

Horizon Nuclear Power Services Limited

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

Registered Number 06812099

TUESDAY



AA86RHGP

A09

06/07/2021

#262

COMPANIES HOUSE

Horizon Nuclear Power Services Limited

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

Contents

Strategic report	3 – 6
Directors' report	7 – 9
Independent auditors' report	10 – 13
Statement of comprehensive income	14
Statement of financial position	15
Statement of changes in equity	16
Statement of cash flow	17
Notes to the financial statements	18 – 37

Horizon Nuclear Power Services Limited

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

Directors

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

Company Secretary

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

Auditor

Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

Registered Office

Whitebrook Park
Lower Cookham Road
Maidenhead
SL6 8YA

Horizon Nuclear Power Services Limited

Strategic report for the year ended 31 March 2021

Principal activities and review of the business, including subsequent events

Principal Activities

Horizon Nuclear Power 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 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 Hitachi, Ltd. that it would cease its backing for Horizon entirely and withdraw from the UK nuclear market, the Company has now ceased all its activities to develop its project at Wylfa Newydd on Anglesey.

Review of business

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

The lease termination for the Company's main office, Pioneer Place in Gloucestershire, was completed in March 2021, following a year of staff mostly working from home due to the ongoing COVID-19 situation.

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 expected to be completed in 2021.

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

Horizon Nuclear Power Services Limited

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

Review of business (continued)

Strategy

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

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

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

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

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

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

Horizon Nuclear Power Services Limited

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

Subsequent events following the reporting period end

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

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

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

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

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

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

Financial position

The Company recorded a loss after tax of £634k during the year covered by these financial statements (2020: loss of £46k). The Company's total asset position as at 31 March 2021 was £16,586k (2020: £14,884k).

Distributions, capital raising and share repurchases

The Company has not issued any shares during the year (2020: 35,000,000).

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

Horizon Nuclear Power Services Limited

Strategic report for the year ended 31 March 2021

Capital management

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

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

A handwritten signature in black ink, appearing to read 'T. Satake'.

Tomohiro Satake
Director
30 June 2021

Horizon Nuclear Power Services Limited

Directors' report for the year ended 31 March 2021

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

Other than going concern basis

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

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

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

Political donations

No political donations were made by the Company during the year (2020: nil).

Employees

The number of employees within the Company at the end of the year was 8 (2020: 9). The remaining Company staff were made redundant as of 31 March, except for retaining two staff who will assist the directors in managing the site and associated properties.

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 2021 (continued)

Directors and their interests

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

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

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

Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Accounting Standards in conformity with the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that Period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with international accounting standards in conformity with the Companies Act 2006;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Horizon Nuclear Power Services Limited

Directors' report for the year ended 31 March 2021 (continued)

Statement of Directors' responsibilities (continued)

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

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

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Ernst & Young LLP have indicated their willingness to continue as auditors of the Company and to remain in office subject to the approval of the directors.

The Directors' Report on pages 7 to 9 was approved by the Board of Directors on 28 June 2021 and signed on their behalf by



Tomohiro Satake
Director
30 June 2021

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

Opinion

We have audited the financial statements of Horizon Nuclear Power Services Limited for the year ended 31 March 2021 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of matter – Basis of preparation

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

Our opinion is not modified in respect of this matter.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated.

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 there is 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 8 & 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report to the members of Horizon Nuclear Power 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, International Accounting Standards in conformity with the requirements of the Companies Act 2006 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

6B478EA2CC714F9...

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

Date July 2, 2021

Horizon Nuclear Power Services Limited

Statement of comprehensive income for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Revenue		6,445	6,584
Staff costs	2	(4,669)	(4,614)
Operating costs	3	(1,167)	(1,099)
Operating profit		609	871
Finance income	6	5	68
Foreign exchange gain/(loss)		39	(23)
Loss on asset disposal		-	(27)
Impairment of property, plant and equipment	8	-	-
Impairment of intangible assets	9	-	-
Other non-operating income		-	6
Other non-operating expenses	4	(2,291)	(3,368)
Loss before tax on ordinary activities		(1,638)	(2,473)
Tax credit on ordinary activities	7	1,004	2,427
Loss for the year, attributable to equity shareholders		(634)	(46)
Actuarial loss on defined benefit pension scheme	15	-	(452)
Deferred tax on defined benefit pension scheme		-	-
Current tax on defined benefit pension scheme		-	-
Total other comprehensive loss for the year		-	(452)
Total comprehensive loss for the year, attributable to equity shareholders		(634)	(498)

All amounts relate to continuing operations.

The notes on pages 18 to 37 form an integral part of these financial statements.

Horizon Nuclear Power Services Limited

Statement of financial position as at 31 March 2021

	Note	2021 £'000	2020 £'000
Assets			
Non-current assets			
Property, plant and equipment	8	-	-
Intangible assets	9	-	-
Current assets			
Trade and other receivables	10	5,271	8,240
Cash and cash equivalents		11,315	6,644
		16,586	14,884
Total assets		16,586	14,884
Equity and liabilities			
Equity attributable to shareholders			
Share capital	11	43,398	43,398
Retained earnings		(32,114)	(31,479)
		11,284	11,919
Liabilities			
Non-current liabilities			
Retirement benefit obligations	15	-	-
Provisions	13	-	-
		-	-
Current liabilities			
Trade and other payables	12	5,293	2,443
Provisions	13	9	522
		5,302	2,965
Total liabilities		5,302	2,965
Total equity and liabilities		16,586	14,884

The notes on pages 18 to 37 form an integral part of these financial statements.

The financial statements on pages 14 to 37 were approved and authorised for issue by the Board of Directors on 28 June 2021 and signed on their behalf by



Tomohiro Satake
Director
30 June 2021

Horizon Nuclear Power Services Limited

Statement of changes in equity for the year ended 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		43,398	(32,114)	11,284

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

	<i>Note</i>	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 31 March 2019		8,398	(30,981)	(22,583)
Total comprehensive loss for the year		-	(498)	(498)
Increase in share capital		35,000	-	35,000
Balance at 31 March 2020		43,398	(31,479)	11,919

The notes on pages 18 to 37 form an integral part of these financial statements.

Horizon Nuclear Power Services Limited

Statement of cash flow for the year ended 31 March 2021

	2021 £'000	2020 £'000
Cash flows from operating activities		
Operating profit	609	871
Defined benefit service cost	-	7,258
Payment to defined benefit pension scheme	-	(10,741)
Foreign exchange gain/(loss)	39	(23)
Other non-operating expenses	(2,291)	(3,368)
Decrease in receivables	2,969	5,405
Increase/(Decrease) in payables	2,850	(24,585)
Decrease in provisions	(513)	(17,628)
Taxation refunded/(paid)	1,004	-
Other (cost)/income	(1)	90
Net cash generated from operating activities	4,666	(42,805)
Cash flows from investing activities		
Interest income	5	68
Net cash used in investing activities	5	68
Proceeds from issuance of ordinary shares	-	35,000
Net cash generated from financing activities	-	35,000
Net increase/(decrease) in cash and cash equivalents	4,671	(7,654)
Cash and cash equivalents at beginning of period	6,644	14,298
Cash and cash equivalents at end of period	11,315	6,644

The notes on pages 18 to 37 form an integral part of these financial statements.

Horizon Nuclear Power Services Limited

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

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 2021.

Basis of preparation

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

The preparation of the Company's financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed on page 21.

Other than going concern

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

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

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

Foreign currency translation

The financial statements are presented in sterling, which is the Company's functional currency and the Shareholder's presentation currency. All values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

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 2021 (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 2021 (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. Ongoing costs are recharged on a monthly basis.

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.

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.

Horizon Nuclear Power Services Limited

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

1 Accounting policies (continued)

Financial instruments (continued)

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

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

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

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.

Horizon Nuclear Power Services Limited

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

1 Accounting policies (continued)

Financial risk factors

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

Significant accounting estimates and judgements

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

All assumptions and estimates are based on the circumstances and forecasts prevailing on the reporting period end date. Although management uses its best estimates and judgements, actual results could differ from these estimates as future confirming events occur. 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 2021 (continued)

2 Staff costs, directors' emoluments and key management remuneration

(a) Staff costs

	2021 £'000	2020 £'000
Wages and salaries	4,032	4,414
Social security costs	814	672
Other pension costs	80	223
Other staff costs	(3)	(290)
Termination costs	1,841	-
Total staff costs	6,764	5,019

Average number of employees during the year 8 43

All staff employed are office staff (2020: 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 as follows:

	2021 £'000	2020 £'000
Operating Costs	4,669	4,614
Non-operating Costs	2,095	405
Total staff costs	6,764	5,019

Horizon Nuclear Power Services Limited

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

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

(b) Directors' emoluments and key management remuneration

One of the directors (2020: one) is employed by the Company and received remuneration during the financial year. One non-executive director (2020: one) received a fee of from the Company during the year. The costs of all their services relating to continuing operations are recharged to Horizon Nuclear Power Wylfa Limited as it is not practical to separately identify their service costs to this company. Remaining directors' salaries are paid by the other Hitachi group companies and it is not practicable to separately allocate the value of their services to the Company.

Key management remuneration is as follows:

	2021 £'000	2020 £'000
Short term employee benefits	2,484	2,483
Pension and other post-retirement benefits	-	-
Termination benefits	862	-
Total remuneration	3,346	2,483

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 2021 (continued)

3 Operating costs

	2021 £'000	2020 £'000
Other expenses	1,167	1,099
Total operating costs	1,167	1,099

4 Other non-operating expenses

	2021 £'000	2020 £'000
Staff costs	2,095	668
Project suspension costs	196	2,700
Total other non-operating expenses	2,291	3,368

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

	2021 £'000	2020 £'000
Fees payable to the Company's auditor for the audit of the financial statements	10	12

6 Finance income

	2021 £'000	2020 £'000
Finance income, being interest on deposits	5	68
Finance income	5	68

Horizon Nuclear Power Services Limited

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

7 Tax expense on ordinary activities

	2021 £'000	2020 £'000
Current tax on profit	(881)	2,402
Deferred tax charge	-	-
Deferred tax prior year adjustment	-	-
Effect of changes in tax rates	-	-
Adjustment in respect of prior years	(123)	(4,829)
Tax credit	(1,004)	(2,427)

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

	2021 £'000	2020 £'000
(Loss)/Profit before tax	(1,638)	(2,473)
Tax charge calculated at the standard rate of corporation tax of 19% (2020: 19%)	(311)	(470)
Tax effects of:		
Non-deductible expenses	219	(220)
Amounts not recognised	(794)	842
Adjustment in respect of prior periods	(123)	(4,829)
Effects of group relief/other reliefs	5	(3)
Lease surrender payment	-	2,253
Tax credit	(1,004)	(2,427)

At the balance sheet date, the Company has temporary differences carried forward of £12,810k. This comprises pension and provision timing differences of £5,098k, other temporary differences of £9k, losses of £2k and fixed asset timing differences of £7,709k. 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 2021 (continued)

8 Property, plant and equipment

	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 2021 (continued)

8 Property, plant and equipment (continued)

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

	Fixtures and fittings £'000	IT equipment £'000	Total £'000
Cost			
Balance at 31 March 2019	8,926	4,241	13,167
Additions	-	-	-
Disposals	(7,772)	(4,241)	(12,013)
Balance at 31 March 2020	1,154	-	1,154
Accumulated Depreciation			
Balance at 31 March 2019	(8,926)	(4,129)	(13,055)
Charge for the year	-	-	-
Disposals	7,772	4,129	11,901
Impairment loss	-	-	-
Balance at 31 March 2020	(1,154)	-	(1,154)
Net book value			
Balance at 31 March 2019	-	112	112
Balance at 31 March 2020	-	-	-

Horizon Nuclear Power Services Limited

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

9 Intangible assets

	Software £'000	Total £'000
Cost		
Balance at 31 March 2020	-	-
Additions	-	-
Disposal	-	-
Balance at 31 March 2021	-	-
Amortisation		
Balance at 31 March 2020	-	-
Charge for the year	-	-
Disposal	-	-
Impairment	-	-
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 2021 (continued)

9 Intangible assets (continued)

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

	Software £'000	Total £'000
Cost		
Balance at 31 March 2019	4,911	4,911
Additions	-	-
Disposal	(4,911)	(4,911)
Balance at 31 March 2020	-	-
Amortisation		
Balance at 31 March 2019	(4,911)	(4,911)
Charge for the year	-	-
Disposal	4,911	4,911
Impairment	-	-
Balance at 31 March 2020	-	-
Net book value		
Balance at 31 March 2019	-	-
Balance at 31 March 2020	-	-

10 Trade and other receivables

	2021 £'000	2020 £'000
Amounts due from related parties (see note 14)	4,046	7,852
Other prepayments	-	-
Other receivables	1,225	388
Trade and other receivables	5,271	8,240

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.

Horizon Nuclear Power Services Limited

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

11 Share capital

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

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

	Number of shares issued '000	Ordinary shares £'000
Balance at 31 March 2019	8,398	8,398
Issue of share capital	35,000	35,000
Balance at 31 March 2020	43,398	43,398

12 Trade and other payables

	2021 £'000	2020 £'000
Amounts due to related parties (see note 14)	1,182	-
Trade payables due to third parties	64	24
Accrued expenses	4,047	2,419
Trade and other payables	5,293	2,443

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 2021 (continued)

13 Provisions

	Onerous lease provision £'000	Total £'000
Current	522	522
Non-current	-	-
At 31 March 2020	522	522
Utilised during the year	(394)	(394)
Released to the income statement	(119)	(119)
At 31 March 2021	9	9
Analysed as:		
Current	9	9
Non-current	-	-
	9	9

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. This lease was terminated on 31 March 2021. The closing provision balance is for termination related costs invoiced post March 2021.

14 Related party transactions

The Company has a Service fee agreement with its affiliate, Horizon Nuclear Power Wylfa Limited. Under the terms of the agreement the Company provides nuclear power station project delivery costs and general and administrative service costs to Horizon Nuclear Power Wylfa Limited on a cost plus basis.

The Company has contracted with Hitachi Europe Limited for the provision of business support services including accounting, 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 2021 (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, which is payable within 30 days of invoice date.

	2021 £'000	2020 £'000
<i>Value of costs charged by/transfers from related parties during the year:</i>		
- from Hitachi Europe Limited	601	668
- from Hitachi Information & Control Systems	17	-
- from GE-Hitachi Nuclear Energy Americas LLC	-	2
<i>Value of costs transferred during the year:</i>		
- to Horizon Nuclear Power Oldbury Limited	9	8
- to Horizon Nuclear Power Wylfa Limited	12	11
- to Horizon Nuclear Power Limited	21	19
- to Horizon Nuclear Power Wylfa Holdings Limited	4	4
<i>Period-end balances due to/ from:</i>		
- from Horizon Nuclear Power Oldbury Limited	3,771	2,762
- from Horizon Nuclear Power Wylfa Limited	32	-
- to Horizon Nuclear Power Wylfa Limited	1,182	44
- from Horizon Nuclear Power Limited	208	187
- from Horizon Nuclear Power Wylfa Holdings Limited	35	30
- from Hitachi Nuclear Energy Europe, Limited	-	740
- from Hitachi Rail Europe	-	4,089
- to Hitachi Europe Limited	54	223
- to Hitachi Information Control Systems Europe	17	-

Horizon Nuclear Power Services Limited

Notes to the financial statements for the year ended 31 March 2021 (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 closed to the future build up of pension benefits during the prior accounting period.

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 last year's 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.

Going forwards, 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 2021/22, subject to the outcome of the data verification process mentioned above (2020/21 actual: nil).

The weighted average duration of the projected accrued benefit payments is around 23 years.

Horizon Nuclear Power Services Limited

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

	2021 £'000	2020 £'000
Employer's part of current service cost	-	94
Past service cost	-	-
Running costs	-	-
Net interest expense	-	34
Losses on settlements	-	7,130
Total expense recognised in statement of comprehensive income	-	7,258

The estimated total service cost for the financial year ending 31 March 2022 is £nil.

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

	2021 £'000	2020 £'000
Actuarial losses	-	452
Impact of asset ceiling	-	-
Amount to recognise in other comprehensive loss	-	452

Other key assumptions used:

	Actual 2021	Actual 2020
Principal actuarial assumptions:		
Retail Price Inflation (% pa)	3.3%	2.8%
Consumer price inflation – pre 2030 (%pa)	2.3%	2.0%
Consumer price inflation – post 2030 (%pa)	3.2%	2.0%
Discount rate (% pa)	1.9%	2.4%
Pension increases in payment (LPI 5%)	3.1%	2.7%
General salary increases (% pa)	n/a	n/a
Life expectancy of male/female aged 60 in 2020 (years)	27.1/29.2	27.0/29.1
Life expectancy of male/female aged 60 in 2040 (years)	28.6/30.8	28.6/30.7

Horizon Nuclear Power Services Limited

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

	2021 £'000	2020 £'000
Present value of defined benefit obligation	(14,115)	(12,340)
Fair value of plan assets	14,115	12,340
Surplus/(deficit)	-	-
Impact of asset ceiling	-	-
Net asset/(liability) in statement of financial position	-	-

Reconciliation of present value of plan liabilities	2020 £'000	2020 £'000
Opening defined benefit obligation	12,340	15,513
Employer's part of current service cost	-	94
Interest on plan liabilities	287	357
Contributions by plan participants	-	12
Actuarial (gains)/losses due to:		
Experience on benefit obligation	(76)	(322)
Changes in financial assumptions	2,337	(1,634)
Changes in demographic assumptions	-	-
Benefits paid	(773)	(1,680)
Past service costs	-	-
Curtailment and settlements	-	-
Closing defined benefit obligation	14,115	12,340

Reconciliation of fair value of plan assets	2021 £'000	2020 £'000
Opening fair value of plan assets	12,340	12,482
Interest on plan assets	287	323
Actual return on plan assets less interest in plan assets	2,261	(2,408)
Contributions by the employer	-	10,741
Contributions by plan participants	-	12
Running costs	-	-
Benefit payments	(773)	(1,680)
Curtailment and settlements	-	(7,130)
Closing fair value of plan assets	14,115	12,340

Horizon Nuclear Power Services Limited

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

15 Retirement benefit obligations (continued)

The current allocation of plan assets is as follows:

	2021 Current Allocation	2021 £'000	2020 Current Allocation	2020 £'000
Index-linked gilts	-	-	-	-
Corporate bonds	-	-	-	-
Insured annuities	100%	14,115	100%	12,340
Cash	-	-	-	-
Total	100%	14,115	100%	12,340

16 Subsequent events following the reporting period end

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

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

The ultimate parent undertaking and largest group to consolidate these financial statements is Hitachi, Limited incorporated in Japan. Copies of Hitachi, Limited consolidated financial statements can be obtained from: 6-6, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, 100-8280 Japan.