs incurred in the Company are treated.

7 Finance income

	2023 £'000	2022 £'000
Interest income	141	40
Finance income	141	40

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

8 Tax credit

	2023 £'000	2022 £'000
Current tax on profit	(549)	(696)
Adjustment in respect of prior years	-	(215)
Tax credit	(549)	(911)

The tax credit is higher than (2022: higher than) the standard rate of corporate tax in the UK of 19% (2022: 19%). The differences are reconciled below.

	2023 £'000	2022 £'000
Profit/(loss) before tax	164	(95)
Tax charge calculated at the standard rate of corporation tax of 19% (2022: 19%)	31	(18)
Tax effects of:		
Amounts not recognised	(648)	(680)
Adjustment in respect of prior periods	-	(215)
Effects of group relief/other reliefs	68	2
Tax credit	(549)	(911)

At the balance sheet date, the Company has temporary differences carried forward of £5,818k (2022: £9,226k). This entirely comprises of fixed asset timing differences. No deferred tax has been recognised in respect of these differences as its recovery is not certain.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the COVID-19 Pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were substantively enacted in The Finance Bill 2021 on 24 May 2021. Any future profits will be taxed at the appropriate rate.

9 Dividend paid

The Directors do not propose a dividend for the year ended 31 March 2023.

A dividend of £5,166k was declared to the Shareholder in 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.

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

10 Trade and other receivables

	2023 £'000	2022 £'000
Amounts due from related parties (see note 13)	1,492	238
Prepayments	10	18
Other receivables	574	711
Trade and other receivables	2,076	967

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

The fair values of trade receivables and other receivables approximate to their carrying value, largely because of their short term nature and repayable on demand.

11 Share capital

	Number of shares issued '000	Ordinary shares £'000
Balance at 31 March 2022 and 31 March 2023	-.*	-.*

*1 share.

Comparative figures are shown below for the twelve months to 31 March 2022.

	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.

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

12 Trade and other payables

	2023 £'000	2022 £'000
Amounts due to related parties (see note 13)	81	-
Trade payables due to third parties	89	98
Accrued expenses	122	117
Trade and other payables	292	215

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

13 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.

The Company also sold FY21 tax losses to Hitachi Vantara Limited.

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

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.

	2023 £'000	2022 £'000
<i>Value of costs transferred during the year:</i>		
- from Hitachi Europe Limited	649	720
- to Hitachi Vantara Limited	696	-
- to Horizon Nuclear Power Oldbury Limited	675	799
- to Horizon Nuclear Power Wylfa Limited	676	629
- to Horizon Nuclear Power Wylfa Holdings Limited	4	-
- to Horizon Nuclear Power Limited	19	-
<i>Period-end balances due to/ from:</i>		
- from Horizon Nuclear Power Oldbury Limited	636	119
- from Horizon Nuclear Power Wylfa Limited	136	119
- from Horizon Nuclear Power Wylfa Holdings Limited	4	-
- from Horizon Nuclear Power Limited	19	-
- from Hitachi Vantara Limited	697	-
- to Hitachi Europe Limited	81	103

All balances are interest free and without security.

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

14 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. 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.

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" 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 2023/24, subject to the outcome of the data verification process mentioned above (2022/23 actual: £nil).

The weighted average duration of the projected accrued benefit payments is around 18 years.

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

	2023 £'000	2022 £'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 2024 is £nil.

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

14 Retirement benefit obligations (continued)

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

	2023 £'000	2022 £'000
Actuarial losses	-	-
Impact of asset ceiling	-	-
Amount to recognise in other comprehensive loss	-	-

Other key assumptions used:

	Actual 2023	Actual 2022
Principal actuarial assumptions:		
Retail Price Inflation (% pa)	3.4%	3.6%
Consumer price inflation – pre 2030 (%pa)	2.4%	2.6%
Consumer price inflation – post 2030 (%pa)	3.3%	3.5%
Discount rate (% pa)	4.7%	2.6%
Pension increases in payment (LPI 5%)	3.2%	3.4%
General salary increases (% pa)	n/a	n/a
Life expectancy of male/female aged 60 in 2020 (years)	27.2/29.4	27.1/29.3
Life expectancy of male/female aged 60 in 2040 (years)	28.8/30.9	28.7/30.9

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

	2023 £'000	2022 £'000
Present value of defined benefit obligation	(8,530)	(12,955)
Fair value of plan assets	8,530	12,955
Surplus/(deficit)	-	-
Impact of asset ceiling	-	-
Net asset/(liability) in statement of financial position	-	-

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

14 Retirement benefit obligations (continued)

Reconciliation of present value of plan liabilities	2023 £'000	2022 £'000
Opening defined benefit obligation	12,955	14,115
Interest on plan liabilities	335	265
Actuarial (gains)/losses due to:		
Experience on benefit obligation	431	393
Changes in financial assumptions	(4,898)	(1,515)
Benefits paid	(293)	(303)
Closing defined benefit obligation	8,530	12,955

Reconciliation of fair value of plan assets	2023 £'000	2022 £'000
Opening fair value of plan assets	12,955	14,115
Interest on plan assets	335	265
Actual return on plan assets less interest in plan assets	(4,467)	(1,122)
Running costs	-	-
Benefit payments	(293)	(303)
Curtailment and settlements	-	-
Closing fair value of plan assets	8,530	12,955

The current allocation of plan assets is as follows:

	2023 Current Allocation	2023 £'000	2022 Current Allocation	2022 £'000
Insured annuities	100%	8,530	100%	12,955
Total	100%	8,530	100%	12,955

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

15 Subsequent events following the reporting period end

No subsequent events to report.

16 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.