

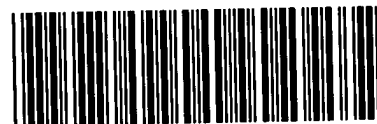
EP Ballylumford Limited

Annual report and financial statements

For the year ended 31 December 2022

Registered number **NI 026040**

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COMPANIES HOUSE

Company information

Directors

Tarloe Bains

Ian Luney (resigned 8 December 2022)

James Timothy McCullough

Jan Springl

Kieran Tubridy (appointed 8 December 2022)

Company secretary

James Corte

Registered office

Ballylumford Power Station

Ballylumford Limited

Islandmagee, Larne

Ballylumford BT40 3RS

Independent auditor

Deloitte LLP

1 City Square

Leeds

LS1 2AL

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EP Ballylumford Limited
Strategic report
Year ended 31 December 2022

The Directors present their Strategic report for the year ended 31 December 2022.

Principal activity

The principal activity of the Company is that of generating electricity.

Business review

Ballylumford C Station is a 708 MW gas-fired plant, of which 592 MW is contracted under a long term Power Purchase Agreement (PPA) and remunerated through availability payments. Under the PPA agreement, electricity commodity is sold at cost to an exclusive purchaser with costs passed through, such that margin is recognised on availability and efficiency gains for the power station. The 116 MW remaining capacity operates in the merchant market and is bid directly into the Integrated Single Energy Market ("I-SEM") market.

The Company continued to generate electricity in the I-SEM market.

In May 2020 Capacity Market contracts have been awarded for all units at Ballylumford for the capacity year 2023/24 which is the first merchant year for C station. Contracts have also been awarded for T-4 24/25, T-4 25/26 and T-4 26/27.

Turnover has increased from £258.7m to £478.9m. Electricity revenue has increased in the year due to the increase in gas prices, and an increase in gross generation. Availability revenue has also increased due to better plant performance and lower outage rate of the PPA contracted units versus prior year, partly offset by lower Ancillary services revenue during 2022 partly due to an extended outage on one of the OCGT units. As a result, gross profit has increased from £12.6m to £16.0m. Other income has reduced versus prior year mainly reflecting sales of heavy fuel oil "HFO" in 2021 which have not been repeated in 2022.

The Statement of financial position reflects the increase in profit, with solid cash flows through the year and a slight increase in amounts due from other Group companies. Net assets increased from £97.1m to £104.0m.

The Company started the year with two defined benefit pension schemes, AES Ballylumford Pension Scheme (AESBPS) and Ballylumford Power Pension Scheme (BPPS). On 31 May 2022, the members, assets and liabilities of AESBPS merged into another defined benefit pension scheme held in the wider group. The merger has no impact on the members or their benefits, and provides a reduction in administration costs within the merged scheme.

Consequently, the pension scheme balance in the Statement of financial position at the end of the year related to BPPS only. This scheme's liabilities reduced from £401k at 31 December 2021 to a liability of £281k at 31 December 2022. The movement was due to a fall in the value of the scheme assets, offset by an increase in the discount factor applied to the liabilities.

Key performance indicators

The business monitors a number of financial and operational key performance indications as part of the on-going management of its operations.

The Company's key performance indicators during the year were as follows:

	2022	2021
Lost time incidents (#)	0	0
Gross profit (£'000)	15,979	12,645
EBITDA (Earnings before interest, tax, depreciation and amortisation) (£'000)*	17,845	17,363
Gross generation (GWh)	2,450	2,331

*A reconciliation of profit before interest and tax to EBITDA is shown on page 22.

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 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 maintains 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 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.

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:

Regulatory risk

The Company remains susceptible to changes in both UK and EU law. The energy industry is subject to significant regulation in relation to 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 in which it operates in order to ensure regulatory compliance and mitigate risk.

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 has established a credit policy under which each new customer requesting products/services over a certain limit (which is based on the size and nature of the particular business) is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's main customer is the System Operator for Northern Ireland, a regulated public institution.

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 prepares detailed short and long term cashflow forecasts to manage liquidity risk and foresee any shortages in cash balances. The Company is supported by other EPH Group Companies, with intergroup financing being made available as required.

Foreign exchange risk

The Company is exposed to a currency risk on purchases that are denominated in currency other than the respective functional currency of the Company. The Directors of the Company monitor changes in Foreign exchange rates and hedges the exposure where they deem necessary.

Approved by the Board and signed on its behalf



Tarloke Singh Bains
Director,
30 June 2023

EP Ballylumford Limited
Directors' report
Year ended 31 December 2022

Directors' report

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

Directors of the Company

The Directors who were in office during the year up to the date of signing the financial statements are detailed on the page 1.

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

Dividends and results

The Company's result for the financial year after taxation is a profit of £8,744,000 (2021: £6,318,000).

The Company has not proposed or paid any dividends in 2021 (2020: £nil).

Donations

The Company made £37,000 of charitable donations in 2022 (2021: £22,000). No donations for political purposes were made during the year (2021: £nil).

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 is 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 the 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 of 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

In accordance with the Company's regulatory obligations to report Greenhouse Gas emissions pursuant to the Companies and Limited Liability Partnerships Regulations 2018 which implement the UK Government's policy on Streamlined Energy and Carbon Reporting.

Determination of annual CO₂ emissions are undertaken in accordance with the site-specific monitoring plan which is set out in Appendix 1 of the Environment Agency (EA) issued greenhouse gas emissions permit for the installation in question.

EP Ballylumford Limited
Directors' report (continued)
Year ended 31 December 2022

Reporting is completed on an annual cycle with annual audits of emissions carried out towards the end of the reporting cycle by a certified verifier (currently DNV Certification) prior to submission of the annual emissions monitoring (AEM) report to the EA and surrender of an equivalent number of allowances in the EUA registry. During the year our measure emissions are below.

	2022	2021
	(TCO₂E)	(TCO₂E)
Scope 1 – Natural gas and diesel	1,100,128	1,018,583
Scope 2 – Imported electricity	22,831	26,288

This annual quantity has been included within our audited submission under the European Union Emission Trading Scheme.

During the year our total energy consumption totalled x 5,898GWh of which was consumed within the UK and split between the sources outlined below:

	2022	2021
	GWh	GWh
Natural Gas	5,889	5,459
Diesel	9	21
	5,898	5,480

Intensity ratio reporting

	2022	2021
	(TCO₂E)	(TCO₂E)
Carbon emissions per GWh generated	449	437

The Company continues to maintain its generating assets to the highest standard to ensure efficiency when generating and commercial running decisions take into account the efficiency impact of different load levels and start-up.

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 directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period. At 31 December 2022, the balance sheet position strengthened, showing net current assets of £54.9m (2021: £40.9m) and the Company has immediate access to cash from its parent company EPUKI, should it be required. EPUKI has indicated its intention via a letter of support to continue to make available such funds as is needed by the Company for the period covered by the forecasts, and the Directors have reviewed the financial forecasts of EPUKI to confirm this to be the case if it was required. In making this assessment, consideration was made for the current impact of the ongoing conflict in Ukraine, which has had limited impact on the Company, given that it is operating under the PPA agreement and is not impacted by the changes in commodity prices.

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 a year from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

EP Ballylumford Limited
Directors' report (continued)
Year ended 31 December 2022

Future developments and subsequent events

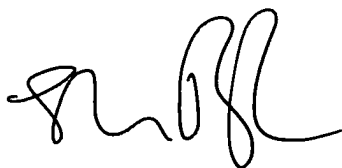
The Company continues to operate a gas-fuelled power station generating and selling power through the All Ireland Electricity market.

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

Appointment of Auditors

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

Approved by the Board and signed on its behalf by

A handwritten signature in black ink, appearing to read 'T. Singh', with a stylized flourish at the end.

Tarloke Singh Bains
Director,
30 June 2023

EP Ballylumford Limited
Statement of directors' responsibilities
Year ended 31 December 2022

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.

EP Ballylumford Limited
Independent Auditors Report to the members of EP Ballylumford Limited
Year ended 31 December 2022

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of EP Ballylumford Ltd (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 24.

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.

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.

EP Ballylumford Limited
Independent Auditors Report to the members of EP Ballylumford Limited (continued)
Year ended 31 December 2022

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 about their own identification and assessment of the risks of irregularities.

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 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 Utility Regulator of Northern Ireland 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").

EP Ballylumford Limited
Independent Auditors Report to the members of EP Ballylumford Limited (continued)
Year ended 31 December 2022

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:

- Revenue cut-off: Due to the year-end accruals for revenue being material, we considered there to be a potential for the balance to be materially misstated due to management accruing for excess amounts not generated. We obtained the accruals for the period prior to year-end and post year-end and agreed to subsequent invoices to ensure the amounts recorded were accurate. We also reviewed the period to which the invoicing related to through agreeing the energy output per the invoice to an independent system.

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.

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.

We have nothing to report in respect of these matters.

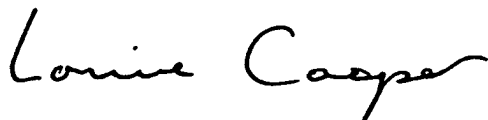
EP Ballylumford Limited

Independent Auditors Report to the members of EP Ballylumford Limited (continued)

Year ended 31 December 2022

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, reading "Louise Cooper". The signature is written in a cursive, flowing style.

Louise Cooper FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds

United Kingdom

30 June 2023

EP Ballylumford Limited
Statement of comprehensive income
Year ended 31 December 2022

		31 December 2022	31 December 2021
	Note	£000	£000
Turnover	4	478,931	258,750
Cost of sales		(462,952)	(246,105)
Gross profit		15,979	12,645
Administrative expenses		(27,002)	(26,706)
Other operating income	6	21,805	24,747
Operating profit	5	10,782	10,686
Interest receivable and similar income	8	90	16
Interest payable and similar expenses	9	(20)	(20)
Profit before tax		10,852	10,682
Taxation	10	(2,108)	(4,364)
Profit after tax		8,744	6,318
Other comprehensive income			
<i>Items that will not be subsequently reclassified to profit and loss:</i>			
Remeasurement of net defined benefit liability	19	(2,484)	2,305
Income tax on other comprehensive income	10	621	700
Total other comprehensive income for the year		(1,863)	3,005
Profit for the financial year		6,881	9,323

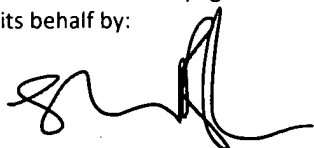
The accompanying notes on pages 17 to 32 are an integral part of this Statement of Comprehensive Income.
All results relate to continuing activities.

EP Ballylumford Limited
Statement of financial position
As at 31 December 2022

		31 December 2022	31 December 2021
	Note	£000	£000
Non-current assets			
Tangible fixed assets	11	57,070	62,181
Intangible fixed assets	12	41	80
Defined benefit pension asset	19	-	2,680
		57,111	64,941
Current assets			
Inventory	13	15,996	15,994
Trade receivables and other debtors	14	64,491	54,809
Amounts due from other Group companies	14	36,179	21,325
Cash at bank and in hand		26,991	15,851
		143,657	107,979
Current liabilities			
Trade payables and other creditors	15	(81,527)	(48,241)
Amounts owed to other Group companies	16	(7,265)	(18,881)
		(88,792)	(67,122)
Net current assets		54,865	40,857
Non-current liabilities			
Trade payables and other creditors	15	(653)	(671)
Deferred tax liability	18	(6,720)	(7,522)
Provision for liabilities	17	(341)	(505)
Defined benefit pension liability		(281)	-
		(7,995)	(8,698)
Net assets		103,981	97,100
Capital and reserves			
Share capital	20	-	-
Statutory reserve	20	17,575	17,575
Other reserves	20	66	66
Profit and loss account		86,340	79,459
Total shareholders' funds		103,981	97,100

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

The financial statements on pages 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: NI 026040

EP Ballylumford Limited
Statement of changes in equity
For the year ended 31 December 2022

	Statutory reserve £000	Other reserves £000	Profit and loss account £000	Total equity £000
1 January 2021	17,575	66	70,136	87,777
Profit for the year	-	-	6,318	6,318
Other amounts recognised in the Statement of other comprehensive income	-	-	700	700
Remeasurements gain recognised on defined benefit pension scheme	-	-	2,305	2,305
Other comprehensive income			3,005	3,005
Total comprehensive income for the year	-	-	9,323	9,323
31 December 2021	17,575	66	79,459	97,100
1 January 2022	17,575	66	79,459	97,100
Profit for the year	-	-	8,744	8,744
Other amounts recognised in the Statement of other comprehensive income	-	-	621	621
Remeasurements loss recognised on defined benefit pension scheme	-	-	(2,484)	(2,484)
Other comprehensive (expense)			(1,863)	(1,863)
Total comprehensive income for the year	-		6,881	6,881
31 December 2022	17,575	66	86,340	103,981

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

EP Ballylumford Limited
Notes to financial statements (continued)
For the year ended 31 December 2022

Accounting policies

General information

1. General information

EP Ballylumford Limited is a company limited by shares, and incorporated, domiciled and registered in Northern Ireland under the Companies Act 2006.

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 policies 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, cashflow 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 24 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 directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period. At 31 December 2022, the balance sheet position strengthened, showing net current assets of £54.9m (2021: £40.9m) and the Company has immediate access to cash from its parent company EPUKI, should it be required. EPUKI has indicated its intention via a letter of support to continue to make available such funds as is needed by the Company for the period covered by the forecasts, and the Directors have reviewed the financial forecasts of EPUKI to confirm this to be the case if it was required. In making this assessment, the Directors consider that the ongoing conflict in Ukraine has had limited impact on the Company, given that it is operating under the PPA agreement and is not impacted by the changes in commodity prices.

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 a year from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.3 Functional 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'. All other foreign exchange gains and losses are presented in the income statement within 'Operating Costs'.

2.4 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. Revenue is recognised on the basis of power supplied during the period. Power purchases and sales entered into to optimise the performance of power generation facilities are presented net within revenue.

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.

2.5 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 identified 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.

2.5 Taxation (continued)

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 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 way 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.

2.6 Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are measured at amortised cost. 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.

2.7 Financial Assets

A financial asset is classified as current when the cash flows expected to flow from the instrument mature within one year. All recognized financial assets will subsequently be measured at either amortized cost or fair value under IFRS 9 Financial Instruments.

2.8 Financial liabilities

Financial liabilities are initially measured at fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability. Subsequently, they are measured at amortized cost

2.9 De-recognition of financial assets and liabilities

a) Financial assets:

A financial asset (or where appropriate a part of a financial asset) is de-recognised where the rights to receive cash flows from the asset have expired. Financial assets are assessed at each reporting period to determine whether there is any objective evidence that it is impaired. Financial assets are considered to be impaired if objective evidence indicated that one or more events have had a negative effect on the estimated future cash flows of the asset. An impairment is measured at the difference between its carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate.

b) Financial liabilities:

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expired.

2.10 Property Plant and Equipment

Property, Plant and Equipment (PP&E) is 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 or construction cost and any costs directly attributable to bringing the asset into operation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Subsequent expenditure in respect of items of PP&E such as the replacement of major parts, inspections or overhauls, are capitalised as part of the costs of the related asset where it is probable that future economic benefits will arise as a result of the expenditure and the cost can be reliably measured. All other subsequent expenditure, including the costs of day-to-day servicing, repairs and maintenance, is expensed as incurred.

Depreciation is charged so as to write off the cost of the assets over their estimated useful lives as follows:

Asset Class	Sub-class	Depreciation Method and Rate
Buildings		Straight-line – End of Station life
Plant and machinery	Power station assets	Straight-line – End of Station life
Plant and machinery	Other Plant and Machinery	Straight-line – 3 to 10 years
Plant and machinery	Turbine components	Next Major Inspection – 4 – 6 years
Fixtures and fittings		Straight-line – 3 to 10 years
Right of use asset		Over the term of the lease

Freehold land is not depreciated. Assets under construction are not depreciated until they are ready for use in the way intended by management.

Gas Turbine components depreciation is provided to write off the cost of the asset over their operating lives, to the earlier of next major “C” inspection or end of station life.

The carrying values of PP&E are tested annually for impairment whenever there are any indicators of impairment. Residual values and useful lives are reassessed annually and if necessary, changes are accounted for prospectively. Further information on the accounting policy for impairment can be found in note 2.15.

2.11 Inventories

Non-Fuel 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.

Fuel Inventories used for generation is valued at the lower of cost based on the cost at the Balance Sheet date and Net Realisable Value (“NRV”). Provisions are where the NRV is lower than the cost at the Balance Sheet date.

Other Fuel inventories are held at the lower of cost and NRV. The NRV is assessed at year end a provision is made where cost exceeds the NRV.

2.12 Receivables

Receivables are initially recognised at fair value and subsequently at amortised cost. 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.

2.13 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, that can be measured reliably, and it is probable that the Company will be required to settle the obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

2.14 Pensions

The Company operates defined benefit pensions plans. Current service costs are included within administrative costs. Interest income is included within Interest receivable and similar income. Differences between the actual and expected return on assets, changes in the retirement benefit obligation due to experience and changes in the actuarial assumptions are included in other comprehensive income in the period in which they arise.

The asset recognised on the balance sheet in respect of defined benefit asset is the value of the scheme asset less the fair value of the defined benefit obligation at the balance sheet date.

2.15 Impairment

The company has material long-life assets that are assessed for indicators of impairment at each reporting date. The recoverable amount of the Company's assets is calculated as the higher of fair value less costs to sell or value in use. The value in use is determined by discounting the pre-tax cash flows expected to be generated by the assets. An impairment loss is recognised to the extent that the carrying value exceeds the recoverable amount.

Impairment losses are recognised in the Statement of comprehensive income.

There were no indicators of impairment for the year ending 31 December 2022 and consequently no impairment has been carried out in the current year (2021: Nil).

2.16 Leases

As a lessee, the Company leases the foreshore and seabed of Larne Lough, and under IFRS 16 Leases, the Company recognised a lease liability, being the future fixed and variables payments discounted using the Incremental Borrowing rate, and a Right of use Asset, being the lease liability adjusted for any initial costs and estimated costs of asset restoration.

Interest on the lease liability is included within Finance expenses, 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 clear from other sources. Such estimates and the associated assumptions would be based on historical experience or other factors that are relevant. Actual result may differ from these estimates. In the Directors' opinion there are no critical judgements, apart from those involving estimates (which are dealt with separately below).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet dates, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Pensions

The cost of the Defined Benefit pension plans as well as the defined pension obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about expected return on assets, future salary increases, mortality rates, discount rates and future pension increases. All assumptions are reviewed at each year-end. Sensitivities of pensions assumptions are disclosed in note 19.

EP Ballylumford Limited
Notes to financial statements (continued)
For the year ended 31 December 2022

4. Turnover

	Year to 31 December 2022 £000	Year to 31 December 2021 £000
Power station income	472,611	252,010
General ancillary services	6,320	6,740
	478,931	258,750

All revenue is generated in the UK.

5. Operating profit

Operating profit for the year is stated after charging:

	Note	Year to 31 December 2022 £000	Year to 31 December 2021 £000
Gas Costs		437,834	221,222
Depreciation	11	7,024	6,637
Staff costs	7	6,903	7,517
Amortisation	12	39	40
Loss on disposal of fixed assets		-	35

Deloitte LLP was the Company's auditor for the year ended 31 December 2021. Audit fees included in other operating expenses amounted to £120,000 (31 December 2021: £77,000), no fees were paid for non-audit services in the year.

EBITDA reconciliation

The Company uses Earnings before interest, tax, depreciation and amortisation (EBITDA) as a measure of performance. The following table reconciles the Statement of comprehensive income to EBITDA.

	Year to 31 December 2022 £000	Year to 31 December 2021 £000
Operating profit	10,782	10,686
Depreciation	7,024	6,637
Amortisation	39	40
EBITDA	17,845	17,363

6. Other operating income

	Year to 31 December 2022 £000	Year to 31 December 2021 £000
Sale of heavy fuel oil	392	5,714
Gas sales	21,397	18,896
Other	16	137
	21,805	24,747

EP Ballylumford Limited
Notes to financial statements (continued)
For the year ended 31 December 2022

7. Staff costs
(a) Staff costs

	Year to 31 December 2022 £000	Year to 31 December 2021 £000
Wages and salaries	5,419	5,197
Social security costs	727	711
Other pensions costs	757	1,609
	6,903	7,517

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

	2022 Number	2021 Number
Production	43	43
Administration	20	21
	63	64

(b) Directors' remuneration

The Company's directors were employed and remunerated by other group companies. The Directors are unable to allocate their remuneration among subsidiary undertakings.

8. Interest receivable and similar income

	Note	Year to 31 December 2022 £000	Year to 31 December 2021 £000
Bank interest		63	-
Pension interest income	19	21	16
Foreign currency exchange gains		6	-
		90	16

9. Interest payable and similar expense

	Note	Year to 31 December 2022 £000	Year to 31 December 2021 £000
Interest on lease liability		20	20

EP Ballylumford Limited
Notes to financial statements (continued)
For the year ended 31 December 2022

10. Taxation

(a) Tax on profit/loss

The tax charge is made up as follows:

	Year to 31 December 2022 £000	Year to 31 December 2021 £000
<i>Current tax</i>		
Group relief payable	15	2,313
Current year	2,439	-
Adjustments in respect of previous periods	(165)	(147)
Total current tax	2,289	2,166
<i>Deferred tax</i>		
Current year	(382)	(286)
Adjustment in respect of previous periods	204	(340)
Impact of rate change	(3)	2,824
Total deferred tax	(181)	2,198
Current tax	2,289	2,166
Deferred tax	(181)	2,198
Tax charge	2,108	4,364

(b) Factors affecting the total tax charge

The deferred tax (credit)/charge in Other comprehensive Income is made up of:

	Year to 31 December 2022 £000	Year to 31 December 2021 £000
Deferred tax:		
Impact of rate change	(149)	(1,138)
Pensions	(472)	438
Total tax credit	(621)	(700)

EP Ballylumford Limited
Notes to financial statements (continued)
For the year ended 31 December 2022

10. Taxation (continued)

(c) Tax reconciliation

The reconciliation below shows how the tax charge of £970k (2021: £4,364k) has arisen on profit before tax of £10,852k (2021: £10,682). The tax assessed on the profit/(loss) for the year is lower (2021: higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	Year to 31 December 2022 £000	Year to 31 December 2021 £000
Profit before tax	10,852	10,682
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	2,062	2,030
Expenses not deductible for tax purposes	17	29
Impact of change in tax rates	(3)	2,824
Adjustments in respect of previous periods (corporation tax)	(165)	(147)
Adjustments in respect of previous periods (deferred tax)	204	(340)
Super deduction enhancement	(2)	(8)
Non-taxable income	(5)	(24)
Tax charge for the year	2,108	4,364

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. The deferred tax balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

11. Tangible fixed assets

Cost	Land and buildings £000	Plant and machinery £000	Motor vehicle £000	Fixtures and fittings £000	Right of use asset £000	Assets under construction £000	Total £000
1 January 2022	16,417	352,040	244	638	732	100	370,171
Additions	-	1,512	-	-	-	401	1,913
31 December 2022	16,417	353,552	244	638	732	501	372,084
Depreciation							
1 January 2022	16,312	291,012	234	360	72	-	307,990
Depreciation charge for the year	8	6,954	2	36	24	-	7,024
31 December 2022	16,320	297,966	236	396	96	-	315,014
Net book value							
At 31 December 2021	105	61,028	10	278	660	100	62,181
At 31 December 2022	97	55,586	8	242	636	501	57,070

EP Ballylumford Limited
Notes to financial statements (continued)
For the year ended 31 December 2022

12. Intangible Fixed Assets

	Computer Software £000
Cost	
As at 1 January 2022	387
As at 31 December 2022	387
Amortisation	
As at 1 January 2022	307
Amortisation for the year	39
As at 31 December 2022	346
Net Book Value	
At 31 December 2021	80
At 31 December 2022	41

13. Inventory

	31 December 2022 £000	31 December 2021 £000
Fuel	5,892	6,395
Engineering stocks	10,104	9,599
	15,996	15,994

All inventory is carried at the lower of cost and net realisable value and is not materially difference to replacement stock.

14. Trade receivables and other debtors

	31 December 2022 £000	31 December 2021 £000
Trade Debtors	389	2,706
Prepayments	438	617
Accrued income	62,674	48,978
Tax Debtors	-	2,233
Other Debtors	990	275
	64,491	76,134
Amounts due from group companies	36,179	21,325

All amounts owed by group undertakings are non-interest bearing and are repayable upon demand by the counterparty.

EP Ballylumford Limited
Notes to financial statements (continued)
For the year ended 31 December 2022

12. Intangible Fixed Assets

	Computer Software £000
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As at 1 January 2022	387
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Net Book Value	
At 31 December 2021	80
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EP Ballylumford Limited
Notes to financial statements (continued)
For the year ended 31 December 2022

15. Trade payables and other creditors

	31 December 2022 £000	31 December 2021 £000
Due within one year:		
Trade Creditors	1,653	930
Other Creditors	198	242
Corporation tax	1,695	-
Accruals	77,981	47,069
	81,527	48,241
Due after more than one year:		
Lease liability (note 22)	653	671

16. Amounts owed to other Group companies

	31 December 2022 £000	31 December 2021 £000
	7,250	18,881

All amounts owed to group undertakings are non-interest bearing and are repayable upon demand by the counterparty.

17. Provision for liabilities

	31 December 2022 £000	31 December 2021 £000
Industrial claims	341	505

Industrial claims related to claims from previous employees in respect of illness or injury. Due to the ongoing nature of the claims, the provision is difficult to determine the specific timing of settlements.

Movement in provisions in the year

	£000
1 January 2022	505
Charged to the Income Statement	65
Utilised in the year	(108)
Released in the year	(121)
31 December 2022	341

EP Ballylumford Limited
Notes to financial statements (continued)
For the year ended 31 December 2022

18. Deferred tax

	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
	£000	£000	£000	£000	£000	£000
Tangible fixed assets	-	-	(6,802)	(7,153)	(6,802)	(7,153)
Provisions	12	290	-	-	12	290
Pension	70	-	-	(659)	70	(659)
Net tax assets/(liabilities)	82	290	(6,802)	(7,812)	(6,720)	(7,522)

Movement in deferred tax during the year

	1 January	Recognised in	31 December
	2022	Statement of	2022
	£000	comprehensive	£000
		income	
		2022	
		£000	
Tangible fixed assets	(7,153)	351	(6,802)
Provisions	290	(278)	12
Pension	(659)	729	70
	(7,522)	802	(6,720)

Movement in deferred tax during the year

	1 January	Recognised in	31 December
	2021	Statement of	2021
	£000	comprehensive	£000
		income	
		2021	
		£000	
Tangible fixed assets	(6,045)	(1,108)	(7,153)
Provisions	158	132	290
Pension	(138)	(521)	(659)
	(6,025)	(1,497)	(7,522)

19. Pensions and other employee benefits

The following information relates to the Company's defined benefit pension schemes.

AES Ballylumford Pension Scheme

On 31 May 2022, the members, assets and liabilities of the AES Ballylumford Pension Scheme (AESBPS) merged into the Power Generation Pension Scheme (PGPS). The merger does not change any of the accrued or future benefits for members of either scheme. However, it does reduce the future administration costs, releases the charge on the Ballylumford oil stocks and provides the previous AESBPS members to gain access to the PGPS EPH guarantee.

The disclosures below include the AESBPS for the period up to the date of transfer. Consequently, the disclosure requirements relating to the scheme position at 31 December 2022 can be found in the financial statements of the new sponsoring company, EP Eggborough Ltd.

Ballylumford Power Pension Scheme

The Ballylumford Power Pension Scheme (BPPS) continues to be operated by the Company. The assets are held in separate trustee administered funds. There are no active members of the BPPS pension scheme.

EP Ballylumford Limited
Notes to financial statements (continued)
For the year ended 31 December 2022

19. Pensions and other employee benefits (continued)

Actuarial valuations of the plan assets and the present value of the defined benefit liabilities were carried out at 31 December 2022 for BPPS and at 31 May 2022 for AESBPS by PwC, independent consulting actuaries. The liabilities were calculated using the projected unit method rolled forward from the previous year end accounting liabilities.

The valuations for both current financial year and comparative 2021 have been performed in compliance with FRS 101. FRS 101 requires companies to apply a single discount rate – a high quality (AA) corporate bond rate – to their net plan assets or net plan liabilities to calculate the net interest charge in the profit and loss account.

Net pension (liability)/asset

	2022	2021
	£000	£000
Total market value of plan assets	56,699	113,844
Defined benefit obligation	(56,980)	(111,164)
Net pension (liability)/asset	(281)	2,680

Movements in present value of defined benefit obligation:

	2022	2021
	£000	£000
As at 1 January	111,164	115,170
Interest expense	1,666	1,434
Employee contributions	28	56
Actuarial gain arising from changes in financial assumptions	(33,106)	(2,089)
Current service cost	574	1,396
Benefits paid from the scheme	(3,952)	(4,803)
Transfer of scheme liabilities	(19,394)	-
As at 31 December	56,980	111,164

Movements in fair value of plan assets

	2022	2021
	£000	£000
As at 1 January	113,844	115,897
Benefits paid	(3,952)	(4,803)
Employee contributions	28	56
Return on scheme assets	(29,809)	216
Interest income	1,687	1,450
Employer contributions	75	1,028
Transfer of scheme assets	(25,174)	-
As at 31 December	56,699	113,844

Scheme assets do not include any of EP Ballylumford Limited's own financial instruments, or any property occupied by EP Ballylumford Limited.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

EP Ballylumford Limited
Notes to financial statements (continued)
For the year ended 31 December 2022

19. Pensions and other employee benefits (continued)

Expense recognised in the Statement of comprehensive income:

	2022	2021
	£000	£000
Current service cost	574	1,396
Net interest income	(21)	(16)
Remeasurements in other comprehensive income	2,484	(2,305)
Total expense recognised in the Statement of comprehensive income	3,037	925

Plan assets

	2022	2021
	£000	£000
Fixed interest gilts	-	367
Fixed interest bonds	-	10,469
Index linked bonds	86	21,941
Insurance contracts	56,608	80,831
Cash	5	236
Total plan assets	56,699	113,844

Actuarial assumptions

The principal actuarial assumptions (expressed as a weighted average) at the year-end were as follows:

	2022	2021
Discount rate	4.8%	1.85%/1.75%
Inflation (RPI)	3.15%	3.15%/3.50%
Life expectancy (years, male aged 65)	22.1	22.3

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased (decreased) as a result of a change of the following:

	2022
	£000
	BPPS
Discount rate	
Increase discount rate by 0.1% pa	3
Decrease discount rate by 0.1% pa	(3)
Inflation rate	
Increase inflation by 0.1% pa	(2)
Decrease inflation by 0.1% pa	1
Life expectancy	
Increase life expectancy by 1 year(s)	(13)
Decrease life expectancy by 1 year(s)	13

EP Ballylumford Limited
Notes to financial statements (continued)
For the year ended 31 December 2022

19. Pensions and other employee benefits (continued)

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 December 2022 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

	2021	2021
	£000	£000
	AESBPS	BPPS
Discount rate		
Increase discount rate by 0.1% pa	(71)	5
Decrease discount rate by 0.1% pa	74	(5)
Inflation rate		
Increase inflation by 0.1% pa	73	(4)
Decrease inflation by 0.1% pa	(71)	2
Life expectancy		
Increase life expectancy by 1 year(s)	123	(24)
Decrease life expectancy by 1 year(s)	(118)	23

20. Capital and Reserves

	31	31
	December	December
	2022	2021
	£	£
Called up Share Capital		
Allotted and fully paid:		
2 ordinary shares of £1 each	2	2

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Statutory Reserve

The statutory reserve consists of a capital reserve of £8,158,000 and a revenue reserve of £9,417,000 which were transferred from Northern Ireland Electricity (NIE) in accordance with the Transfer Scheme of Northern Ireland Electricity pursuant of Article 69 of the Electricity (Northern Ireland) Order 1992.

Other Reserve

The Company previously issued restricted stock units (RSUs) under its long-term compensation plan. The RSUs were generally granted based upon a percentage of the participant's base salary and have a three-year vesting schedule. The cost of providing RSUs is recognized in Profit and loss with a corresponding increase in equity. Since being purchased by EPUKI, the Company no longer issues RSUs.

EP Ballylumford Limited
Notes to financial statements (continued)
For the year ended 31 December 2022

21. Capital commitments

	31 December 2022 £000	31 December 2021 £000
Contracts placed for future capital expenditure	10,212	7,295

In 2010 the Company entered into a Long Term Service Agreement with a major supplier to cover part of the capital costs associated with major overhauls of the CCGT plant.

22. Lease Liability

	2022 £000
As at 1 January 2022	686
Payments	(36)
Interest	20
As at 31 December 2022	670
The maturity of the gross undiscounted lease liabilities at 31 December 2022 is as follows:	
Due within 1 year	36
Due with 1 to 5 years	144
Later than 5 years	792
Total gross payments	972
Effect of discounting	(302)
Lease liabilities recognised in the Statement of financial position	670
Presented as:	
Current liabilities	17
Non-current liabilities	653

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

23. Subsequent events

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

24. Immediate and Ultimate Parent Company undertaking

The Company is a subsidiary undertaking of EP UK Investments Limited, a wholly owned subsidiary of Energetický a průmyslový holding, a.s. (resp. EP Power Europe, 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.