

REGISTERED NUMBER: 09941394 (England and Wales)

**Bradwell Power Generation Company
Limited**

Report of the Directors and

Financial Statements for the Year Ended 31 December 2019



Bradwell Power Generation Company
Limited

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for the Year Ended 31 December 2019

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Bradwell Power Generation Company
Limited

Company Information
for the Year Ended 31 December 2019

Directors:

Dongshan Zheng
Humphrey Alan Edward Cadoux-Hudson
Minhong Zhu
Qing Mao
Yu Qi
Alan Paul Raymant
Patrick Pruvot

Registered office:

5th Floor Rex House
4-12 Lower Regent Street
London
SW1Y 4PE

Registered number:

09941394 (England and Wales)

Independent auditors:

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Bradwell Power Generation Company
Limited

Report of the Directors
for the Year Ended 31 December 2019

The Directors present their report and the financial statements for the year ended 31 December 2019. The Company, by virtue of qualifying as small under sections 382 and 383 of the Companies Act 2006, has taken advantage of the exemption from preparing a Strategic Report as permitted under section 414A (2) of the Companies Act 2006.

Principal activity

The principal activity of Bradwell Power Generation Company Limited ("the Company") is the design and construction of a nuclear power station at Bradwell, Essex.

Future developments

The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

Directors

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

Dongshan Zheng
Humphrey Alan Edward Cadoux-Hudson
Minhong Zhu
Qing Mao
Yu Qi

Other changes in directors holding office are as follows:

James Kennedy Crawford - resigned 31 October 2019
Alan Dah-Chuan Yu - resigned 18 January 2019
Alan Paul Raymant - appointed 18 January 2019
Patrick Pruvot - appointed 1 November 2019

Political donations and expenditure

The Company made no political donations in the current year. (2018: £nil)

Post balance sheet events

Following the outbreak of the Covid-19 pandemic the Company took measures to protect the health and safety of its staff. This has meant closing its office and requiring staff to work from home. Enhanced video conferencing and other improvements to remote working minimised disruption to the company's activities. The Company has continued to drive the project forward to deliver the 2020 plan. As a result of the efforts and innovation of its staff, the directors anticipate that the 2020 plan will remain unaffected by the Covid-19 pandemic.

The Company is giving priority to develop a return to work assessment for each employee and ensure that the timing is appropriate for each individual. The Company also plans to resume meetings with local stakeholders so as to grow public support for the project.

Directors' liabilities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Bradwell Power Generation Company
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Report of the Directors
for the Year Ended 31 December 2019

Dividends

No dividends were declared or paid to the parent company during the year. (2018: £nil)

Statement as to disclosure of information to auditors

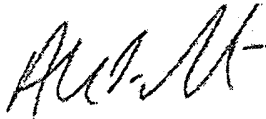
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

On behalf of the board:



.....
Alan Paul Raymant - Director

Date: 24 September 2020

Bradwell Power Generation Company
Limited

Statement of Directors' Responsibilities
for the Year Ended 31 December 2019

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 judgments and accounting estimates that are reasonable and prudent;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the Independent Auditors to the Members of
Bradwell Power Generation Company
Limited

Opinion

In our opinion the financial statements of Bradwell Power Generation Company Limited (the 'company'):
- give a true and fair view of the state of the company's affairs as at 31 December 2019 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 balance sheet;
- the statement of changes in equity;
- the related notes 1 to 19.

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".

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 Auditors' 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.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. 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 or a material misstatement of the other information. 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 respect of these matters.

Report of the Independent Auditors to the Members of
Bradwell Power Generation Company
Limited

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 Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the directors has 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 Report of the Directors.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Responsibilities of directors

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

Our 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 a Report of the auditors 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 Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the auditors.

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 a Report of the auditors 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.



Christopher Thomas (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Date: 24 September 2020

Bradwell Power Generation Company
Limited

Statement of Comprehensive Income
for the Year Ended 31 December 2019

	Notes	31.12.19 £	31.12.18 £
Administrative expenses		<u>(1,592,104)</u>	<u>(3,418,488)</u>
Operating loss		(1,592,104)	(3,418,488)
Interest receivable	5	3,847,431	3,820,905
Interest payable and similar expenses	6	<u>(9,080)</u>	<u>-</u>
Profit before taxation	7	2,246,247	402,417
Tax on profit	8	<u>(728,393)</u>	<u>(702,580)</u>
Profit/(loss) for the financial year		1,517,854	(300,163)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>1,517,854</u>	<u>(300,163)</u>

The profit/loss is derived from continuing operations.

The notes on page 10 to 20 form part of these financial statements

Bradwell Power Generation Company
Limited

Balance Sheet
31 December 2019

	Notes	31.12.19 £	31.12.18 £
Fixed assets			
Owned			
Tangible assets	9	71,183,751	33,698,526
Right-of-use			
Tangible assets	9, 14	<u>75,548,406</u>	<u>-</u>
		<u>146,732,157</u>	<u>33,698,526</u>
Current assets			
Debtors	10	104,171,415	103,330,308
Cash at bank		<u>35,965,228</u>	<u>19,249,304</u>
		140,136,643	122,579,612
Creditors			
Amounts falling due within one year	11	<u>(22,689,923)</u>	<u>(11,066,691)</u>
Net current assets		<u>117,446,720</u>	<u>111,512,921</u>
Total assets less current liabilities		264,178,877	145,211,447
Creditors			
Amounts falling due after more than one year	12	<u>(77,469,576)</u>	<u>(20,000)</u>
Net assets		<u>186,709,301</u>	<u>145,191,447</u>
Capital and reserves			
Called up share capital	15	22,045,000	22,045,000
Capital reserve	16	163,400,000	123,400,000
Retained earnings	16	<u>1,264,301</u>	<u>(253,553)</u>
Shareholders' funds		<u>186,709,301</u>	<u>145,191,447</u>

The financial statements of Bradwell Power Generation Company Limited (registered number 09941394) were approved by the Board of Directors and were signed on its behalf by:



.....
Alan Paul Raymant - Director

Date: 24 September 2020

The notes on page 10 to 20 form part of these financial statements

Bradwell Power Generation Company
Limited

Statement of Changes in Equity
for the Year Ended 31 December 2019

	Notes	Called up share capital £	Retained earnings £	Capital reserve £	Total equity £
Balance at 1 January 2018		22,045,000	46,610	117,250,000	139,341,610
Changes in equity					
Total comprehensive income		-	(300,163)	-	(300,163)
Capital contribution	16	-	-	6,150,000	6,150,000
Balance at 31 December 2018		<u>22,045,000</u>	<u>(253,553)</u>	<u>123,400,000</u>	<u>145,191,447</u>
Changes in equity					
Total comprehensive income		-	1,517,854	-	1,517,854
Capital contribution	16	-	-	40,000,000	40,000,000
Balance at 31 December 2019		<u>22,045,000</u>	<u>1,264,301</u>	<u>163,400,000</u>	<u>186,709,301</u>

The notes on page 10 to 20 form part of these financial statements

Bradwell Power Generation Company
Limited

Notes to the Financial Statements
for the Year Ended 31 December 2019

1. General information

Bradwell Power Generation Company Limited is incorporated in the United Kingdom under the Companies Act 2006.

The Company is a private Company limited by shares and is registered in England and Wales. The address of the Company's registered office is Fifth Floor, Rex House, 4-12 Lower Regent Street, London SW1Y 4PE.

The principal activities of the Company and the nature of the Company's operations are set out in the directors' report.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2016.

2. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, the financial statements have been prepared in accordance with FRS 101.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The principal accounting policies adopted are set out below.

Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures

Bradwell Power Generation Company
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Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

2. **Accounting policies – continued**

- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The Company may take FRS 101 exemptions as it is a member of a group where the parent prepares publicly available consolidated financial statements which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss and the Company is included in that consolidation.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation.

Depreciation, and any impairment losses is provided on tangible fixed assets except the leasehold land at Bradwell, Essex, at rates calculated to write-off the cost of each asset evenly over its expected life, as follows:

Leasehold premises - over duration of lease, see also separate note on leases and right of use assets - note 14.

Office furniture- over 5 years and office fixtures over duration of lease.

Office and computing equipment - 5 years.

Asset under construction - amounts capitalised include the total cost of external services and labour costs directly attributable to the construction. Management judgment is involved in determining the appropriate internal costs to capitalise and the amounts involved.

Depreciation of plant construction costs and amortisation of the land lease, once it is completed brought into use, will be over its useful life, estimated to be 60 years.

Bradwell Power Generation Company
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Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

2. Accounting policies - continued

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Current tax and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Bradwell Power Generation Company
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Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

2. **Accounting policies - continued**

Leases

Leases are recognised as finance leases. The lease liability is initially recognised at the present value of the lease payments which have not yet been made and subsequently measured under the amortised cost method. The initial cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, lease payments made prior to the lease commencement date, initial direct costs and the estimated costs of removing or dismantling the underlying asset per the conditions of the contract.

Where ownership of the right-of-use asset transfers to the lessee at the end of the lease term, the right-of-use asset is depreciated over the asset's remaining useful life. If ownership of the right-of-use asset does not transfer to the lessee at the end of the lease term, depreciation is charged over the shorter of the useful life of the right-of-use asset and the lease term.

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Going concern

The financial statements have been prepared using the going concern basis of accounting.

The Company has been equity-funded since incorporation. Following completion and signature of the Shareholder Agreement in September 2016, both shareholders are obliged to act in accordance with the provisions of that Agreement in relation to the Cash Calls required to fund the Company.

For each Shareholder there are default mechanisms contained within the Agreement that will, in the event of a Cash Call default, ensure the required funds are made available to the Company.

The Company's ability to operate as a going concern is assessed in conjunction with General Nuclear International Ltd and its subsidiaries (together the "Group") as its viability is dependent upon the ability of the Group companies to provide funds its capital needs. General Nuclear International Ltd have confirmed that they intend to provide financial resources, where requested, for at least 12 months from the date of signing these financial statements, whilst the Company remains a subsidiary of General Nuclear International Ltd.

The directors of the Company therefore feel that the Company will have sufficient funds to meet its liabilities and commitments as they fall due, taking account of possible changes in capital requirements and the potential impact of COVID-19 on the cash flows of the Company and the Group, to conclude that the Company can adopt the going concern basis for the foreseeable future.

3. **Critical accounting judgements and key sources of estimation uncertainty**

There are no critical judgements made by the directors in applying the Company's accounting policies. There are no key sources of estimation uncertainty.

4. **Employees and directors**

	31.12.19	31.12.18
	£	£
Wages and salaries	2,118,940	825,573
Social security costs	272,508	52,203
Other pension costs	<u>30,118</u>	<u>-</u>
	<u>2,421,566</u>	<u>877,776</u>

Bradwell Power Generation Company
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Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

4. Employees and directors - continued

The average number of employees during the year was as follows:

	31.12.19	31.12.18
Director	7	7
Staff	<u>10</u>	<u>5</u>
	<u>17</u>	<u>12</u>

Wages and salaries includes seconded staff from other CGN and EDF companies.

Except Alan Raymant the directors are paid by CGN and EDF for services to their respective groups.

5. Interest receivable

	31.12.19	31.12.18
	£	£
Deposit account interest	40,431	13,905
Land purchase deposit	<u>3,807,000</u>	<u>3,807,000</u>
	<u>3,847,431</u>	<u>3,820,905</u>

Interest receivable on land purchase deposit (see note 9)

6. Interest payable and similar expenses

	31.12.19	31.12.18
	£	£
Late payment-tax	5,524	-
Leasing	1,965,452	-
Expenditure capitalised	<u>(1,961,896)</u>	<u>-</u>
	<u>9,080</u>	<u>-</u>

7. Profit before taxation

The profit before taxation is stated after charging/(crediting):

	31.12.19	31.12.18
	£	£
Depreciation - owned assets	(122,987)	265,248
Depreciation - assets on finance leases	3,069,663	-
Depreciation capitalised	(3,064,921)	-
Auditors' remuneration	<u>18,180</u>	<u>15,000</u>

8. Taxation

Analysis of tax expense

	31.12.19	31.12.18
	£	£
Current tax:		
Tax	<u>728,393</u>	<u>702,580</u>
Total tax expense in statement of comprehensive income	<u>728,393</u>	<u>702,580</u>

**Bradwell Power Generation Company
Limited**

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2019**

8. Taxation - continued

Factors affecting the tax expense

The standard rate of tax applied to reported profit is 19% (2018: 19%). There has been no change to the applicable tax rate in the period.

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.19 £	31.12.18 £
Profit before income tax	<u>2,246,247</u>	<u>402,417</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	426,787	76,459
Effects of:		
Losses carried forward for which no deferred tax is recognised	302,055	648,059
Non-deductible expenses	2,170	1,424
Losses claimed from group company	(2,650)	(2,177)
Tax provision adjustment	31	(16,958)
Group relief - 2017	<u>-</u>	<u>(4,227)</u>
Tax expense for the year	<u>728,393</u>	<u>702,580</u>

The Finance Act 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%.

9. Tangible fixed assets

	Asset under construction £	Short leasehold £	Long leasehold £
Cost			
At 1 January 2019	31,211,255	65,117	1,480,300
Additions	<u>37,630,887</u>	<u>142,249</u>	<u>78,475,820</u>
At 31 December 2019	<u>68,842,142</u>	<u>207,366</u>	<u>79,956,120</u>
Depreciation			
At 1 January 2019	-	12,887	-
Charge for year	-	12,203	3,064,921
Reclassification/transfer	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2019	<u>-</u>	<u>25,090</u>	<u>3,064,921</u>
Net book value			
At 31 December 2019	<u>68,842,142</u>	<u>182,276</u>	<u>76,891,199</u>

Bradwell Power Generation Company
Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

9. **Tangible fixed assets - continued**

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
Cost				
At 1 January 2019	465,652	-	956,763	34,179,087
Additions	<u>48,500</u>	<u>36,402</u>	<u>263,794</u>	<u>116,597,652</u>
At 31 December 2019	<u>514,152</u>	<u>36,402</u>	<u>1,220,557</u>	<u>150,776,739</u>
Depreciation				
At 1 January 2019	146,512	-	321,162	480,561
Charge for year	76,816	4,035	(211,299)	2,946,676
Reclassification/transfer	<u>-</u>	<u>-</u>	<u>617,345</u>	<u>617,345</u>
At 31 December 2019	<u>223,328</u>	<u>4,035</u>	<u>727,208</u>	<u>4,044,582</u>
Net book value				
At 31 December 2019	<u>290,824</u>	<u>32,367</u>	<u>493,349</u>	<u>146,732,157</u>
		Asset under construction £	Short leasehold £	Long leasehold £
Cost				
At 1 January 2018		13,535,929	65,117	1,480,300
Additions		<u>17,675,326</u>	<u>-</u>	<u>-</u>
At 31 December 2018		<u>31,211,255</u>	<u>65,117</u>	<u>1,480,300</u>
Depreciation				
At 1 January 2018		-	5,426	-
Charge for year		<u>-</u>	<u>7,461</u>	<u>-</u>
At 31 December 2018		<u>-</u>	<u>12,887</u>	<u>-</u>
Net book value				
At 31 December 2018		<u>31,211,255</u>	<u>52,230</u>	<u>1,480,300</u>

**Bradwell Power Generation Company
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**Notes to the Financial Statements - continued
for the Year Ended 31 December 2019**

9. Tangible fixed assets - continued

	Fixtures and fittings £	Computer equipment £	Totals £
Cost			
At 1 January 2018	463,952	733,565	16,278,863
Additions	<u>1,700</u>	<u>223,198</u>	<u>17,900,224</u>
At 31 December 2018	<u>465,652</u>	<u>956,763</u>	<u>34,179,087</u>
Depreciation			
At 1 January 2018	70,510	139,377	215,313
Charge for year	<u>76,002</u>	<u>181,785</u>	<u>265,248</u>
At 31 December 2018	<u>146,512</u>	<u>321,162</u>	<u>480,561</u>
Net book value			
At 31 December 2018	<u><u>319,140</u></u>	<u><u>635,601</u></u>	<u><u>33,698,526</u></u>

During 2017 the company commissioned site investigation studies for the construction of a low carbon nuclear power generation plant. Directly attributable costs are included under assets under construction ("AUC") and will be depreciated when the plant comes into use over the period of its productive life.

The land on which the plant is to be built has been leased with an option to purchase when regulatory approval has been received. This arrangement is accounted for as an operating lease with the option outside the scope of "IFRS 9-Financial Instruments" such it is not being fair valued. The deposit paid by the Company is accounted for as an interest bearing receivable. (see note 5 and 10)

Computer equipment - during the year expenditure capitalised in previous years was re-classified as operating expenses.

10. Debtors

	31.12.19 £	31.12.18 £
Amounts falling due within one year:		
Amounts owed by group undertakings	30,812	17,574
Other debtors	251,209	10,626
VAT	845,295	1,113,436
Prepayments and accrued income	<u>839,878</u>	<u>235,416</u>
	<u><u>1,967,194</u></u>	<u><u>1,377,052</u></u>
Amounts falling due after more than one year:		
Land and rent deposits	<u><u>102,204,221</u></u>	<u><u>101,953,256</u></u>
Aggregate amounts	<u><u>104,171,415</u></u>	<u><u>103,330,308</u></u>

Amounts due from group entities are interest free and payable on demand.

Bradwell Power Generation Company
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Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

11. Creditors: amounts falling due within one year

	31.12.19	31.12.18
	£	£
Trade creditors	7,476,799	153,521
Amounts owed to group undertakings	12,944,302	6,705,697
Amounts owed to participating interests	1,459,702	770,264
Tax	372,036	386,962
Accrued expenses	437,084	3,050,247
	<u>22,689,923</u>	<u>11,066,691</u>

Amounts due to group undertakings and participating interests are interest free and payable on demand.

12. Creditors: amounts falling due after more than one year

	31.12.19	31.12.18
	£	£
Leases (see note 13)	76,305,986	-
Other creditors	1,163,590	20,000
	<u>77,469,576</u>	<u>20,000</u>

13. Financial liabilities - borrowings

	31.12.19	31.12.18
	£	£
Non-current:		
Leases (see note 14)	<u>76,305,986</u>	<u>-</u>

Terms and debt repayment schedule

	2-5 years	More than 5 years	Totals
	£	£	£
Leases	<u>140,701</u>	<u>76,165,285</u>	<u>76,305,986</u>

14. Leasing

Right-of-use assets

Tangible fixed assets

	31.12.19	31.12.18
	£	£
Cost or valuation		
Additions	<u>78,618,069</u>	<u>-</u>
Depreciation		
Charge for year	<u>(3,069,663)</u>	<u>-</u>
Net book value	<u>75,548,406</u>	<u>-</u>

Bradwell Power Generation Company
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Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

14. Leasing - continued

IFRS16 Leases became applicable on 1 January 2019. The Company has applied this standard without restating the figures for the comparative periods (modified retrospective approach) and opted to value the right-of-use asset at an amount equal to the lease payment liability. The recognition and measurement principles that now apply to lease contracts are described as part of note 2 - Accounting policies. There has been an increase in assets of £75m and liabilities of £76m as a result of the adoption of IFRS16.

Lease liabilities

Minimum lease payments fall due as follows:

	31.12.19 £	31.12.18 £
Gross obligations repayable:		
Between one and five years	150,396	-
In more than five years	104,983,586	-
	<u>105,133,982</u>	<u>-</u>
Finance charges repayable:		
Between one and five years	9,695	-
In more than five years	28,818,301	-
	<u>28,827,996</u>	<u>-</u>
Net obligations repayable:		
Between one and five years	140,701	-
In more than five years	76,165,285	-
	<u>76,305,986</u>	<u>-</u>

15. Called up share capital

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.19 £	31.12.18 £
22,045,000	Ordinary shares	£1	<u>22,045,000</u>	<u>22,045,000</u>

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**Notes to the Financial Statements - continued
for the Year Ended 31 December 2019**

16. Reserves

	Retained earnings £	Capital reserve £	Totals £
At 1 January 2019	(253,553)	123,400,000	123,146,447
Profit for the year	1,517,854		1,517,854
Capital contribution	<u>-</u>	<u>40,000,000</u>	<u>40,000,000</u>
At 31 December 2019	<u>1,264,301</u>	<u>163,400,000</u>	<u>164,664,301</u>

Capital reserve

The capital reserve arises from capital contributions from the shareholder during the current year. As the terms of the loan does not contain a redemption date or an option for the holder to redeem, it is considered as an equity instrument.

17. Related party disclosures

The Company has taken advantage of the exemption in FRS 101 Reduced Disclosure Framework from disclosing transactions with other members of the group, which would be required for disclosure under IAS 24.

18. Events after the reporting period

Covid-19

Following the outbreak of the Covid-19 pandemic the Company took measures to protect the health and safety of its staff. This has meant closing its office and requiring staff to work from home. Enhanced video conferencing and other improvements to remote working minimised disruption to the company's activities. The Company has continued to drive the project forward to deliver the 2020 plan. As a result of the efforts and innovation of its staff, the directors anticipate that the 2020 plan will remain unaffected by the Covid-19 pandemic.

The Company is giving priority to develop a return to work assessment for each employee and ensure that the timing is appropriate for each individual. The Company also plans to resume meetings with local stakeholders so as to grow public support for the project.

19. Ultimate controlling party

The immediate parent company is Bradwell Power Holding Company Ltd, a company incorporated in the United Kingdom and registered in England and Wales. General Nuclear International Ltd is the parent undertaking of the smallest group which includes the Company and for which group financial statements are prepared. General Nuclear International Ltd is incorporated in the United Kingdom and registered in England and Wales. The ultimate parent company and controlling entity is China General Nuclear Power Corporation Ltd (CGN), a company incorporated and registered in China. CGN is the parent undertaking of the largest group which includes the Company and for which group financial statements are prepared.

The financial statements of General Nuclear International Ltd may be obtained from 5th Floor, Rex House, 4-12 Lower Regent Street, St James's, London SW1Y 4PE. The financial statements of the ultimate parent company may be obtained from CGN building, No.2002, Shennan Rd, Shenzhen, 518035, P.R. China.