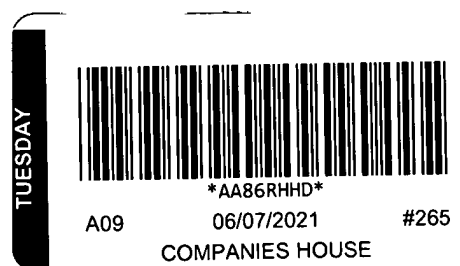


Horizon Nuclear Power Oldbury Limited

Annual Report and Financial Statements
for the year ended 31 March 2021

Registered Number 06811995



Horizon Nuclear Power Oldbury Limited

Annual Report and Financial Statements for the year ended 31 March 2021

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Horizon Nuclear Power Oldbury Limited

Annual Report and Financial Statements for the year ended 31 March 2021

Directors

Tadashi Kume (appointed 1 April 2020)
Takashi Masui
Tomohiro Satake
Carl Newton (appointed 1 April 2021)
Stephen Pierce (appointed 1 April 2021)
Duncan Hawthorne (resigned 31 March 2021)
Masahiko Nakane (resigned 31 March 2021)
Timothy Stone (resigned 31 March 2021)

Company Secretary

Carl Newton (appointed 1 April 2021)
Jonathan Cornelius (resigned 31 March 2021)

Auditor

Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

Registered Office

Whitebrook Park
Lower Cookham Road
Maidenhead
SL6 8YA

Horizon Nuclear Power Oldbury Limited

Strategic report for the year ended 31 March 2021

Principal activities and review of the business, including subsequent events

Principal Activities

Horizon Nuclear Power Oldbury Limited ("Horizon" or the "Company") is incorporated and domiciled in the UK. The Company is a fully owned subsidiary of Horizon Nuclear Power Limited (the "Shareholder"), along with Horizon Nuclear Power Wylfa Holdings Limited. Together with Horizon Nuclear Power Wylfa Holdings Limited's subsidiaries Horizon Nuclear Power Wylfa Limited and Horizon Nuclear Power Services Limited, these companies form the Horizon Nuclear Power Group (the "Group").

The principal activity of the Company was the development of low carbon electricity generation facilities, which currently includes the development of its land holdings at Oldbury towards the construction and operation of a new nuclear power plant. However, as a result of issues relating to the raising of finance for the construction of Horizon's first power station, Wylfa Newydd, on Anglesey, the Group in January 2019 suspended the majority of its activities. Subsequently, in September 2020, following an announcement from Hitachi, Ltd. that it would cease its backing for Horizon entirely and withdraw from the UK nuclear market, the Group has now ceased all its activities to develop its projects at both Wylfa Newydd on Anglesey and Oldbury on Severn in South Gloucestershire.

Review of business

Following the decision in January 2019 by the Group's parent company Hitachi, Ltd., to suspend the majority of its active development at both sites, Wylfa Newydd and Oldbury, the Company has ceased all development activities.

The lease termination for the Group's main office, Pioneer Place in Gloucestershire, was completed in March 2021, following a year of staff mostly working from home due to the ongoing COVID-19 situation. The Company continued to progress the activities necessary – mostly property refurbishments at Oldbury – to bring the site into a low-risk, minimal intervention care and maintenance condition.

Strategy

In the first half of the year, the remaining Group's staff focused principally on continuing to engage with the UK Government to try to secure the conditions that would allow for a project restart and secure opportunities to develop the Hitachi-GE Advanced Boiling Water Reactor technology on the Oldbury sites.

As was made clear later in the year through the publication of the Prime Minister's Ten Point Plan for a Green Industrial Revolution, the National Infrastructure Strategy, and the long-awaited Energy White Paper, HM Government continues to see a key role for new nuclear in the UK's future energy mix. Detailed discussions were held with HM Government officials on how the Group's plans could be restarted, including, crucially, the need for a new funding model. HM Government made clear its in principle backing for nuclear new build at Wylfa Newydd in particular but, as in the previous year and in common with all companies and sectors, the Group's detailed engagement with the Government was impacted by the ongoing COVID-19 crisis. This included an ongoing delay to the publication of the Government's proposed new funding model for nuclear new build.

The Company has also continued to work closely with its wider stakeholders, including South Gloucestershire County Council (Oldbury site), supply chain, relevant industry and business groups, and the communities around its site. Relationships and support remain strong and the Company has continued to update these audiences on relevant activities.

Horizon Nuclear Power Oldbury Limited

Strategic report for the year ended 31 March 2021 (continued)

Following the decision in September by Hitachi, Ltd. to cease its backing for Horizon entirely and withdraw from the UK nuclear market, the focus of the Group moved to seeking new investors for the Group and its projects to try to ensure a future for them beyond Hitachi, Ltd.'s exit. Positive discussions took place with multiple parties, particularly in relation to Wylfa Newydd which has benefitted from substantial investment, but none of these were able to reach definitive conclusions and no new funding route became clear within the necessary timeframe.

Given this, in the final part of the year, the focus of the Group turned to shut down and ongoing maintenance activities. These activities have included the closure of commercial contracts other than those required for care and maintenance of the site. The remaining Group staff were made redundant as of 31 March, except for retaining two staff who will assist the directors in managing the site and associated properties.

This change was completed as of 31 March and the directors will now manage the site and remaining assets on an ongoing basis until, as and when, an acceptable commercial offer is made from a third party for the acquisition of these. The directors retain responsibility for the ongoing stakeholder relationships, including those around the site.

Subsequent events following the reporting period end

Following the decision to cease all development work, close the remaining Gloucester office and limit ongoing activities to site care and maintenance, Hitachi, Ltd, the Company's ultimate shareholder, determined that it would be appropriate to undertake certain corporate reorganisation activities to simplify its UK group structure and also to simplify the overall equity position of the Horizon Group companies. Activities are underway to implement this.

Key Performance Indicators

The principal key performance indicator the Company applies to manage its activities is cost management. A budget has been agreed and performance is measured against this budget. The budget is periodically being reviewed and where necessary updated.

Risk and Risk Management

Risks are limited following the Hitachi, Ltd. exit decision and assets are valued based on their recoverable amount based on fair value less costs of disposal assuming no future nuclear or other development.

The Company is funded by the Shareholder, which is itself funded by the Ultimate Shareholder.

The Company's cash position is expected to satisfy any short-term liquidity requirements.

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. No assets or liabilities at the end of the year are deemed to carry a significant cash flow risk.

The Company currently does not have any significant credit or market risks.

Financial position

The Company recorded a loss of £1,037k during the year covered by these financial statements (2020: profit of £376k). The Company's total asset position as at 31 March 2021 was £11,165k (2020: £10,982k).

Horizon Nuclear Power Oldbury Limited

Strategic report for the year ended 31 March 2021 (continued)

Distributions, capital raising and share repurchases

The Company has not issued any shares during the year (2020: nil).

The directors do not propose a dividend for the year ended 31 March 2021 (2020: £nil).

Capital management

Capital comprises equity attributable to the parent company. The current primary objective of the Company's capital management is to ensure the Company is adequately funded to meet its financial obligations as they fall due.

The Strategic Report on pages 3 – 5 was approved by the Board of Directors on 28 June 2021 and signed on their behalf by

A handwritten signature in black ink, appearing to read 'T. Satake', written in a cursive style.

Tomohiro Satake
Director
30 June 2021

Horizon Nuclear Power Oldbury Limited

Directors' report for the year ended 31 March 2021

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2021.

Assets

The suspension of most of Horizon's activities in January 2019 triggered an impairment review with all assets being revalued at their recoverable amount based on fair value less costs of disposal.

Other than going concern basis

The Ultimate Shareholder has decided to exit the nuclear new build activities in the UK and it no longer has the intention to restart the Horizon project in the future.

From 1 April 2021 the Horizon companies are managed by the directors and will be held for sale. There is no guarantee that a future sale will be successful or that nuclear newbuild activities will resume following a future sale.

Accordingly, the directors have decided that the preparation of the financial statements should be done on an other than going concern basis.

Political donations

No political donations were made by the Company during the year (2020: £nil).

Employees

The Company has no employees.

Subsequent events following the reporting period end

Subsequent events following the reporting period end are presented in the Strategic Report.

Future developments

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

Horizon Nuclear Power Oldbury Limited

Directors' report for the year ended 31 March 2021 (continued)

Directors and their interests

The directors who held office during the year and to the date of this report were:

Tadashi Kume (appointed 1 April 2020)
Takashi Masui
Tomohiro Satake
Carl Newton (appointed 1 April 2021)
Stephen Pierce (appointed 1 April 2021)
Duncan Hawthorne (resigned 31 March 2021)
Masahiko Nakane (resigned 31 March 2021)
Timothy Stone (resigned 31 March 2021)

None of the directors has any interest in the shares of the Company or its shareholder.

Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic report, 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 the directors have prepared the financial statements in accordance with International Accounting Standards in conformity with the Companies Act 2006. 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 the financial statements have been prepared in accordance with international accounting standards in conformity with the Companies Act 2006;
- 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.

In accordance with Section 418, each director in office at the date the directors' report is approved, confirms that:

(a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Horizon Nuclear Power Oldbury Limited

Directors' report for the year ended 31 March 2021 (continued)

Independent auditors

Ernst and Young LLP have indicated their willingness to continue as auditors of the Company and to remain in office subject to the approval of the directors.

The Directors' Report on pages 6 – 8 was approved by the Board of Directors on 28 June 2021 and signed on their behalf by

A handwritten signature in black ink, appearing to read 'T. Satake', written in a cursive style.

Tomohiro Satake
Director
30 June 2021

Independent auditor's report to the members of Horizon Nuclear Power Oldbury Limited

Opinion

We have audited the financial statements of Horizon Nuclear Power Oldbury Limited for the year ended 31 March 2021 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes 1 to 14, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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.

Emphasis of matter – Basis of preparation

We draw attention to Note 1 of the financial statements which explains that the directors do not intend to restart the Horizon Nuclear project in the future and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in Note 1.

Our opinion is not modified in respect of this matter.

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 with the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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.

Independent auditor's report to the members of Horizon Nuclear Power Oldbury Limited (continued)

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

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 material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 8 & 9, 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.

Independent auditor's report to the members of Horizon Nuclear Power Oldbury Limited (continued)

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

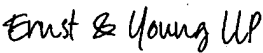
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the Companies Act 2006, International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the relevant tax laws.
- We understood how Horizon Nuclear Power Oldbury Limited is complying with those frameworks by reading internal policies and assessing the entity level control environment through our testing of management procedures, including the level of oversight of those charged with governance. We have made inquiries of management and those charged with governance of any known instances of non-compliance or suspected non-compliance with laws and regulations. We corroborated our inquiries through review of any communications from regulatory bodies and reviewing the minutes of meetings of the board of directors where matters arising from communications from regulators are discussed. Our procedures included obtaining an understanding of the policies and procedures in place regarding compliance with laws and regulations, including how this is monitored and enforced and an understanding of management's process for identifying and responding to fraud risks including programs and controls established to address risks identified, or otherwise prevent, deter and detect fraud, and how senior management monitors those programs and controls.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by inquiring with management and performing a walkthrough of the financial statement close process. We consider there to be a fraud risk due to management override of controls, accordingly we designed our procedures to include testing significant manual journals, journals posted by the key management personnel including directors of the company and journals indicating large or unusual transactions. We have considered the nature of these transactions and for those that we do not consider to be in the normal course of business and are not of a trivial value we obtain evidence to support the validity of the transactions. Our procedures were designed to provide reasonable assurance that the financial statements were free from material misstatements arising from fraud. Further, we performed overall analytical procedures to assess the fairness of the overall financial performance and the position as at and for the year ended.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved inquires with the management, performing tests of details such as checking for unusual legal or penalty expenses, and performing journal entry testing to identify unusual transactions.

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

Independent auditor's report to the members of Horizon Nuclear Power Oldbury Limited (continued)

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.

DocuSigned by:

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Jane Barwell (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol
Date July 2, 2021

Horizon Nuclear Power Oldbury Limited

Statement of comprehensive income for the year ended 31 March 2021

	<i>Note</i>	2021 £'000	2020 £'000
Operating income		237	214
Operating costs	2	(245)	(261)
Operating loss		(8)	(47)
Finance income	5	-	1
(Impairment in)/reversal of impairment in property, plant and equipment		(65)	335
Other non-operating (expense)/income	3	(958)	87
(Loss)/profit before tax on ordinary activities		(1,031)	376
Tax on ordinary activities	7	(6)	-
(Loss)/profit for the year, attributable to equity shareholder		(1,037)	376
Total comprehensive (loss)/profit for the year, attributable to equity shareholder		(1,037)	376

All amounts relate to continuing operations.

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

Horizon Nuclear Power Oldbury Limited

Statement of financial position as at 31 March 2021

	Note	2021 £'000	2020 £'000
Assets			
Non-current assets			
Property, plant and equipment	8	10,315	10,380
		10,315	10,380
Current assets			
Trade and other receivables	9	181	153
Cash and cash equivalents		669	449
		850	602
Total assets		11,165	10,982
Equity and liabilities			
Equity attributable to shareholder			
Share capital	10	113,900	113,900
Retained earnings		(111,933)	(110,896)
Total equity		1,967	3,004
Liabilities			
Current liabilities			
Trade and other payables	11	9,198	7,978
Provision		-	-
Total liabilities		9,198	7,978
Total equity and liabilities		11,165	10,982

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

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



Tomohiro Satake
Director
30 June 2021

Horizon Nuclear Power Oldbury Limited

Statement of changes in equity for the year ended 31 March 2021

	<i>Note</i>	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 31 March 2020		113,900	(110,896)	3,004
Total comprehensive loss for the year		-	(1,037)	(1,037)
Balance at 31 March 2021		113,900	(111,933)	1,967

Comparative figures are shown below for the twelve months to 31 March 2020.

	<i>Note</i>	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 31 March 2019		113,900	(111,272)	2,628
Total comprehensive profit for the year		-	376	376
Balance at 31 March 2020		113,900	(110,896)	3,004

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

Horizon Nuclear Power Oldbury Limited

Statement of cash flow for the year ended 31 March 2021

	2021 £'000	2020 £'000
Cash flows from operating activities		
Operating loss	(8)	(47)
Other non-operating (expenses)/income	(958)	87
(Increase)/decrease in receivables	(28)	125
Increase in payables	1,220	1,542
Increase/(decrease) in provisions	-	(1,915)
Taxation	(6)	-
Other		1
Net cash generated from/(used in) operating activities	220	(207)
Cash flows from investing activities		
Purchase of property, plant and equipment	-	-
Net cash used in investing activities	-	-
Net cash generated from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	220	(207)
Cash and cash equivalents at beginning of period	449	656
Cash and cash equivalents at end of period	669	449

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

Horizon Nuclear Power Oldbury Limited

Notes to the financial statements for the year ended 31 March 2021

1 Accounting policies

Horizon Nuclear Power Oldbury Limited is a private company limited by shares incorporated and domiciled in the UK.

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 periods presented, unless otherwise stated.

These financial statements provide financial data for the year ended 31 March 2021.

Basis of preparation

These financial statements are prepared on an other than going concern basis, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The preparation of the Company's financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Any areas requiring a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed where appropriate.

Other than going concern

The Ultimate Shareholder has decided to exit the nuclear new build activities in the UK and it no longer has the intention to restart the Horizon project in the future.

From 1 April 2021 the Horizon companies are managed by the directors and will be held for sale. There is no guarantee that a future sale will be successful or that nuclear newbuild activities will resume following a future sale.

Accordingly, the directors have decided that the preparation of the financial statements should be done on an other than going concern basis.

Foreign currency translation

The financial statements are presented in sterling, which is the Company's functional currency and the Shareholder's presentation currency. All values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

Foreign currency transactions are recorded at the exchange rate prevailing at the date of the transaction or valuation, where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income within other expenses.

Horizon Nuclear Power Oldbury Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

1 Accounting policies (continued)

Property, plant and equipment

Land comprises the Company's landholdings at Oldbury, and is shown at cost less accumulated impairment.

Freehold land and long leasehold land are not depreciated. The Company's long leasehold land is leased over 999 years, and therefore it is seen fit to treat it consistently with freehold land.

All property, plant and equipment are shown at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Impairment

At each reporting period end date and throughout the year the Company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. In this event, the recoverable amount of the asset is estimated to determine the extent of the loss, and any impairment loss is recognised immediately in the statement of comprehensive income for the financial period.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value and if there is objective evidence that the Company will not collect the full amount of the receivable, this is recognised through the statement of comprehensive income. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Horizon Nuclear Power Oldbury Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents represent cash in hand and at bank, and cash held to the Company's order within its agents' accounts, for example solicitors and land agents.

Share capital

Ordinary shares are classified as equity.

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. Accounts payable are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

Current and deferred income tax

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the reporting period end date in the United Kingdom. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting period end date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Horizon Nuclear Power Oldbury Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

1 Accounting policies (continued)

Recent accounting developments

At the date of authorisation of the financial statements of Horizon Nuclear Power Oldbury Limited for the year ended 31 March 2021, the following Standards and Interpretations relevant to the business of the Company were in issue but not yet effective:

Standard/Interpretation	Effective date
Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current	effective 1 January 2022

The Company has considered the above new standards, interpretations and amendments to published standards that are not yet effective. The Company has concluded that they are either not relevant to the Company or that they would not have a significant impact on the Company's financial statements.

Financial risk factors

Details about the Company's assessment of financial risk factors are included within the Strategic Report on page 4.

Horizon Nuclear Power Oldbury Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

1 Accounting policies (continued)

Significant accounting estimates and judgements

Preparation of financial statements pursuant to IFRS requires assumptions and estimates to be made, which have an impact on the recognised value of the assets and liabilities carried on the statement of financial position, on income and expenses, and on the disclosure of contingent liabilities.

All assumptions and estimates are based on the circumstances and forecasts prevailing on the reporting period end date. Although management uses its best estimates and judgements, actual results could differ from these estimates as future confirming events occur.

There have not been any judgements, estimates or assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the period.

2 Operating costs

	2021 £'000	2020 £'000
Other expenses	245	261
Total operating costs	245	261

3 Other non-operating expenses

	2021 £'000	2020 £'000
Project suspension cost/(income)	958	(87)
Total other non-operating expenses	958	(87)

Following the suspension of most of Horizon's activities in January 2019 all close down and transition activities have been classified as non-operating.

Horizon Nuclear Power Oldbury Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

4 Auditors' remuneration

	2021 £'000	2020 £'000
Fees payable to the Company's auditor for the audit of the financial statements	9	8

5 Finance income

	2021 £'000	2020 £'000
Finance income, being interest from deposits	-	1
Finance income	-	1

6 Employee benefits and Directors' remuneration

The Company has no employees.

One director and one external non-executive director are paid by another group company Horizon Nuclear Power Services Limited and it is not practicable to separately allocate the value of their services to the Company.

The remaining directors are paid by other Hitachi group companies and it is not practicable to separately allocate the value of their services to the Company.

Horizon Nuclear Power Oldbury Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

7 Tax on ordinary activities

	2021 £'000	2020 £'000
Current tax on profit	-	-
Adjustment in respect of prior years	6	-
Tax charge	6	-

The tax charge is higher than (2020: lower than) the standard rate of corporate tax in the UK of 19% (2020: 19%). The differences are reconciled below.

	2021 £'000	2020 £'000
(Loss)/Profit before tax	(1,031)	376
Tax charge calculated at the standard rate of corporation tax of 19% (2020: 19%)	(196)	71
Tax effects of:		
Effects of group relief/other reliefs	(10)	(1)
Non-deductible expenses	58	3
Amounts not recognised	136	(10)
Impairment	-	(63)
Exempt amount	12	-
Adjustments in respect of prior years	6	-
Tax charge	6	-

At the balance sheet date, the Company has temporary differences carried forward of £4,412k. This comprises pre-trading expenditure of £1,458k and fixed asset timing differences of £2,955k. No deferred tax has been recognised in respect of these differences.

The UK government announced in the 2021 Budget on 3rd March 2021 that Corporation Tax will increase from 19% to 25% from 1 April 2023 reversing the downward trend since 2010. As this tax change has not been significantly enacted, the above amounts are calculated at a 19% tax rate. It is not anticipated that these changes will have a material impact on the Company's deferred tax balances.

Horizon Nuclear Power Oldbury Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

8 Property, plant and equipment

	Freehold land	Leasehold land	Freehold building	Power Station AUC	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
Balance at 31 March 2020	27,947	88,058	852	2,956	119,813
Additions	-	-	-	-	-
Balance at 31 March 2021	27,947	88,058	852	2,956	119,813
Accumulated Depreciation					
Balance at 31 March 2020	(18,999)	(86,626)	(852)	(2,956)	(109,433)
Charge for the year	-	-	-	-	-
Impairment loss	(22)	(43)	-	-	(65)
Balance at 31 March 2021	(19,021)	(86,669)	(852)	(2,956)	(109,498)
Net book value					
Balance at 31 March 2020	8,948	1,432	-	-	10,380
Balance at 31 March 2021	8,926	1,389	-	-	10,315

The impairment loss results from a revaluation of land and properties.

Horizon Nuclear Power Oldbury Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

Comparative figures are shown below for the twelve months to 31 March 2020.

	Freehold land £'000	Leasehold land £'000	Freehold building £'000	Power Station AUC £'000	Total £'000
Cost					
Balance at 31 March 2019	27,947	88,058	852	2,956	119,813
Additions	-	-	-	-	-
Balance at 31 March 2020	27,947	88,058	852	2,956	119,813
Accumulated Depreciation					
Balance at 31 March 2019	(19,334)	(86,626)	(852)	(2,956)	(109,768)
Charge for the year	-	-	-	-	-
Impairment gain	335	-	-	-	335
Balance at 31 March 2020	(18,999)	(86,626)	(852)	(2,956)	(109,433)
Net book value					
Balance at 31 March 2019	8,613	1,432	-	-	10,045
Balance at 31 March 2020	8,948	1,432	-	-	10,380

The impairment gain results from a revaluation of properties following the completion of refurbishment works.

9 Trade and other receivables

	2021 £'000	2020 £'000
Amounts due from related parties (see note 12)	153	153
Other receivables	28	-
Trade and other receivables	181	153

The fair values of cash and short term deposits, trade receivables, other receivables, trade payables and other current liabilities approximate to their carrying value, largely because of their short term nature.

Horizon Nuclear Power Oldbury Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

10 Share capital

	Number of shares issued '000	Ordinary shares £'000
Balance at 31 March 2020 and at 31 March 2021	113,900	113,900

Comparative figures are shown below for the twelve months to 31 March 2020.

	Number of shares issued '000	Ordinary shares £'000
Balance at 31 March 2019 and 31 March 2020	113,900	113,900

11 Trade and other payables

	2021 £'000	2020 £'000
Amounts due to related parties (see note 12)	8,955	7,946
Accrued expenses and deferred income	157	25
Other payables	86	7
Trade and other payables	9,198	7,978

The fair values of cash and short term deposits, trade receivables, other receivables, trade payables and other current liabilities approximate to their carrying value, largely because of their short term nature.

Horizon Nuclear Power Oldbury Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

12 Related party transactions

A part of the costs incurred by the Company during the year were paid for on its behalf and were subsequently recharged by its affiliates, Horizon Nuclear Power Services Limited and Horizon Nuclear Power Wylfa Limited.

Transactions between related parties are on an arms' length basis under normal commercial terms. Payables to non-Horizon Group companies are normally due within 30 days of invoice date. Payables and receivables between Horizon Group companies do not normally have fixed payment dates.

	31 March 2021 £'000	31 March 2020 £'000
<i>Value of costs transferred during the year:</i>		
- from Horizon Nuclear Power Services Limited	(9)	(8)
- from Horizon Nuclear Power Wylfa Limited	-	(1,688)
- to Hitachi Nuclear Project Development	4	-
- to Hitachi information Control Systems	2	-
<i>Period-end balance arising from transfer of costs:</i>		
- payable to Horizon Nuclear Power Services Limited	(3,771)	(2,762)
- due from Horizon Nuclear Power Limited	153	153
- payable to Horizon Nuclear Power Wylfa Limited	(5,184)	(5,184)
- payable to Hitachi Nuclear Project Development Europe	(4)	-
- payable to Hitachi information Control Systems Europe	(2)	-

Horizon Nuclear Power Oldbury Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

13 Subsequent events following the reporting period end

Following the decision to cease all development work, close the remaining Gloucester office and limit ongoing activities to site care and maintenance, Hitachi, Ltd, the Company's ultimate shareholder, determined that it would be appropriate to undertake certain corporate reorganisation activities to simplify its UK group structure and also to simplify the overall equity position of the Horizon Group companies. Activities are underway to implement this.

14 Ultimate parent undertaking

The immediate parent undertaking and smallest group to consolidate these financial statements is Horizon Nuclear Power Limited. Copies of Horizon Nuclear Power Limited consolidated financial statements can be obtained from: Whitebrook Park, Lower Cookham Road, Maidenhead, SL6 8YA.

The ultimate parent undertaking and largest group to consolidate these financial statements is Hitachi, Limited incorporated in Japan. Copies of Hitachi, Limited consolidated financial statements can be obtained from: 6-6, Marunouchi 1-Chome, Chiyoda-ku, Tokyo, 100-8280 Japan.