

Eggborough Power Limited

Annual report and financial statements

For the year ended 31 December 2020

Registered number - **03782700**

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COMPANIES HOUSE

Directors

Tarloke Bains
Adam Booth
Pavel Horsky
Daniel Kretinsky
Jan Springl
Marek Spurny

Registered office address

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3175 Century Way,
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Independent Auditor

Deloitte LLP
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Eggborough Power Limited
Strategic Report (continued)
For the Year ended 31 December 2020

The Directors present their strategic report for the Company for the year ended 31 December 2020.

Principal Activities

Eggborough Power Limited ("EPL") is a private limited company incorporated and domiciled in England and Wales.

The Company's principal activities are the sale of ash from the electricity generation process and decommissioning associated with the closure of Eggborough coal power station. The main power plant was decommissioned in 2018 and subsequently sold in June 2019.

Throughout the year Eggborough Power Limited was a wholly owned subsidiary of EP UK Investments Limited ("EPUKI").

Results

The profit for the year was £6.4m (2019: profit of £1.6m).

Review of the Business

The Company has retained freehold land at Gale Common, previously used as the main ash disposal site. A planning application has been made to enable the Company to increase the rate of extraction of deposited pulverised fuel ash (PFA). The Company continued to sell ash from the Gale Common site in the year.

The Company recognises revenue from the sale of PFA from the Gale Common site in line with the current planning consent.

The Company recognised a profit for the year mainly relating to the release of provisions in relation to Early Retirement Deficiency Cost (ERDC) and site restorations costs (see note 15).

The pension liability has increased due to unfavourable financial assumptions mainly in relation to the discount rate applied to the obligation.

The Company also retained land adjacent to the main power station site, which had previously been granted planning permission to build a 2,500MW high efficiency combined cycle gas turbine power station. The development of this plant will be subject to future market conditions and Capacity Market clearing prices.

Key performance indicators

The Company's Key Performance Indicators during the year were as follows:

	2020	2019
	£000	£000
Profit for the year	6,377	1,570
Revenue	310	302
EBITDA (Earnings Before Interest, Depreciation, Amortisation and Taxation)	6,627	1,149

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.

Eggborough Power Limited
Strategic Report (continued)
For the Year ended 31 December 2020

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, 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 to the business using their appropriate knowledge and expertise of the industry.

The interests of the company's employees

The main strengths and key focus of the Company is good relationship with employees and their loyalty. The Group maintain good and fair relations with the trade unions within the entities of Group through regular meetings and discussions on labour, social and wage related issues. Similarly, respecting the human rights and implemented 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 Procurement policy. 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 customer 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 energy supplier. 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 new 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 desirability of the company maintaining a reputation for high standards of business conduct

The Company aims to maintain its record of a business leader in business conduct which help 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 operated and helps attract and retain high-calibre employees.

The need to act fairly as between members of the Company.

The Directors ensure that all actions are fair for all members of the Company and provide regular updates to the owners through budgets and Board meetings.

Risk Management

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.

Eggborough Power Limited
Strategic Report (continued)
For the Year ended 31 December 2020

Liquidity Risk

The Company is exposed to the performance of fellow EPUKI subsidiaries due to intercompany payables. Management of this risk is mitigated by:

- Regular review of the cash positions of the Group entities in which external borrowings are passed on to for funding;
- Monthly forecasting of the cash positions of Group entities.
- The availability of internal funding by the Company parent.

On behalf of the Board and signed on its behalf by

A handwritten signature in black ink, appearing to be 'AS' followed by a stylized flourish.

Adam Booth
Director, 6 December 2021

Eggborough Power Limited
Directors report
For the Year ended 31 December 2020

Directors' report

The directors present their annual report and the financial statements for year ended 31 December 2020.

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.

Proposed dividend

The directors do not recommend the payment of a dividend. (2019: nil)

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

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.

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 if that information.

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

Going Concern

The directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements. EP Power Europe, a.s, ("EPPE") the parent of EP UK Investments Limited, the Company's immediate parent, has indicated its intention via a letter of support to provide sufficient funds for the Company to continue to meet its liabilities as they fall due and continue to trade.

The forecasts above are dependent on EPPE not seeking repayment of the amounts currently due to the group. EPPE has indicated its intention to continue to make available such funds as are needed by the company via a letter of support, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts and they have no reason to believe that it will seek repayment of such funds. The Directors having assessed the ability of EPPE to continue to provide funding to the Company and are confident that EPPE have the necessary funds to do so.

The Company has closely monitored the spread of COVID-19 and its resulting impact on staff, the economy, energy markets and relevant supply chains. Policies and measures have been put in place dynamically, based on the most up to date information, to maintain the safety of its employees and minimise disruption to the business. EPUKI believes that the impact on staff, the economy, energy markets and supply chains does not impact the financial statements for the year ending 31 December 2020 or the assumptions used in their preparation.

Eggborough Power Limited
Directors report (continued)
For the Year ended 31 December 2020

Going Concern (continued)

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

Re-appointment of Auditors

Following a competitive tender in respect of the EPH Group, KPMG LLP resigned as Auditors on 6 November 2020. Deloitte LLP were appointed as auditors for the year ending 31 December 2020. The Directors have confirmed that they intend to appoint Deloitte LLP for the forthcoming year.

Approved by the Board and signed on its behalf by

A handwritten signature in black ink, appearing to read 'A Booth', with a stylized flourish extending to the right.

Adam Booth
Director, 6 December 2021

Eggborough Power Limited
Ground Floor, Paradigm Building
3175 Century Way
Thorpe Park
Leeds
LS15 8ZB

Eggborough Power Limited
Statement of directors' responsibilities
For the Year ended 31 December 2020

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.

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

Independent Auditors Report to the members of Eggborough Power Limited (continued)

Opinion

In our opinion the financial statements of Eggborough Power Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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 income statement;
- the statement of comprehensive income;
- the Statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 20.

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 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.

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.

Independent Auditors Report to the members of Eggborough Power Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit 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, pensions legislation and 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.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, pensions, IT, and industry 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.

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.

Independent Auditors Report to the members of Eggborough Power Limited (continued)

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, internal audit 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

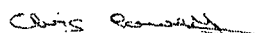
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

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.



Christopher Powell FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
6 December 2021

Eggborough Power Limited
Income Statement
For the Year ended 31 December 2020

	Note	Year to 31 December 2020	Year to 31 December 2019
		£'000	£'000
Revenue	3	310	302
Cost of sales		-	-
Gross profit		310	302
Other income	4	9,750	4,053
Other operating costs		(3,433)	(1,552)
Exceptional item	6	-	(1,654)
Operating Profit	5	6,627	1,149
Interest payable and similar charges	8	(299)	(198)
Interest receivable	9	49	619
Profit on ordinary activities before taxation		6,377	1,570
Taxation	10	-	-
Profit for the year		6,377	1,570

The notes on pages 17 to 28 form part of these financial statements.

Eggborough Power Limited
Statement of Other Comprehensive Income
For the Year ended 31 December 2020

	Note	2020 £'000	2019 (restated) £'000
Profit for the financial period		6,377	1,570
Other comprehensive income			
<i>Items that will not be classified to profit or loss:</i>			
Remeasurement of defined benefit liability	16	(7,731)	(13,178)
Revaluation of Land		-	2,660
Other comprehensive loss		(7,731)	(10,518)
Total comprehensive loss for the period attributable to equity holders		(1,354)	(8,948)

There are no other comprehensive gains or losses in the year ending 31 December 2020.

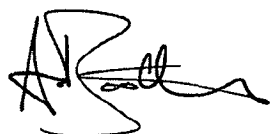
The notes on pages 17 to 28 form part of these financial statements.

Eggborough Power Limited
Statement of Financial Position
As at 31 December 2020

	Note	2020 £'000	2019 (restated) £'000
Assets			
Non-current assets			
Tangible fixed assets	11	15,860	15,860
		15,860	15,860
Current assets			
Trade and other receivables	12	158	205
Cash and cash equivalents	13	13,857	13,465
		14,015	13,670
Liabilities			
Current liabilities			
Trade and other payables	14	(11,683)	(8,277)
		(11,683)	(8,277)
Net current assets		2,332	5,393
Non-current liabilities			
Other provisions	15	(8,064)	(17,715)
Retirement benefit obligations	16	(18,202)	(10,258)
		(26,266)	(27,973)
Net liabilities		(8,074)	(6,720)
Shareholders' equity			
Called up share capital	17	82,000	82,000
Capital reserve		1,600	1,600
Revaluation reserve		15,860	15,860
Profit and loss account		(107,534)	(106,180)
Shareholders' deficit		(8,074)	(6,720)

The notes on pages 17 to 28 form part of these financial statements.

The financial statements on pages 13 to 28 were approved by the Board of Directors on 6 December 2021 and were signed on its behalf by:



Adam Booth
Director

Company registered number: 03782700

Eggborough Power Limited
Statement of Changes in Equity
For the year ended 31 December 2020

Statement of Changes in Equity
for the year ended 31 December 2020

	Called up share capital £'000	Capital Reserve £'000	Revaluation reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2019	82,000	1,600	13,200	(94,572)	2,228
Total comprehensive loss for the period	-	-	-	(11,608)	(11,608)
Revaluation (restated)	-	-	2,660	-	2,660
Balance at 31 December 2019 (restated)	82,000	1,600	15,860	(106,180)	(6,720)
Balance at 1 January 2020	82,000	1,600	15,860	(106,180)	(6,720)
Total comprehensive loss for the period	-	-	-	(1,354)	(1,354)
Balance at 31 December 2020	82,000	1,600	15,860	(107,534)	(8,074)

The notes on pages 17 to 28 form part of these financial statements.

Eggborough Power Limited
Notes to the Financial Statements
For the year ended 31 December 2020

1. General information

Eggborough Power Limited (EPL) is a private limited company incorporated in the United Kingdom, registered in England and Wales.

The Company's principal activity is the sale of ash from the electricity generation process and decommissioning associated with the closure of Eggborough coal power station. The main power plant was decommissioned in 2018 and subsequently sold in June 2019.

The financial statements are prepared on the historical cost basis with the exception of retained freehold land that is stated at market value.

1.2 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, capital management, presentation of comparative information in respect of certain assets, cash flow statement, 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 19 gives the details of the Company's ultimate parent, from where consolidated financial statements prepared in accordance with IFRS may be obtained.

1.3 Going Concern

The directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements. EPPE, the parent of EP UK Investments Limited, the Company's immediate parent, has indicated its intention via a letter of support to provide sufficient funds for the Company to continue to meet its liabilities as they fall due and continue to trade.

The forecasts above are dependent on EPPE not seeking repayment of the amounts currently due to the group. EPPE has indicated its intention to continue to make available such funds as are needed by the company via a letter of support, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts and they have no reason to believe that it will seek repayment of such funds. The Directors having assessed the ability of EPPE to continue to provide funding to the Company and are confident EPPE have the necessary funds to do so.

The Company has closely monitored the spread of COVID-19 and its resulting impact on staff, the economy, energy markets and relevant supply chains. Policies and measures have been put in place dynamically, based on the most up to date information, to maintain the safety of its employees and minimise disruption to the business. EPUKI

believes that the impact on staff, the economy, energy markets and supply chains does not impact the financial statements for the year ending 31 December 2020 or the assumptions used in their preparation.

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

Eggborough Power Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2020

1.4 Foreign currency

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'.

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other receivables

Trade and other 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. No impairment has been calculated in the current year (2019: Nil).

Trade and other payables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.6 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.

1.7 Tangible fixed assets

Land is stated at the expected market value that would be achieved following the successful decommissioning and demolition of the Eggborough Power Station.

Eggborough Power Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2020

1.8 Intangible assets

Intangible assets, including emission rights, are recognised on the date of purchase at fair value. At each reporting date the Company assesses whether there is an indication that the intangible asset may be impaired, any impairment will be expensed to the profit and loss.

1.9 Employee benefits

Defined benefit plans

The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

The Company's employees are members of the Eggborough Power Group within the Electricity Supply Pension Scheme (ESPS). The Company is the sponsor of the defined benefit pension plan.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value where materially significant.

1.10 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.11 Revenue

Revenue represents amounts receivable for goods or services provided by the Company in its normal course of business, net of trade discounts and VAT.

Revenue from the sale of power is specified under contract terms.

Eggborough Power Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2020

1.11 Revenue (continued)

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.

1.12 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.

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.

Eggborough Power Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2020

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, 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.

Property, plant and equipment:

The carrying value of land is reported at Fair Value and take into account prevailing market conditions at the time of valuation. Land was valued in 2019.

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 16.

Decommissioning Costs

The estimated cost of decommissioning of the Gale common site in which the ash is stored is reviewed periodically and is based on price levels and technology at the balance sheet date. Provision is made for the estimated cost of decommissioning at the balance sheet date. The payment dates of total expected future decommissioning costs are uncertain and dependent on the lives of the facilities; but are currently anticipated to be incurred in from 2046. Key sources of uncertainty are the closing date of the site, the length of usage of the ash site, and discount rates used in present value calculations. Decommissioning provisions are not assessed for sensitivities.

3 Revenue

	2020	2019
	£'000	£'000
Ash Sales	310	302
	310	302

4 Other income

	2020	2019
	£'000	£'000
Profit on sale of land	-	3,198
Other	99	855
Release of provision (note 15)	9,651	-
	9,750	4,053

The profit on sale of land in 2019 relates to the sale of the decommissioned former power station. The company had attributed £nil value to the station due to the extent of decommissioning and demolition needed.

Eggborough Power Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2020

5 Operating Profit

The Operating Profit for the year is stated after charging:

		Year to 31 December 2020 £'000	Year to 31 December 2019 £'000
	Note		
Pensions admin expenses		1,540	484
Staff costs	7	143	2,117
Group recharges		482	-

Deloitte LLP was the Company's auditor for the year ended 31 December 2020. Audit Fees included in Other Operating Costs amounted to £15,179 (year ended 31 December 2019: £43,000).

6 Exceptional item

		Year to 31 December 2020 £'000	Year to 31 December 2019 £'000
	Note		
Adjustment to site restoration provision		-	1,654

7 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	2020	2019
Asset management	-	3
	-	3

The aggregate payroll costs of these persons were as follows:

	2020 £'000	2019 £'000
Wages and salaries	71	405
Social security costs	13	147
Expenses related to defined benefit pension plans	59	1,565
	143	2,117

2020 costs are in relation to amounts paid to employees who are no longer employed by The Company.

Directors' remuneration

There are no employees of the Company. The Company's directors' are employed by another group companies. The fair value of costs associated with providing services to the Company are negligible, as no corporate recharge was incurred in relation to these services and the employing company has borne these costs.

Eggborough Power Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2020

8 Interest payable and similar charges

	2020	2019
	£'000	£'000
Other interest payable	95	198
Interest on pension scheme	204	-
	299	198

9 Interest receivable

	2020	2019
	£'000	£'000
Operating interest receivable	49	590
Interest on pension scheme	-	29
	49	619

10 Taxation

Recognised in the Income Statement

	2020	2019
	£'000	£'000
<i>UK Corporation tax</i>		
Adjustments in respect of prior periods	-	-
Total current tax	-	-
<i>Deferred tax</i>		
Origination and reversal of temporary differences	-	-
Total Deferred tax	-	-
Tax on profit on ordinary activities	-	-

Reconciliation of effective tax rate

The tax expense for the year is lower (2019: lower) than the expense that would have been charged using the standard rate of corporation tax in the UK of 19% (2019: 19%) applied to the profit before tax. The differences are explained below:

	2020	2019
	£'000	£'000
Profit excluding taxation	6,377	1,570
Tax using the UK Corporation tax rate of 19% (2019: 19%)	1,212	298
Expenses not deductible for tax purposes	-	76
Non-taxable income	-	(76)
Deductible temporary differences not recognised for deferred tax	(1,794)	(1,164)
Increase in tax losses not recognised for deferred tax	582	866
Total tax expense	-	-

Eggborough Power Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2020

11 Tangible fixed assets

	Land and Buildings £'000	Software £'000	Total £'000
Cost			
Balance at 1 January 2020 (restated)	15,860	4,000	19,860
Disposals	-	(4,000)	(4,000)
Balance at 31 December 2020	15,860	-	15,860
Depreciation and impairment			
Balance at 1 January 2020 (restated)	-	4,000	4,000
Disposals	-	(4,000)	(4,000)
Balance at 31 December 2020	-	-	-
Net book value			
At 31 December 2020	15,860	-	15,860
At 31 December 2019 (restated)	15,860	-	15,860

The Company has retained two sites of freehold land; the main ash disposal site at Gale Common and a piece of land with planning consent to develop a combine cycle gas turbine power station.

Land is held at market value. The value was established by external valuation in January 2015. If land was held at historical cost the value reported would be £105,000.

The prior year includes the following restatements to figures (see note 18).

- Disposal of £41,000,000 gross book value and £41,000,000 accumulated depreciation (i.e. nil net book value) in relation to land and buildings that had been sold during 2019.
- Increase in fair value of retained land of £2,660,000 to £15,860,000 as this represented the best estimate of market value at the balance sheet date.

12 Trade and other receivables

	2020 £'000	2019 £'000
Trade debtors	132	100
Other debtors	26	105
	158	205

13 Cash and cash equivalents

	2020 £'000	2019 £'000
Restricted cash	13,126	13,085
Cash at bank and in hand	731	380
	13,857	13,465

Restricted cash is held in relation to the Company pension scheme and is held in an ESCROW account that can only be accessed with the approval of the Pension Scheme Trustees.

Eggborough Power Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2020

14 Trade and other payables

	2020	2019 (restated)
	£'000	£'000
Trade creditors	347	275
Amounts payable to fellow Group subsidiaries	10,806	7,789
Accruals	530	213
	11,683	8,277

Restatement

2019 balances have been restated to reclassify Amounts payable to fellow Group subsidiaries from Trade creditors to Amounts payable to fellow Group subsidiaries.

All amounts payable to fellow Group subsidiaries are charged a 0% interest and are repayable upon demand.

15 Other provisions

	Total
	£'000
Balance at 1 January 2020	17,715
Provisions released during the period	(9,651)
Balance at 31 December 2020	8,064

£9,651,000 of provisions were released in the period in relation to:

- Early Retirement Deficiency Cost (ERDC) provision release of £6,852,000 as this is now captured within the pension scheme liabilities.
- Site restoration provision release of £2,898,000 due to updated assumptions regarding payment dates now being expected to be made further into the future. The remaining site restoration provision relates to the anticipated future costs associated with closure commitments at the ash disposal facility and other small parcels of land that the Company has retained.

16 Employee benefits

Eggborough Power Limited contributes to the pension arrangement operated by the Eggborough Power Group within the Electricity Supply Pension Scheme (ESPS). The ESPS is a defined benefit scheme, which is externally funded and subject to an actuarial valuation. Each pension group that participates in the ESPS is financially independent from the other groups.

The disclosures below relate to the Eggborough Power Group of the ESPS (the EP Group). This valuation has been adjusted using agreed assumptions to roll the position forwards by the Company's actuary, PricewaterhouseCoopers using methodology prescribed under FRS101 employee benefits.

For this Group, the updated valuation was determined using the projected unit credit method ("PUC Method"). The Company did not make deficit reduction contributions in the year (2019: nil).

Up to the point of transfer to the Power Generation Pension Scheme post year end, Energetický a průmyslový holding, a.s. has entered into a legal agreement to fund outstanding liabilities of the 'Eggborough Power Group scheme' in the event that EPL is unable to do so.

	2020	2019
	£'000	£'000
Total defined benefit asset	183,371	178,574
Total defined benefit liability	(201,573)	(188,832)
Net liability	(18,202)	(10,258)

Eggborough Power Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2020

16 Employee Benefits (continued)

Movements in net defined benefit liability/asset

	Obligations		Plan assets		Net defined benefit (liability)/ asset	
	2020	2019	2020	2019	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January	(188,832)	(166,837)	178,574	164,452	(10,258)	(2,385)
Included in profit or loss						
Current service cost	(58)	(209)	-	-	(58)	(209)
Past service cost	-	(1,205)	-	-	-	(1,205)
Interest (cost)/income	(3,700)	(4,908)	3,495	4,938	(205)	30
	(3,758)	(6,322)	3,495	4,938	(263)	(1,384)
Included in OCI						
Actuarial loss (gain) arising from changes in:						
Financial assumptions	(22,266)	(24,302)	-	-	(22,266)	(24,302)
Demographic assumptions	1,617	2,128	-	-	1,617	2,128
Return on scheme assets	-	-	8,953	8,996	8,953	8,996
Experience adjustment	3,965	-	-	-	3,965	-
	(16,684)	(22,174)	8,953	8,996	(7,731)	(13,178)
Other						
Employer Contributions	-	-	50	6,689	50	6,689
Employee Contributions	(7)	(10)	7	10	-	-
Benefits paid	7,708	6,511	(7,708)	(6,511)	-	-
	7,701	6,501	(7,651)	188	50	6,689
Balance at 31 December	(201,573)	(188,832)	183,371	178,574	(18,202)	(10,258)

Restricted cash balances include £13,126,207 (31 December 2020: £13,085,239) which is held in an Escrow arrangement under a funding agreement with the Pension Trustees. These amounts are not reflected in the above.

Plan assets

	2020	2019
	£'000	£'000
Cash and cash equivalents	88	222
Equity instruments	41,966	38,318
Debt instruments e.g. Government bonds	104,541	103,323
Investment funds	36,776	36,711
Total	183,371	178,574

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages)

	2020	2019
Discount rate at 31 December	1.4%	2.0%
Future salary increases	2.8%	2.9%
Future pension increases	2.8%	2.9%

Eggborough Power Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2020

16 Employee Benefits (continued)

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 86.7 years (male)
- Future retiree upon reaching 65: 86.7 years (male)

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:

	2020 £m	2019 £m
Discount rate		
% increase 2020, 0.1% increase 2020	-2.23	-1.94
% increase 2020, 0.1% decrease 2020	+2.31	+1.99
Inflation rate		
% increase 2020, 0.1% increase 2020	+2.21	+1.97
% increase 2020, 0.1% decrease 2020	-2.14	-1.92
Life expectancy		
1-year increase	+4.30	+4.32
1-year decrease	-4.19	-4.18

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 March 2019 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.

17 Called up share capital

Share capital

	2020	2019
On issue and issued for cash	82,000	82,000
	31 December	31 December
	2020	2019
Allotted, called up and fully paid	£'000	£'000
Ordinary shares of £1 each	82,000	82,000

Eggborough Power Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2020

18 Prior period restatement

The prior period has been restated to adjust for fully depreciated land and buildings that had been disposed of in 2019 and an updated valuation of the fair value of Land held by the Company.

Land with nil net book was disposed of in the prior period with the sale of the land that the Power Station was on, to St Francis Group. The associated gross book value and accumulated depreciation of £41m was not processed as a disposal in the financial statements, however, as there was nil net book value there is no associated adjustment to the income statement or the net book value of tangible fixed assets.

The retained land had previously been held at a fair value of £13.2m based on a historic valuation. As part of the sale of the ex-Power Station land to St Francis, there was included a put-option whereby the Company could sell the remaining land (excluding Gale Common which is deemed to have nil fair value) to St Francis for a minimum value of £15.9m, however, due to an error in application of the put option price this was not reflected in the prior year financial statements. The £15.9m was deemed a fair market value at the time of agreeing the put option, which occurred during 2019 and at the balance sheet date was still deemed a best estimate of the fair market value. As the valuation was based on a 2019 contract there was no impact on the prior year opening reserves. The prior year adjustment therefore increases the fair value of the land to £15.9m and increases the revaluation reserve.

19 Immediate and Parent Company undertakings

The Company is a subsidiary undertaking of EPUKI 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.

20 Subsequent Events

Post year end, all the assets and liabilities of the Eggborough Power Group pension scheme were transferred to the Power Generation Pension Scheme, which is sponsored by EP Eggborough Limited. The Company has retained the obligation for liabilities and costs that EP Eggborough Limited incurs in relation to the transfers into that Scheme.