

LAKE ACQUISITIONS LIMITED

REGISTERED NUMBER: 06612465

ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022



LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

CONTENTS

Strategic Report	1 to 3
Directors' Report	4 to 5
Directors' Responsibilities Statement	6
Income Statement	7
Balance Sheet	8 to 9
Statement of Changes in Equity	10
Notes to the Unaudited Financial Statements	11 to 23

Directors Robert Guyler
Simone Rossi
Stanislas Martin
Deborah Roy-Gautier
James Bessell
Michael Kirwan

Company secretary Rose Manassei

Registered office 90 Whitfield Street
London
United Kingdom
W1T 4EZ

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

STRATEGIC REPORT

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

Principal activity

The principal activity of the Company during the year continued to be the holding company for EDF Energy Nuclear Generation Group Limited and its subsidiaries. It will continue with this activity for the foreseeable future.

Section 172 (1) Statement

The Directors are fully aware of their responsibilities to promote the success of the company in accordance with Section 172 of the Companies Act 2006. Further details on how the Directors' duties discharged and the oversight of these duties are included in the Directors Report.

The Company, as an intermediate holding company, has no employees, customers or suppliers and as such, the Directors primarily consider the interests of the shareholder, EDF Energy Lake Limited with regard to performing their duties on matters set out under Section 172 of the Companies Act 2006. The key board decisions approved during the year related to oversight of the EDF Energy Nuclear Generation Limited (ENGL) business. The Board decisions were in line with the strategic goals of both the Company and the parent company and these are set out below in the 'Impact on Principal Decisions' section. In March 2023, the Board approved the lifetime extension of Hartlepool and Heysham 1 nuclear power stations by two years to March 2026 (+/- 1 year), as a result of positive inspections of the graphite reactor cores during 2022. Originally both plants were due to enter defueling by March 2024.

Impact on Principal Decisions

The Board is an oversight board, with its primary function being the oversight body for the ENGL business and advising the ENGL Board, on the findings resulting from its oversight role. The Board is committed to ensuring that high standards of corporate governance are maintained across its subsidiaries within the Nuclear Generation group and comply with company policies as well as maintaining high standards of business conduct in the spirit of the corporate governance codes and principles.

At Board meetings throughout the year, the Directors are presented with papers and discuss updates in relation to:

o Approving budgets for Nuclear Generation.

o Advising the ENGL Board on safety, health and environmental matters relating to the Nuclear Generation business by:

- Reviewing and making recommendations on ENGL's safety, occupational health and environmental related policies.
- Monitoring and improving nuclear safety performance.
- Reviewing the Nuclear Generation risk register in the areas of nuclear and industrial safety, health and the environment.

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

STRATEGIC REPORT (CONTINUED)

o Providing oversight of performance and nuclear governance by:

- Considering regular reports from the Executive of the ENGL business on operational performance, technical and operational risks.
- Reviewing fleet performance metrics and findings from internal and external evaluations.
- Reviewing major technical and operational options for Nuclear Generation.
- Reviewing and advising on financial performance.
- Reviewing the annual investment plan for Nuclear Generation.

The Company uses information from stakeholder engagement, including employees of ENGL, regulators, together with community and environment factors to make these strategic decisions. The performance of the ENGL's nuclear power stations is a key factor considered by the Board during Board meetings, from both a safety perspective and a financial perspective. The feedback from stakeholders, particularly regulators and ENGL employees, is paramount to the Board when making decisions in relation to the future of the stations and the long-term success of the Company and Nuclear Generation group as whole.

Review of the business and key performance indicators

The profit for the year before and after taxation amounted to £1,369m (2021: loss of £1,066m). The net assets at the end of the year amounted to £5,247m (2021: £4,178m). The loss for prior year is primarily due to the impairment of subsidiary undertakings. The profit for the current year is due to the impairment reversal of subsidiary undertakings and dividend income received.

EDF Energy Holdings Limited (the 'Group') indirectly holds an 80% interest in Lake Acquisitions Limited and manages the Company's operations on a group basis. For this reason, and the fact that the Company is non-trading, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance, or position of the business. The performance of the Group, which includes the Company, and future likely developments of the business are discussed in the Group's Annual Report which does not form part of this report.

Principal risks and uncertainties

The main financial risk faced by the Company in its normal business activities is liquidity risk.

Liquidity risk is the risk that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The Company's exposure to liquidity risk is reduced by its borrowing facilities in place provided by its shareholders.

The future prospects of the Company are dependent on the performance of its investment in its subsidiary. The investment in EDF Energy Nuclear Generation Group Limited has been reviewed and the carrying value, following an impairment during the year, is considered to be recoverable based on forecast performance of the EDF Energy Nuclear Generation Group Limited group of companies.

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022


STRATEGIC REPORT (CONTINUED)

Going concern

After making enquiries and reviewing cash flow forecasts and available facilities for at least the next 12 months (including subsequent events), the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has the ability to draw on adequate resources to continue in operational existence for the foreseeable future.

This judgement has been formed by taking into account the principal risks and uncertainties that the Company faces, and which have been outlined in more detail elsewhere in this report, along with the support provided by other Group companies. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Approved by the Board and signed on its behalf by:

DocuSigned by:

.....81F5836582A941E.....
Robert Guyler
Director

90 Whitfield Street
London
United Kingdom
W1T 4EZ

26 July 2023

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

DIRECTORS' REPORT

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

Principal risks and uncertainties, principal activities, going concern and business review are discussed within the Strategic Report.

Directors

The Directors who held office during the year and to the date of this report were as follows:

Robert Guyler

Simone Rossi

Stanislas Martin

Deborah Roy-Gautier

James Bessell

Michael Kirwan (appointed 16 February 2022)

Katherine Ringrose (resigned 16 February 2022)

Humphrey Cadoux-Hudson (resigned 30 June 2022)

No Director is employed by or had a service contract with the Company during the year. Katherine Ringrose (resigned), James Bessell and Michael Kirwan are employed by and has service contracts with Centrica plc, the ultimate parent of the minority shareholder in the Company. The remaining Directors are employed by and have service contracts with associated companies within the Électricité de France SA group. No portion of their remuneration can be specifically attributed to their services to the Company.

No Director (2021: none) held any interests in the shares or debentures of the Company or the Group that are required to be disclosed under the Companies Act 2006.

Streamlined Energy and Carbon Reporting

Information on the streamlined energy and carbon reporting is discussed in the Group's Annual Report which does not form part of this report and are available to the public as set out in note 19.

Dividends

Dividends of £300m were paid during the year (2021: £7m).

Political contributions

The Company made no political donations in the current year (2021: £nil).

Future developments

The future developments of the Company are outlined in the Strategic Report.

Exemption from audit

For the year ending 31 December 2022 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

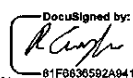
LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

DIRECTORS' REPORT (CONTINUED)

Directors' liabilities

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

Approved by the Board and signed on its behalf by:

DocuSigned by:

e1F8636582A841E.....

Robert Guyler
Director

90 Whitfield Street
London
United Kingdom
W1T 4EZ

26 July 2023
.....

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 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 accounting estimates that are reasonable and prudent.
- state whether UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £ m	2021 £ m
Impairment of subsidiary undertakings	6	1,069	(1,072)
Investment income	7	302	8
Finance costs	8	(2)	(2)
Profit/(loss) before taxation		1,369	(1,066)
Taxation	9	-	-
Profit/(loss) for the year		1,369	(1,066)

There were no recognised gains or losses during the current or prior year other than the profit/losses shown above. Accordingly, no statement of comprehensive income has been presented.

The above results were derived from continuing operations in both the current and prior year.

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

BALANCE SHEET
AT 31 DECEMBER 2022

	Note	2022 £ m	2021 £ m
Non-current assets			
Investments in subsidiary undertakings	10	5,247	4,183
		<u>5,247</u>	<u>4,183</u>
Current assets			
Trade and other receivables	11	7	1
Cash and cash equivalents	12	-	1
		<u>7</u>	<u>2</u>
Total assets		<u>5,254</u>	<u>4,185</u>
Current liabilities			
Borrowings	13	(5)	(5)
Other liabilities	14	(2)	(2)
		<u>(7)</u>	<u>(7)</u>
Net current liabilities		<u>-</u>	<u>(5)</u>
Total assets less current liabilities		<u>5,247</u>	<u>4,178</u>
Net assets		<u>5,247</u>	<u>4,178</u>
Capital and reserves			
Called up share capital	15	1,115	1,115
Retained earnings		<u>4,132</u>	<u>3,063</u>
Shareholders' funds		<u>5,247</u>	<u>4,178</u>

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

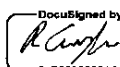
BALANCE SHEET
AT 31 DECEMBER 2022 (CONTINUED)

'For the financial year ending 31 December 2022 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.'

The financial statements of Lake Acquisitions Limited (registered number: 06612465) on pages 7 to 23 were approved by the Board, authorised for issue and signed on its behalf by:

DocuSigned by:

81F6836552A941E
Robert Guyler
Director
26 July 2023
.....

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £ m	Retained earnings £ m	Total £ m
At 1 January 2021	1,115	4,136	5,251
Loss for the year	-	(1,066)	(1,066)
Dividends (note 16)	-	(7)	(7)
At 31 December 2021	1,115	3,063	4,178
Profit for the year	-	1,369	1,369
Dividends (note 16)	-	(300)	(300)
At 31 December 2022	1,115	4,132	5,247

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

1 General information

Lake Acquisitions Limited is a private company limited by shares. It is incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on the contents page. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 1 to 3.

Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 (FRS 101) "Reduced Disclosure Framework". These financial statements were prepared in accordance with FRS 101 "Reduced Disclosure Framework".

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the asset. The financial statements are presented in pounds sterling as that is the currency for the primary economic environment in which the company operates.

Summary of disclosure exemptions

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

- a) The requirements of IFRS 7 Financial Instruments: Disclosures;
- b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- d) the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 Presentation of Financial Statements;
- e) the requirements of IAS 7 Statement of Cash Flows;
- f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- i) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets;

Where relevant, equivalent disclosures have been given in the Group accounts which are available to the public as set out in note 19.

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

Going concern

After making enquiries and reviewing cash flow forecasts and available facilities for at least the next 12 months (including subsequent events), the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has the ability to draw on adequate resources to continue in operational existence for the foreseeable future.

This judgement has been formed by taking into account the principal risks and uncertainties that the Company faces, and which have been outlined in more detail elsewhere in this report, along with the support provided by other Group companies. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Exemption from preparing group accounts

The financial statements contain information about Lake Acquisitions Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its indirect parent, EDF Energy Holdings Limited, a company incorporated in the United Kingdom and can be obtained as set out in note 19.

Interest income

Interest income is recognised as the interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Finance costs

Finance costs of debt are recognised in the income statement over the term of such instruments, at a constant rate on the carrying amount.

Taxation

Current tax

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

Deferred tax

Deferred tax is provided or recognised in full using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax arising from (1) the initial recognition of goodwill, (2) the initial recognition of assets or liabilities in a transaction (other than in a business combination) that affects neither the taxable profit nor the accounting profit, or (3) differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future, is not provided for.

Deferred tax assets are recognised to the extent it is more likely than not that future taxable profits will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply for the period when the asset is realised, or the liability is settled based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Current tax and deferred tax for the year

Current tax and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Investments in subsidiary undertakings

Subsidiary undertakings are those entities controlled by the company, and where the substance of the relationship between the company and the entity indicates that the entity is controlled by the company.

The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Considerations in the assessment of control include:

- the purpose and design of the entity;
- what the relevant activities are and how decisions about those activities are made;
- whether the rights of the company give it the current ability to direct the relevant activities;
- whether the company is exposed, or has rights, to variable returns from its involvement with the entity; and
- whether the entity has the ability to use its power over the investee to affect the amount of the investor's returns.

The company continues to assess whether it controls an entity if facts and circumstances indicate that there changes to the elements of control.

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

Investment in subsidiaries is recorded at cost and is subsequently assessed for indicators of impairment. If such factors exist, a detailed impairment test is carried out. Impairment is recognised in the income statement when the recoverable amount of the company's investment is lower than the carrying amount of the investment.

Upon disposal of the investment in the entity, the company measures the investment at its fair value. Any difference between the fair value of the company's investment and the proceeds of disposal is recognised in the income statement.

Impairment of non-financial assets

At each balance sheet date, the Company reviews the carrying amounts of its fixed asset investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of the fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial instruments

Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instruments.

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

Financial instruments (continued)

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through the profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through the profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability or a financial asset and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or asset or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Recognition of expected credit losses

The Company recognises a loss allowance for expected credit losses on a financial asset that is measured at amortised cost, measured at fair value through other comprehensive income, a lease receivable, a contract asset or a loan commitment and a financial guarantee contract to which impairment requirements apply.

At each reporting date, the group measures the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The expected credit losses are assessed considering all reasonable and supportable information, including that which is forward-looking.

If at the reporting date the credit risk on a financial instrument has not increased significantly since initial recognition, and entity shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The amount of credit losses (or reversal) is recognised in profit or loss, as an impairment gain or loss at the reporting date.

De-recognition of financial assets

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset along with substantially all the risks and rewards of ownership to a third party. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying value, the sum of the consideration received and receivable, and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the income statement.

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets until such time that the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale.

In instances where the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the borrowing costs incurred are the borrowing costs that are capitalised. In instances where the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, a capitalisation rate is applied based on the weighted average cost of general borrowings during the period.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, described in note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Recoverability of investments

The Company performs impairment testing on investments where there is an indication of potential impairment. The impairment review involves a number of assumptions including discount rates, output values, asset lives and forward power prices. See note 6 for outcome for impairment test.

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical judgements in applying accounting policies

There are no critical judgements that the Directors have made in the process of applying the accounting policies of the Company, that are deemed to have a significant effect on the amounts recognised in the financial statements.

4 Result for the year

In 2022 an amount of £nil (2021: £12,000) was paid to Deloitte LLP for audit services, due to the Company taking an audit exemption. This charge was borne by another Group company in the prior year. In 2022 no non-audit services were provided to the Company (2021: £nil).

The Company had no employees during 2022 (2021: none).

5 Directors' remuneration

All Directors are employees of associated EDF companies or Centrica plc.

The emoluments of the Directors are not paid to them in their capacity as Directors of the Company. Accordingly, no details in respect of their emoluments have been included in these financial statements.

Humphrey Cadoux-Hudson (resigned), Simone Rossi, Deborah Roy-Gautier, Stanislas Martin and Robert Guyler are paid by associated EDF companies for services to the whole Group. Simone Rossi and Robert Guyler's emoluments are included within EDF Energy Holdings Limited's financial statements for the year ended 31 December 2022.

James Bessell, Michael Kirwan and Kathrine Ringrose (resigned) are paid by Centrica plc for their services. Kathrine Ringrose's emoluments can be found in Centrica plc's annual report and financial statements for the year ended 31 December 2022.

6 Impairment

	2022	2021
	£ m	£ m
Impairment of Investment in subsidiary	(3)	(1,072)
Reversal of Impairment of Investment in subsidiary	1,072	-
	<u>1,069</u>	<u>(1,072)</u>

In 2022 as a result of EDF Energy Innovation Limited being wound up, an impairment charge of £3m is recognised in the current year. Also, as a result of favourable energy prices during the year, an impairment reversal of £1,072m (2021: £nil) was recognised on the Company's Investment in the nuclear generation business.

In 2021, an impairment of £1,072m was recognised on in the Company's Investment in the nuclear generation business, reducing its carrying amount from £5,255m to £4,183m

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)

7 Investment income

	2022 £ m	2021 £ m
Dividend income	300	7
Interest receivable from other Group companies	2	1
	<u>302</u>	<u>8</u>

Dividends of £300m (2021: £7m) were received from EDF Energy Nuclear Generation Group Limited which is a subsidiary of the company.

8 Finance costs

	2022 £ m	2021 £ m
Interest payable from other Group companies	<u>2</u>	<u>2</u>

9 Tax

(a) Tax charged in the income statement

	2022 £ m	2021 £ m
Current taxation		
UK corporation tax charge on loss made in the year	<u>-</u>	<u>-</u>
Total current tax charge in the year	<u>-</u>	<u>-</u>
Income tax charge reported in the income statement	<u>-</u>	<u>-</u>

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)

9 Tax (continued)

The charge / (credit) for the year can be reconciled to the profit / (loss) in the income statement as follows:

	2022 £ m	2021 £ m
Profit/(loss) before tax	<u>1,369</u>	<u>(1,066)</u>
Tax at the UK corporation tax rate of 19.00% (2021: 19.00%)	260	(203)
Non-taxable dividends receivable	(57)	(1)
Non-deductible impairment/(Non-taxable impairment reversal)	<u>(203)</u>	<u>204</u>
Tax charge reported in the income statement	<u>-</u>	<u>-</u>

10 Investment in subsidiary undertakings

	£ m
Cost	
At 1 January 2021	5,255
Impairment (note 6)	<u>(1,072)</u>
At 31 December 2021	4,183
Impairment reversal (note 6)	1,072
Reduction in investment after return of capital *	(5)
Impairment (note 6)	<u>(3)</u>
At 31 December 2022	<u>5,247</u>
Carrying amount	
At 31 December 2022	<u>5,247</u>
At 31 December 2021	<u>4,183</u>

* In 2022 EDF Energy Innovation Limited was agreed to be wound up, whereby the net assets were distributed to the parent company as dividend. This was accounted for as a return of capital thereby reducing the parent company's investment in these subsidiaries to the extent sufficient to reduce such investment.

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)

10 Investment in subsidiary undertakings (continued)

The subsidiary undertakings at 31 December 2022, which are incorporated in the United Kingdom and are registered and operate in England and Wales, or Scotland (unless otherwise stated), are as follows:

Name of subsidiary	Principal activity	Proportion of ownership interest and voting rights held	
		2022	2021
EDF Energy Nuclear Generation Group Limited (4)	Holding company	100%	100%
EDF Energy Innovation Limited (3)^	Provision of innovation services	100%	100%
British Energy Bond Finance Limited *+	Financial activities	0%	100%
British Energy Limited (4)*^	Holding company	100%	100%
British Energy Generation (UK) Limited *+	Holding company	0%	100%
British Energy International Holdings Limited *+	Holding company	0%	100%
British Energy Trustees Limited *+	Financial activities	0%	100%
Lochside Insurance Limited (Guernsey) (1) *	Insurance company	100%	100%
EDF Energy Nuclear Generation Limited (2) *	Power generation	100%	100%

* Indirectly held

(1) Registered Address: PO Box 155, Mill Court, La Charroterie, St Peter Port, Guernsey, GY1 4ET

(2) Registered Address: Javelin House, Building 1420, Charlton Court, Gloucester Business Park, Gloucester, England, GL3 4AE

(3) Registered Address: 90 Whitefield street, London, W1T 4EZ

(4) Registered Address: 6 Atlantic Quay, Glasgow, Scotland, G2 8JB

+ The subsidiaries were dissolved in 2022, as part of the corporate simplification.

^The subsidiary is currently being wound up as part of the corporate simplification thereby reducing the company's shareholding, ownership interest and voting rights to nil.

Unless stated otherwise, the registered address of the subsidiary undertakings above is EDF Energy, GSO Business Park, East Kilbride, Scotland, United Kingdom, G74 5PG.

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)

10 Investment in subsidiary undertakings (continued)

The UK Government owns a single special rights redeemable preference share of £1 in EDF Energy Nuclear Generation Group Limited. The Special Share is redeemable at par at any time after 30 September 2006 at the option of the Secretary of State, after consulting EDF Energy Nuclear Generation Group Limited. This share, which may only be held by and transferred to one or more of Her Majesty's Secretaries of State, another Minister of the Crown, the Solicitor for the affairs of Her Majesty's Treasury or any other person acting on behalf of the Crown, does not carry any rights to vote at general meetings, but entitles the holder to attend and speak at such meetings. The Special Share confers no rights to participate in the capital or profits of EDF Energy Nuclear Generation Group Limited beyond its nominal value. The consent of the holder of the Special Share is required for certain matters including the alteration or removal of the provisions in EDF Energy Nuclear Generation Group Limited's Articles of Association relating to the Special Share and to the limitations on shareholdings.

In addition, consent of the holder of the Special Share is required in relation to, amongst other matters, certain amendments to the Articles of Association of EDF Energy Nuclear Generation Limited, or a disposal by EDF Energy Nuclear Generation Group Limited of its shares in these companies. However, the holder of the Special Share will only be entitled to withhold consent to such an amendment or disposal if, in the holder's opinion, the matter in question would be contrary to the interests of national security. The Articles of Association include full details of these restrictions.

11 Trade and other receivables

	2022	2021
	£ m	£ m
Amounts owed by other Group companies	<u>7</u>	<u>1</u>

Amounts owed by other Group companies are interest free, unsecured, and repayable on demand.

The carrying amount of trade and other receivables approximates to their fair value.

12 Cash and cash equivalents

	2022	2021
	£ m	£ m
Short-term deposits	<u>-</u>	<u>1</u>

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is £nil (2021: £1m).

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)

13 Borrowings

	2022	2021
	£ m	£ m
Current loans and borrowings		
Loans from other Group companies	<u>5</u>	<u>5</u>

The loan from other Group companies is interest free, unsecured and is repayable on demand. This amount is owed to EDF Energy Nuclear Generation Group Limited, a subsidiary of the Company, and approximates fair value.

14 Other liabilities

	2022	2021
	£ m	£ m
Amounts due to other group companies	<u>2</u>	<u>2</u>

Amounts due to other Group companies are interest free, unsecured and repayable on demand.

The carrying amount of Other liabilities approximates to their fair value.

15 Share capital

Allotted, called up and fully paid shares

	2022	2021
	No. m	No. m
	£ m	£ m
Ordinary Shares of £0.10 each	<u>11,145</u>	<u>11,145</u>

The Company has one class of Ordinary shares which carry no right to fixed income.

16 Dividends

	2022	2021
	£ m	£ m
Ordinary dividends on equity shares	<u>300</u>	<u>7</u>

Dividends of £240m were paid to EDF Energy Lake Limited and £60m were paid to Centrica plc. The dividends per share for 2022 were £2.69p (2021: £0.06p).

LAKE ACQUISITIONS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTINUED)

17 Other financial commitments

Lake Acquisitions Limited has guaranteed the availability of a £600m (2021: £565m) credit facility with EDF Energy Nuclear Generation Group Limited and EDF Energy Nuclear Generation Limited renewed in March 2022 until March 2024. As of 2022 this facility has not been drawn upon. The Company has received a back-to-back facility from its shareholders to enable it to make this facility available.

18 Related party transactions

During the year, interest of £2.6m was charged to a subsidiary undertaking, EDF Energy Nuclear Generation Limited (2021: £1.1m). This related to commitment fees on the available credit facility (see note 17 for further details).

During the year, interest of £1.6m was payable to the Company's ultimate parent companies (2021: £2m). In both 2021 and 2020, this was split 80% to Électricité de France SA and 20% to Centrica plc. This related to commitment fees on the available facilities.

At 31 December 2022, the Company was owed £nil by British Energy Bond Finance Limited (2021: £0.4m), £1.3m by EDF Energy Nuclear Generation Limited (2021: £0.4m) and £5.2m of dividend receivable from EDF Energy Innovation Limited (recorded as return on capital, see Note 10), all which are subsidiary undertakings.

At 31 December 2022, the Company owed £1.8m in total to its ultimate parent companies, Électricité de France SA and Centrica plc (2021: £2.2m).

19 Parent undertaking and controlling party

EDF Energy Lake Limited holds an 80% interest in the Company and is considered to be the immediate parent company. The remaining 20% is held by Centrica Lake Limited. EDF Energy Holdings Limited, the parent of EDF Energy Lake Limited, is the smallest group for which consolidated financial statements are prepared. Copies of that company's consolidated financial statements may be obtained from the registered office at 90 Whitfield Street, London, England, W1T 4EZ.

At 31 December 2022, Électricité de France SA, a company incorporated in France, is regarded by the Directors as the Company's ultimate parent company and controlling party. This is the largest group for which consolidated financial statements are prepared. Copies of that company's consolidated financial statements may be obtained from the registered office at Électricité de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.