EP UK Investments Limited

Annual report and financial statements

For the year ended 31 December 2022

Registered number - **09255154**

Company information

Directors

Tarloke Singh Bains
Daniel Křetínský
Pavel Horský
Jan Špringl
Marek Spurný

Company secretary
James Corte

Registered office

Byron House
7-9 St James's Street
London
SW1A 1EE

Independent Auditor

Deloitte LLP
1 City Square
Leeds
LS1 2AL

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EP UK Investments Limited
Strategic report
For the year-ended 31 December 2022

The directors present their Strategic Report on the Company for the year ended 31 December 2022.

Principal activities

EP UK Investments Limited ("the Company" or "EPUKI") is a limited company incorporated and domiciled in England and Wales. The Company's principal activity is the holding of investments in subsidiaries and the provision of commodity trading services for subsidiary companies.

Results

The profit for the financial year was £258.4m (2021: loss £180.9m). The key reasons for the movement in profit are detailed below.

Review of the business

The Company continues to hold investments in power generation assets comprising: Langage and South Humber Bank, two CCGT power plants with a total capacity of 2,270MW; Lynemouth Power, a 420 MW Biomass plant; Kilroot, a 700MW coal and oil-fire plant; Ballylumford, a 708MW gas-fired plant and 80% of the shares of Tynagh Energy Limited, a 400MW CCGT power plant in the Republic of Ireland.

EPUKI also continues to explore investment and development opportunities.

As well as being a holding company, EPUKI is contracted to provide route to market services for the assets in certain subsidiaries in Great Britain, acting as principal for trading commodity (power, gas, carbon) contracts, as well as providing other services for a fee.

Adjusted earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA")* for the period decreased year on year to a loss of £35,266k (2021: profit £16,269k). This is primarily due to differences between index-linked contracted prices under intercompany trading agreements versus prevailing spot market prices agreed in the market which resulted in a net power purchase for EPUKI. Earnings for the year included engineering consultancy revenues of £53,207k, which relate to project management and development fees with the subsidiary EP NI Energy Limited, for the construction of a new OCGT power plant based at Kilroot, Northern Ireland.

The operating profit for the year of £309,864k includes a Mark to Market gain of £420,238k (2021: loss of £210,553k). This reflects both the unwind of a Mark to Market liability at 31 December 2021 as these contracts were delivered at the traded price, and an unrealised Mark to Market asset at 31 December 2022 as year end commodity prices decreased to below the traded price.

The Company continued to recognise a right of use asset and corresponding lease liability in relation to the Gas Services Agreement (GSA) with subsidiary Humbly Grove Energy Limited relating to the provision of storage services at the gas storage facility at Humbly Grove.

The Company continues to hold intercompany balances with its subsidiary undertakings for both working capital purposes and trading purposes.

Key performance indicators

The Company's key performance indicator during the year is as follows:

	2022	2021
	£000	£000
Adjusted EBITDA*	**(35,266)**	16,269

*A reconciliation to Adjusted EBITDA is shown on page 23.

Section 172 statement

Section 172 of the Companies Act 2006 requires directors of the Company to take into consideration the interests of stakeholders in their role of making decision on behalf of the Company. In doing this the Directors must have regard, amongst other matters to:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

The likely consequences of any decision in the long term

The Directors aim to promote the long-term success of the Company and recognise the importance of the Company's employees, customers, vendors and other stakeholders including the community and the environment. Pursuant to the long-term plan of the Company, the Directors approve a financial forecast for the current year and a business plan for the next 5 years. The Directors contribute towards this process by identifying and managing emerging risks and opportunities for the business using their knowledge and expertise of the industry.

The interests of the company's employees

The safety of employees, contractors and members of the public is paramount. There is a dedicated Health and Safety Executive (HSE) Committee in place which monitors the adequacy and effectiveness of the HSE systems, the HSE performance against appropriate standards and reviews all incidents. The main strengths and key focus of the Company is good relationship with employees and their loyalty. The Company maintain good and fair relations with the trade unions through regular meetings and discussions on labour, social and wage related issues. Similarly, respecting the human rights and implementing non-discriminatory guidelines are viewed as essential for securing employee-friendly working environment within the Company. Safety and quality management covers health protection at work, safety management system, technology, and human resources all of which are an integral part of the management of the Company. The Company upholds internationally recognised principles of good labour practice as well as all principles of the United Nations Global Compact in respect of Human rights, labour, environment and anticorruption and encourages its business partners to endorse the same commitment as specified in detail in the Company's procurement policies. The Company also provides general training programs on employee safety and when selecting or assessing potential suppliers, the Company also considers their approach and attitude towards security issues.

The need to foster the company's business relationships with suppliers, customers and others

The Directors recognise that fostering business relationships with key stakeholders such as customers and suppliers is essential to the Company's success. The Company has close relationships with customers, suppliers and industry partners to help position the Company as a trusted electricity generator. The Company along with its procurement team, work with suppliers to meet the Company's supply needs in order to meet the requirements of the customers.

The impact of the company's operations on the community and the environment

To ensure conducting its business activities in an environmentally safe and responsible manner and to minimise their impact on the environment the Company has adopted a group-wide Environmental Policy. The Environmental Policy sets basic principles to be followed in terms of the climate change and carbon footprint reduction, protection of biodiversity, environmental management system, environmental impacts of the product portfolio, customer efficiency, regulatory compliance, renewable and clean energy promotion, resource and energy efficiency, waste management and end cycle management. The company has strong links to the local community and is in continual dialogue to deliver a positive impact.

The desirability of the company maintaining a reputation for high standards of business conduct

The Company aims to be a business leader in business conduct in order to maintain stakeholder trust and create a business with a successful, sustainable future. All employees are expected to act in accordance with the values of the Company and in line with Energetický a průmyslový holding, a.s.("EPH") Group policies. This reduces the risk of non-compliance in the heavily regulated industry in which the Company operates and helps attract and retain high-calibre employees and helps attract and retain high-calibre employees.

The need to act fairly as between members of the company

The Company has one Shareholder and the Directors ensure that they provide regular updates to the owners through budgets and Board meetings.

Principal risks and uncertainties

The Directors are responsible for the identification and management of key business risks. Risks are owned and managed at the designated functions where the risk resides. The key risks and mitigations identified by the Directors are below:

Liquidity Risk

Liquidity and cash-flow risk is the risk that the Company will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The Company is exposed to the performance of its subsidiary undertakings as a whole. The Directors of the Company monitor the performance of those subsidiary undertakings and the Board approves annual and 5-year budgets to ensure that sufficient cashflow is available to meet all obligations as they occur.

Regulatory risk

EPUKI remain susceptible to change in both UK and EU law. The energy industry is subject to changing regulation in relation to ongoing decarbonisation of the energy mix and net zero carbon by 2050 targets. Changes to these policies may impact the financial performance and cashflows of the Company. The Company continues to work proactively to understand the legal framework of both the UK and Europe in order to ensure that we are maintain regulatory compliance to mitigate any risks of non-conformity to any regulations and legislation.

Climate Change Risk

The Company monitors the regulatory frameworks to combat climate change and responds to the associated economic signals.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers.The company holds contracts with various counterparties and puts in place guarantees where it identifies any specific credit risks.

Approved by the Board and signed on its behalf by

Tarloke Singh Bains
Director,
30 June 2023

The Directors present their report and the audited financial statements for the year ended 31 December 2022.

Directors

A list of directors who served during the year and up to the date of this report are below:

Tarloke Singh Bains
Daniel Křetínský
Pavel Horský
Jan Špringl
Marek Spurný

The Company has the appropriate indemnity insurance cover in place in respect of legal action against the directors of the Company.

Employees

The Company is committed to encourage and develop all members of staff to realise their maximum potential through the provision of an annual bonus scheme linked to the Company's performance.

The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Company gives full and fair consideration to applications for employment of disabled persons, having regard to their aptitudes and abilities and to protect the interests of existing members of staff who are disabled. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company.

Dividends

No dividend is proposed (2021: Nil).

Political and Charitable Donations

There were no political donations in the year; the Company made a charitable donation of £348k in the year (2021: £350k).

Our People

The Directors are committed to the Company being a responsible business. Safety of our people is paramount, many of the workforce are trained safety representatives. For the Company to succeed staff are developed and managed whilst ensuring efficient operation.

The Company engages regularly with the union representatives and staff to provide an open forum for discussions. Regular communication helps to aid engagement and is welcomed by the employees.

Relationship with Suppliers and customers

Details of how the Directors foster business relationships with Customers and Suppliers in included in the Section 172 Report within the Strategic Report.

Principal risks and uncertainties

Details of the principal risks and uncertainties facing the Company are included in the Strategic Report.

Statement as to disclosure of information to Auditor

The directors who were members of the Board at the time of approving this report are listed on page 1. Having made enquires of.fellow directors; each of these directors confirms that:

- to the best of each directors' knowledge and belief, there is no relevant information of which the Company's Auditor is unaware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's Auditor is aware if that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Streamlined energy and carbon reporting

The Company is not required to provide information for the Streamlined Energy and Carbon Reporting as it has not consumed more than 40,000 kWh of energy in the reporting period. Where a subsidiary of EPUKI has consumed more than 40,000 kWh and meets the other reporting criteria, the information can be found in the financial statements of that subsidiary.

Future developments and subsequent events

The Company continues to operate as a holding company of investments in subsidiaries and the providing commodity trading services for subsidiary companies.

There are no events to report that occurred after 31 December 2022 and the date of approving and signing the financial statements.

Independent auditors

In accordance with section 487(2) of the Companies Act 2006, the independent auditor, Deloitte LLP, will continue in office.

Going Concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The improved financial performance in 2022 has contributed to a strengthened balance sheet position of net assets of £186.0m (2021: net liabilities of £72.4m) and a reduction in debt owed to the Company's parent company EP Power Europe, a.s.

The Directors have prepared a 5-year plan and each month perform a re-forecast, which includes free cash flow forecasts. The cashflow forecasts show sufficient funds available throughout and beyond the period of assessment. At the date of approval of the financial statements, the loans from EP Power Europe, a.s had been fully repaid and therefore the Directors consider that the Company will have sufficient funds to meet its liabilities as they fall due in that period.

The Russia-Ukraine conflict has contributed to market volatility, leading to concerns over the security of supply and the willingness of the Company to purchase Russian gas. The Company has a diverse source of UK gas supply to ensure sufficient supplies remain available to enable its response to market demands, which it in turn delivers to asset subsidiaries in its role as a principal for trading purposes.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Approved by the Board and signed on its behalf by

Tarloke Singh Bains
Director
30 June 2023

Statement of directors' responsibilities in respect of Strategic Report, The Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of EP UK Investments Limited (the 'company'):
- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:
- evaluating the Company's liquidity requirements and forecast cash flows over the assessment period;
- evaluating the Company's financial position and the availability of adequate funding;
- assessing the assumptions used in the forecast cash flows, including performing sensitivity analysis in relation to key assumptions;
- assessing the historical accuracy of forecasts prepared by management.
- testing mathematical accuracy of the model used to prepare the forecasts.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

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

We have nothing to report in this regard.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and UK tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the Ofgem electricity generation licencing framework, Health & Safety at Work Act 1974, UK employment law and the Data Protection Act 2018 including General Data Protection Regulations ("GDPR").

We discussed among the audit engagement team including relevant internal specialists such as tax, and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Manual adjustments to revenue: Due to the nature of the sector, manual and one-off revenue transactions can occur and be complex in nature, where the accounting can be judgemental. Therefore, we consider there to be potential for one-off revenue transactions to be incorrectly accounted for under IFRS 15 and be materially misstated as a result. In order to address this risk, we enhanced our analytical procedures we perform over journals to revenue that may indicate manual and one-off adjustments to revenue, along with reviewing meetings minutes with the board of directors to determine if there were any unusual transactions posted during the period.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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 the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Louise Cooper

Louise Cooper FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds
United Kingdom
4 July 2023

EP UK Investments Limited
Statement of comprehensive income
For the year ended 31 December 2022

	Note	2022 £000	2021 £000
Revenue	4	**2,422,271**	848,382
Cost of sales	5	**(2,456,760)**	(827,807)
Gross profit		**(34,489)**	20,575
Administrative expenses	6	**(23,761)**	(20,113)
Other gains/(losses)	8	**350,314**	(228,191)
Dividends received	6	**17,800**	10,219
Operating profit/(loss)		**309,864**	(217,510)
Interest receivable and similar income	9	**21,932**	6,237
Interest payable and similar charges	10	**(18,795)**	(14,287)
Profit/(loss) before tax		**313,001**	(225,560)
Taxation	11	**(54,624)**	44,659
Profit/(loss) for the year attributable to the equity shareholders		**258,377**	(180,901)

The accompanying notes on pages 17 to 32 are an integral part of this Statement of comprehensive income. All results relate to continuing activities. There were no other recognised gains or losses in the current period; accordingly, a Statement of other comprehensive income has not been presented.

EP UK Investments Limited
Statement of financial position
As at 31 December 2022

	Note	2022 £000	2021 £000
Non-current assets			
Investments in subsidiaries	12	**341,159**	341,116
Tangible assets	13	**51,590**	56,345
Intangible assets	14	**21**	450
Amounts due from other Group companies	15	**2,110**	192,472
		394,880	590,383
Current assets			
Amounts due from other Group companies	15	**294,985**	476,389
Trade receivables and other debtors	16	**658,218**	482,562
Inventory	17	-	4,009
Deferred tax asset	18	**728**	18,924
Cash and cash equivalents	19	**429,714**	842,100
		1,383,645	1,823,984
Current Liabilities			
Amounts due to other Group companies	20	**(972,161)**	(1,516,088)
Trade payables and other payables	21	**(324,670)**	(682,080)
Lease liabilities	22	**(3,172)**	(2,881)
Short-term provisions	23	**(100,372)**	(101,859)
		(1,400,375)	(2,303,908)
Net current liabilities		**(16,730)**	(479,924)
Non-current liabilities			
Amounts due to other Group companies	20	**(138,226)**	(125,775)
Lease liabilities	22	**(53,932)**	(57,069)
		(192,158)	(182,844)
Net assets/(liabilities)		**185,992**	(72,385)
Equity attributable to the owners of the parent			
Called-up share capital	24	-	-
Share premium account	25	**106,650**	106,650
Capital redemption reserve	26	**112,860**	112,860
Profit and loss account		**(33,518)**	(291,895)
Total shareholders' funds/(deficit)		**185,992**	(72,385)

The notes on pages 17 to 32 form part of these financial statements.

The financial statements on pagés 14 to 32 were approved by the Board of Directors on 30 June 2023 and were signed on its behalf by:

Tarloke Singh Bains
Director

Company number: 09255154

EP UK Investments Limited
Statement of changes in equity
For the 12 months to 31 December 2022

	Called-up share capital £000	Share premium account £000	Capital contribution reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2021	-	106,650	112,860	(110,994)	108,516
Total loss and comprehensive expense	-	-	-	(180,901)	(108,901)
At 31 December 2021	-	106,650	112,860	(291,895)	(72,385)
At 1 January 2022	-	106,650	112,860	(291,895)	(72,385)
Total profit and comprehensive income	-	-	-	258,377	258,377
At 31 December 2022	-	**106,650**	**112,860**	**(33,518)**	**185,992**

The Company has £2 ordinary share capital that is made up of 200 ordinary shares of £0.01 each.

The notes on pages 17 to 33 form part of these financial statements.

1. General information

EP UK Investments Limited is a company limited by shares, incorporated in the United Kingdom and registered in England and Wales. The Company's principal activity is the holding of investments and the provision of commodity trading services for subsidiary companies.

2. Summary of significant accounting policies

The principal accounting policies, which have been applied in the preparation of these financial statements, are set out below. These polices have been consistently applied unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared on a going concern basis (as set out in the Strategic Report), in a historical cost convention and in accordance with acceptable United Kingdom financial reporting and accounting standards. The financial statements have been prepared in pounds sterling because that is the currency of the primary economic environment in which the Company operated. The Company is incorporated in England and is limited by shares.

The Company meets the definition as a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements are prepared under FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, cash flow statement, capital management, presentation of comparative information in respect of certain assets, disclosure of standards not yet effective and presentation of related party transactions.

The Company's shareholders do not object to the disclosure exemptions used by the Company in these financial statements.

These financial statements are separate financial statements. Note 28 gives the details of the Company's ultimate parent, from where consolidated financial statements prepared in accordance with IFRS may be obtained.

2.2 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The improved financial performance in 2022 has contributed to a strengthened balance sheet position of net assets of £186.0m (2021: net liabilities of £72.4m) and a reduction in debt owed to the Company's parent company EP Power Europe, a.s.

The Directors have prepared a 5-year plan and each month perform a re-forecast, which includes free cash flow forecasts. The cashflow forecasts show sufficient funds available throughout and beyond the period of assessment. At the date of approval of the financial statements, the loans from EP Power Europe, a.s had been fully repaid and therefore the Directors consider that the Company will have sufficient funds to meet its liabilities as they fall due in that period.

The Russia-Ukraine conflict has contributed to market volatility, leading to concerns over the security of supply and the willingness of the Company to purchase Russian gas. The Company has a diverse source of UK gas supply to ensure sufficient supplies remain available to enable its response to market demands, which it in turn delivers to asset subsidiaries in its role as a principal for trading purposes.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.3 Functional and reporting currency

a) Functional and presentational currency

The financial statements are presented in Pounds Sterling which is the functional currency of the Company.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency of GBP using the exchange rates prevailing at the date of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation from year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss with 'finance income and costs'.

2.4 Investment in subsidiaries

Investments are measured initially at cost, less any provisions for impairment. As permitted by Section 400 of the Companies Act 2006, the Company does not prepare consolidated financial statements because it is wholly owned subsidiary of EP Power Europe, a.s which prepares consolidated financial statements. Impairments are assessed at each reporting date to determine whether there is objective evidence that it is impaired. An impairment is considered to be impaired if the objective evidence indicates that events have occurred that will negatively impact the future cash flows of the asset. An impairment loss is calculated as the difference between the carrying value of the investments and the present value of estimated future cashflows discounted at the year end discount rate.

2.5 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

2.6 Interest-bearing loans

All interest-bearing loans are initially recognised at the fair value of the consideration received less directly attributable transactions costs. After initial recognition at fair value, loans are held at amortised cost. Borrowing costs are capitalised with the loan balance and amortised over the life of the loan.

Loans from parent undertakings with terms that are different to arms-length market rates are also reported at fair value, with appropriate adjustment recognised and released over the term of the loan (unless considered to be repayable on demand).

2.7 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction.

2.7 Financial instruments (continued)

Financial assets are derecognised when and only when:

(a) the contractual rights to the cash flows from the financial asset expire or are settled,

(b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or

(c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Gas, Power, and UKA hedges are recorded on the balance sheet date at fair value and are revalued at the balance sheet date with changes in fair value being recognised in the Income Statement under other gains or expenses.

2.8 Dividends

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

2.9 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit and losses, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax, including UK corporation tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences identifies at the balance sheet date, except to the extent that the deferred tax arises from the initial recognition of goodwill (if impairment of goodwill is not deductible for tax purposes) or the initial recognition of an asset or liability in a transaction which is a business combination and at the time of the transaction affects neither accounting profit nor taxable profit and loss. Temporary differences are the difference between the carrying amount of the company's assets and liabilities and their tax base.

Deferred tax liabilities are offset against deferred tax assets when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits within the same jurisdiction in the foreseeable future against which the deductible temporary difference can be utilised.

Deferred tax is provided on temporary differences arising on subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and law that have been enacted or substantively enacted by the balance sheet date. Measurement of deferred tax liabilities and assets reflects the tax consequences expected from the manner in which the asset or liability is recovered or settled.

The amount of deferred tax provided is based on the expected manner of realisation or settlement using tax rates that have been enacted or substantively enacted at the balance sheet date.

2.10 Tangible assets

Fixtures and fittings are included in the statement of financial position at cost less accumulated depreciation and any provisions for impairment. The initial cost of an asset comprises its purchase price and any costs directly attributable to bringing the asset into operation. The purchase price is the aggregate amount paid and the fair value of any other consideration given to acquire the asset

The estimated useful lives are as follows:
Fixtures and fittings *4 years*

Right of Use Assets are calculated in line with IFRS 16 – Leases and are depreciated as follows:
Right of Use Assets *Depreciated over the minimum lease term*

The carrying values are tested annually for impairment when events or change in circumstances indicate that the carrying value may not be recoverable. Residual values and useful lives are reassessed annually and if necessary, changes are accounted for prospectively. An impairment is calculated as the difference between its carrying value and the present value of the estimated future cash flows discounted at the relevant discount rate.

2.11 Intangible assets

Intangible assets are measured initially at cost including direct attributable costs. The estimated useful lives are as follows:
Software *4 years*

The carrying values are tested annually for impairment when events or change in circumstances indicate that the carrying value may not be recoverable. Residual values and useful lives are reassessed annually and if necessary, changes are accounted for prospectively. An impairment is calculated as the difference between its carrying value and the present value of the estimated future cash flows discounted at the relevant discount rate.

2.12 Intangible assets – UKA allowances

Carbon assets arise upon the purchase of $CO2$ emission allowances required for the current financial year and are recognised at cost net of any impairment. Given their short tenure, carbon assets are not amortised.

2.13 Inventory

Inventories are stated at the lower of costs incurred in bringing each item to its present location and condition and net realisable value. Cost is determined on an average cost basis. Provisions are made where necessary for obsolete, slow-moving and defective inventories. Provisions are also made on a straight-line basis until the end of the station life.

2.14 Receivables

Receivables are initially recognised at fair value. Receivables are disclosed in accordance with their maturity as current or non-current in the statement of financial position. Non-current receivables are due in more than one year of the balance-sheet date. A provision for impairment of trade receivables is measured at the lifetime expected credit loss. No impairment has been calculated in the current year (2021: Nil).

2.15 Cash and cash equivalents

Cash and cash equivalents compromise of cash balances on hand and in banks, cash deposited with central banks and short-term highly liquid investments with remaining maturities of three months or less, including treasury bills and other bills eligible for rediscounting with central banks.

2.16 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities and is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be measured reliably.

The Company has contracts with three of its subsidiaries, EP Langage Limited, EP SHB Limited and Lynemouth Power Limited which include route to market services, this provides for both power revenue through the sale of the electricity generated and fees for the route to market services.

Revenue is recognised on an accruals basis and is shown net of sales/value added tax, returns, rebates and discounts.

Revenue is recognised using the 5-step approach in line with IFRS 15 - Revenue from contracts with customers.

- identify the contract(s) with a customer;
- identify the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct;
- determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. If the consideration promised in a contract includes a variable amount, an entity must estimate the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer;
- allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract; and
- recognise revenue when a performance obligation is satisfied.

2.17 Leases

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

As a lessee, the Company leases office buildings and a Gas Storage Facility.

The right-of-use asset is initially measured at cost and is subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the initial calculation of the lease liability, estimated costs for dismantling or restoring the asset, any initial direct costs, and lease payments made or incentives received prior to commencement of the lease.

The lease liability is initially measured at the present value of the future lease payments discounted using the discount rate that is implicit in the lease. The liability is subsequently adjusted for interest, repayments and other modifications.

Interest on the lease liability is included within Interest payable and similar charges, and depreciation on the right of use asset is recognised in Administration expenses.

Any immaterial leases are recognised as an expense in the Income statement along the length of the initial lease term.

The Company has not entered into any transactions which would cause the Company to act as a lessor.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the Directors may be required to make judgements, estimates and assumptions about the carrying amounts of asset and liabilities that are not readily apparent from other sources. Such estimates and the associated assumptions would be based on historical experience or other factors that are considered to be relevant. Actual result may differ from these estimates. There are no key sources of estimation uncertainty.

Critical accounting judgements

a) Valuation of derivatives

A number of the Company's accounting policies requires measurement of fair values, specifically Mark to Market financial contracts. Fair value measurement requires an element of judgement in determining the most relevant inputs and valuation techniques.

b) Investments

Judgement is required in determining the carrying amount of investment balances. This involves assessing whether the carrying value can be supported by the net present value of future cashflow forecasts to be derived from the investment. This forecast involves cash flow projections and selecting the appropriate discount rate. The carrying values of all investments are tested annually for impairment or when events change in circumstances indicate that the carrying value of investments may not be recoverable.

4. Revenue

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Power revenue	**1,326,551**	562,450
Gas and other sales to Group companies	**1,007,447**	263,226
Trading commission	**17,827**	11,830
Gas service income	**17,237**	10,876
Engineering consultancy	**53,207**	-
	2,422,271	848,382

All revenue is generated in the UK.

5. Cost of sales

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Power purchases from Group companies	**(1,428,141)**	(553,524)
Gas and other purchases	**(1,007,448)**	(263,226)
Trade fees	**(8,084)**	(1,758)
Gas service costs	**(13,087)**	(9,299)
	(2,456,760)	(827,807)

6. Operating profit/(loss)

The operating profit/(loss) for the year is stated after charging/(crediting):

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Depreciation	**4,755**	4,753
Amortisation	**429**	835
Staff expenditure (note 7)	**12,024**	11,067
Acquisition related expenditure	**-**	7
Dividends received	**(17,800)**	(10,219)

Deloitte LLP was the Company's auditor for the year ended 31 December 2022. Audit fees included in other operating expenses amounted to £56,491 (Year ended 31 December 2021: £50,000), no fees were paid for non-audit services in the year.

Dividends received are dividends from subsidiaries during the reporting period.

Adjusted EBITDA reconciliation

The Company uses Adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA) as a measure of performance. The following table reconciles the Gross profit from the Statement of comprehensive income to Adjusted EBITDA. Earnings are adjusted to remove the Other gains/(losses), in order to present underlying earnings.

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Gross profit	**(34,489)**	20,575
Administrative expenses	**(23,761)**	(20,113)
Dividends received	**17,800**	10,219
Depreciation	**4,755**	4,753
Amortisation	**429**	835
Adjusted EBITDA	**(35,266)**	16,269

7. Staff numbers and costs

Number of employees	**Year ended 31 December 2022 Number**	Year ended 31 December 2021 Number
Management and support staff	**102**	83

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Wages and salaries	**10,482**	9,697
Social security costs	**997**	938
Pension costs	**545**	432
	12,024	11,067

7. Staff numbers and costs (continued)

Directors' remuneration

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Directors' remuneration	1,276	1,403
Retirement benefits	1	1

The aggregate remuneration of the highest paid director is £1,276k (2021; £1,403k).One director paid into the retirement benefits scheme.

8. Other gains/(losses) net

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Mark to market on financial contracts – gain	943,263	253,987
Mark to market on financial contracts – loss	(523,025)	(464,540)
(Loss)/profit on disposal of intangible assets	(108,344)	42,035
Gain realised on commodity contracts	36,933	45,619
Loss realised on commodity contracts	-	(3,440)
Onerous contract provisions net charge/(release) (note 22)	1,487	(101,852)
	350,314	(228,191)

9. Interest receivable and similar income

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Interest receivable on loans to subsidiaries	10,385	5,633
Interest receivable on cash deposits	7,789	16
Foreign exchange gains	3,758	588
	21,932	6,237

10. Interest payable and similar charges

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Interest payable on loans from Group companies	11,392	8,831
Other interest paid	2,821	1,300
Foreign exchange losses	1,745	1,191
Interest on lease liability	2,837	2,965
	18,795	14,287

11. Taxation

Tax on profit/(loss)

UK current tax	**Year ended 31 December 2022 £000**	Year ended 31 December 2021 £000
Adjustment in respect of prior year	**(2,382)**	238
Current year	**38,810**	(25,134)
Total current tax charge/(credit)	**36,428**	(24,896)

Deferred tax	**Year ended 31 December 2022 £000**	Year ended 31 December 2021 £000
Adjustments in respect of prior year	**802**	(1,314)
Current year	**17,394**	(18,449)
Total deferred tax charge/(credit)	**18,196**	(19,763)

Tax on Profit	**Year ended 31 December 2022 £000**	Year ended 31 December 2021 £000
Total current tax	**36,428**	(24,896)
Total deferred tax	**18,196**	(19,763)
Total tax charge/(credit)	**54,624**	(44,659))

The charge for the year incorporates adjustments in respect of both trading and non-trading losses in the Company in the anticipation of both future trading profits and non-trade loan relationship income.

Reconciliation of effective tax rate

The tax expense for the year is lower (2021: higher) than the expense that would have been charged using the standard rate of corporation tax in the UK of 19% (2021: 19%) applied to the profit/(loss) before tax. The differences are explained below:

	Year ended 31 December 2022 £000	Year ended 31 December 2021 £000
Profit/(loss) before tax	**313,001**	(225,560)
Tax at corporation tax rate (2022: 19%)/(2021: 19%)	**59,470**	(42,856)
Dividend Income	**(3,382)**	(1,942)
Tax impact of non-deductible expenses	**541**	273
Deferred tax not recognised	**-**	144
Impact of rate change	**229**	(122)
Adjustment in respect of prior years - CT	**(2,382)**	238
Adjustment in respect of prior years - DT	**573**	(1,314)
Transfer pricing adjustment	**(425)**	920
Tax credit for the year	**54,624**	(44,659)

The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023.

12. Investments in subsidiaries

Cost and net book value	**£000**
At 1 January 2022	341,116
Purchase Price Adjustments:	
Humbly Grove Energy Limited	**17**
Tynagh Energy Limited	**26**
At 31 December 2022	**341,159**

The Company has the following investment in subsidiaries:

Investment	**Class of shares**	**Holding**	**Principal activity**
Eggborough Power Limited	Ordinary	100%	Energy by-products
EP UK Finance Limited	Ordinary	100%	Non-trading Company
EP Langage Limited	Ordinary	100%	Power generation
EP SHB Limited	Ordinary	100%	Power generation
Lynemouth Power Limited	Ordinary	100%	Power generation
RVA Group Limited	Ordinary	100%	Holding Company
EP Ballylumford Limited	Ordinary	100%	Power generation
EP Kilroot Limited	Ordinary	100%	Power generation
Tynagh Energy Limited	Ordinary	80%	Power generation
Humbly Grove Energy Limited	Ordinary	100%	Gas Storage
EP NI Energy Limited	Ordinary	100%	Power generation

Where active, subsidiary undertakings operate in the country of incorporation. The registered office for all companies unless noted below is: Byron House 7 – 9 St James' Street, London, SW1A 1EE

Eggborough Power Limited: Ground floor, Paradigm Building, 3175 Century Way, Thorpe Park, Leeds, LS15 8ZB.
Lynemouth Power Limited: Lynemouth Power Station, Ashington, Northumberland, NE63 9NW.
RVA Group Limited: 54 Bootham, York, Y030 7XZ
EP Ballylumford Limited: Ballylumford, Islandmagee, Larne Co Antrim, BT40 3RS
EP Kilroot Limited: Kilroot Power Station, Larne Road, Carrickfergus, Co Antrim, BT38 7LX
Tynagh Energy Limited: Block A, The Cresent Building, Northwood Park, Santry, Dublin 9, D09 X8W3, Ireland
Humbly Grove Limited: Weston Common, The Avenue, Lasham, Alton, Hants, United Kingdom, GU34 5SY
EP NI Energy Limited: Kilroot Power Station, Larne Road, Carrickfergus, Co Antrim, BT38 7LX

13. Tangible assets

Tangible assets	Right of use assets £000	Fixtures & fittings £000	Total £000
Cost			
Balance at 1 January 2022	64,237	719	64,956
Balance at 31 December 2022	**64,237**	**719**	**64,956**
Depreciation and impairment			
Balance at 1 January 2022	8,191	420	8,611
Depreciation charge for the year	4,575	180	4,755
Balance at 31 December 2022	**12,766**	**600**	**13,366**
Net book value			
At 31 December 2021	56,046	299	56,345
At 31 December 2022	**51,471**	**119**	**51,590**

Right of use assets include office property leases and the lease of gas storage facilities. In 2020, EPUKI entered into a 14-year Gas Service Agreement with its subsidiary, Humbly Grove Energy Limited, relating to the provision of storage services at the gas storage facility at Humbly Grove. The Directors consider that the agreement continues to satisfy the accounting definition of a lease and should be accounted for under IFRS 16 *Leases*.

14. Intangible assets

Intangible assets	Carbon allowances £000	Software £000	Total £000
Balance at 1 January 2022	-	3,868	3,868
Additions	213,661	-	213,661
Disposals	(213,661)	-	(213,661)
Balance at 31 December 2022	-	**3,868**	**3,868**
Depreciation and impairment			
Balance at 1 January 2022	-	3,418	3,418
Amortisation charge for the year	-	429	429
Balance at 31 December 2022	-	**3,847**	**3,847**
Net book value			
At 31 December 2021	-	450	450
At 31 December 2022	-	**21**	**21**

Carbon allowances are UK Allowance (UKA) emissions certificates, purchased to meet the UK Group's obligation under the UK Emissions Trading System.

15. Amounts due from other Group companies

	2022	2021
	£000	£000
Group balances due in more than one year:		
Group loans	**2,110**	192,472
Group balances due within one year:		
Group loans	210,512	44,398
Intercompany receivables	84,473	431,991
	294,985	476,389

	Maturity	Interest rate	Principal	Interest Accrued	Balance as 31 December 2022
			£000	£000	£000
Loan 1	Repayable on demand	0%	2,110	-	**2,110**
Loan 2	Repayable on demand	2.6%	154,191	3,115	**157,306**
Loan 3	Repayable on demand	15.0%	49,526	3,680	**53,206**

At the balance sheet date, the Directors have reviewed the repayment terms of the loans, and whilst contractually Loan 1 is due within 12 months, the expectations are that they will extend beyond 12 months. Loan 2 is expected to be repaid within 12 months and be replaced with external financing in the subsidiary. Loan 3 is expected to be repaid within 12 months. Interest rates are fixed, and agreed at the commencement of the loan and reflect current market rates and the risks inherent in the loan.

Intercompany receivables are repayable upon demand at 0% interest and are reported on a net basis.

16. Trade receivables and other debtors

	2022	2021
	£000	£000
Trade receivables	**355,765**	154,335
Other debtors	**85,291**	1,817
Financial asset (mark to market of commodity contracts)	**217,162**	325,903
Contract asset	-	507
	658,218	482,562

Financial assets are carried at fair value.

17. Inventory

	2022	2021
	£000	£000
Spare parts	-	4,009

18. Deferred tax

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Tangible fixed assets	**522**	495	-	-	**522**	495
Tax value of loss carry-forwards	**189**	18,416	-	-	**189**	18,416
Provisions	**17**	13	-	-	**17**	13
Net tax assets	**728**	18,924	-	-	**728**	18,924

Movement in deferred tax during the year	1 January 2022 £000	Recognised in income statement 2022 £000	31 December 2022 £000
Tangible fixed assets	495	27	**522**
Tax value of loss carry-forwards	18,416	(18,227)	**189**
Provisions	13	4	**17**
	18,924	(18,196)	**728**

Movement in deferred tax in prior year

	1 January 2021 £000	Recognised in income statement 2021 £000	31 December 2021 £000
Tangible fixed assets	(1,349)	1,844	495
Tax value of loss carry-forwards	501	17,915	18,416
Provisions	9	4	13
	(839)	19,763	18,924

Deferred tax assets are recognised as there is an expectation of future profits.

19. Cash and cash equivalents

	2022	2021
	£000	£000
Cash at bank	**36,607**	523,060
Restricted cash	**393,107**	319,040
	429,714	842,100

Restricted cash is held as collateral with counterparties and on commodity exchanges for trading purposes.

20. Amounts due to other Group companies

	2022	2021
	£000	£000
Group balances payable within 1 year:		
Intercompany payables	**489,369**	480,302
Group loans	**482,792**	1,035,786
	972,161	1,516,088

	2022	2021
Group balances payable in more than 1 year:		
Group loans	**138,226**	125,775

	Maturity	Interest rate	Principal	Interest Accrued	Balance as 31 December 2022
			£000	£000	£000
Loan 1	31 December 2022	2.63%	238,300	1,375	**239,675**
Loan 2	31 December 2022	0%	80,571	-	**80,571**
Loan 3	31 December 2022	0%	72,300	-	**72,300**
Loan 4	31 December 2022	5.25%	90,000	246	**90,246**
					482,792
Loan 5	24 March 2024	2.63%	123,000	6,342	**129,342**
Loan 6	28 September 2024	3.00%	8,869	15	**8,884**
					138,226

21. Trade payables and other payables

	2022	2021
	£000	£000
Trade payables	**285,109**	107,782
Other payables	**14,222**	20,986
Taxation and social security	**330**	323
Financial liability (mark to market of commodity contracts)	**25,009**	553,989
	324,670	683,080

The Directors consider the carrying amount of trade and other payables approximate to their fair values.

22. Lease liabilities

	2022
	£000
As at 1 January 2022	59,950
Payments	(5,683)
Interest	2,837
As at 31 December 2022	**57,104**

The maturity of the gross undiscounted lease liabilities at 31 December 2022 is as follows:	
Due within 1 year	5,866
Due with 1 to 5 years	23,413
Later than 5 years	46,982
Total gross payments	**76,261**
Effect of discounting	(19,157)
Lease liabilities recognised in the Statement of financial position	**57,104**
Presented as:	
Current liability	3,172
Non-current liability	53,932

The Company recognised £nil (2021: £nil) on short-term leases in the year.

23. Short-term provisions

	2022	2021
	£000	£000
Energy onerous contract	**(100,372)**	(14,196)
Carbon onerous contract	**-**	(87,663)
Total	**(100,372)**	(101,859)

Movement in provisions in the year

	Energy onerous contract	Carbon onerous contract	**Total**
	£000	£000	**£000**
1 January 2022	14,196	87,663	**101,859**
Utilised in the year	(14,196)	(87,663)	**(101,859)**
Charged to the income statement	100,372	-	**100,372**
Released in the year	-	-	**-**
31 December 2022	**100,372**	**-**	**100,372**

The Energy onerous contract provision is the known loss on power trading contracts for Q1 2023 which were entered into during 2022.

EP UK Investments purchases Emission Allowances on behalf of the generating subsidiaries to meet the requirements of their carbon emissions under the UK Emissions Trading Scheme (UK ETS). In the prior year, a Carbon onerous contract provision was made for contracts of Emission Allowances which at 31 December 2021 were forward contracted to buy from the market at a higher price than that contracted to sell to group companies for in 2022. The contracts at 31 December 2022 are not onerous, and as such no provision is required.

24. Called-up share capital

	2022	2021
	£	£
Allotted and fully paid:		
200 Ordinary shares of £0.01 each (2021: 200)	2	2
Total	**2**	2

25. Share Premium	**2022**	2021
	£000	£000
Total	**106,650**	106,650

On 30 November 2018, 100 allotted ordinary shares with a nominal value of £0.01 were allotted for cash, with a premium paid.

26. Capital redemption reserve	**2022**	2021
	£000	£000
	112,860	112,860

Where loan finance is advanced by group undertakings at interest rates which are lower than market rates, the opening value of the loan is shown at a discounted fair value. The difference is posted to the capital redemption reserve, an equal amount of interest is recognised over the term of the loan as interest payable.

Group financing due within one year or where no loan agreement exists is not subject to fair value adjustments.

27. Subsequent events

There are no events to report that occurred after 31 December 2022 and the date of approving and signing the financial statements.

28. Immediate and Ultimate Parent Company undertakings

The Company is a subsidiary undertaking of EP Power Europe, a.s., a wholly owned subsidiary of Energetický a průmyslový holding, a.s. EP Investment S.a r.l. is the ultimate parent company, incorporated in Luxembourg. The ultimate controlling party is Daniel Křetínský, who is the majority shareholder.

The largest group in which the results of the Company are consolidated is that headed by EP Investment S.a r.l., its registered office is 39, Avenue John F. Kennedy, L-1855 Luxembourg .

The smallest group in which the results are consolidated is that headed by EP Power Europe, a.s. its registered office is Pařížská 26, 110 00 Prague 1, Czech Republic.

The consolidated financial statements of these groups are available to the public and may be obtained from offices of each company.