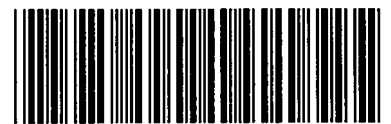


Horizon Nuclear Power Wylfa Limited

Annual Report and Financial Statements
for the year ended 31 March 2014

Registered Number 06811987

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Horizon Nuclear Power Wylfa Limited

Annual Report and Financial Statements for the year ended 31 March 2014

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Directors

Stephen Gomersall
Masaharu Hanyu
Tatsuro Ishizuka
Duncan Hawthorne
Sang Hoon Lee

(resigned 14 July 2014)
(appointed 13 May 2013)
(appointed 13 May 2013)

Company Secretary

Alex Rippon

Auditor

Ernst & Young LLP
The Paragon
Counterslip
BRISTOL
BS1 6BX

Registered Office

5210 Valiant Court
Gloucester Business Park
Delta Way
Gloucester GL3 4FE

Horizon Nuclear Power Wylfa Limited

Strategic report for the year ended 31 March 2014

Principal Activities

Horizon Nuclear Power Wylfa Limited ("Horizon" or the "Company") is incorporated and domiciled in the UK. The principal activity of the Company is the development of low carbon electricity generation facilities, which currently includes the development of its land holdings at Wylfa towards the construction and operation of a new nuclear power plant. It will continue with these activities for the foreseeable future. The Company is a fully owned subsidiary of Horizon Nuclear Power Limited (the "Shareholder") along with Horizon Nuclear Power Oldbury Limited and Horizon Nuclear Power Services Limited. Together these companies form the Horizon Nuclear Power Group (the "Group").

Review of business

During the year, the Company has continued to develop and progress Wylfa towards obtaining the necessary consents to construct and operate a new nuclear power plant. Going forward the Company will continue to develop the site at Wylfa, as well as considering investments in alternative low carbon electricity generation.

Following the acquisition of Horizon Group by Hitachi Limited in November 2012, and the implicit selection of the Advanced Boiling Water Reactor ("ABWR") technology, the Company entered into a service agreement to procure power station project delivery services and general and administrative services from Horizon Nuclear Power Services Limited, effective from 1 April 2013. Under the terms of this agreement the Company made a one off payment of £66,800k to Horizon Nuclear Power Services Limited to reimburse work undertaken by Horizon Nuclear Power Services Limited prior to 1 April 2013 that is considered to have enduring value to Horizon Nuclear Power Wylfa Limited's power station project.

Strategy

The Group undertook a strategic review of its business and concluded that the first project is to construct two ABWR units as a single power station at the Wylfa site. The precise timetable and phasing for Oldbury is yet to be finalised but development will begin at Wylfa first, with Oldbury to follow, and it is expected that Wylfa will form the template for the model at Oldbury. The Wylfa power station project was officially named "Wylfa Newydd" in November 2013.

Site development

Site activities have particularly focused on the continuation of key environmental and ecological studies necessary to support a future application to develop the site for the construction of a power plant. In the fourth quarter of the year a programme of ground investigation works commenced at Wylfa to provide a thorough understanding of the ground conditions which will be relevant in the detailed design and planning of the power station.

Design

On 15 May 2013 the Company signed a contract with Hitachi-GE Nuclear Energy Limited ("Hitachi-GE") for front-end engineering and design of the Wylfa power station.

In the second quarter of the year, the first tranche of Generic Design Assessment ("GDA") documents were submitted to the Office for Nuclear Regulation ("ONR") and the Environment Agency ("EA") for review. ONR formally accepted the GDA Step 1 documents from Hitachi-GE on 18 December 2013, and following acceptance, it was confirmed on 6 January 2014 that Hitachi-GE has progressed to Step 2 of the GDA process.

Horizon Nuclear Power Wylfa Limited

Strategic report for the year ended 31 March 2014 (continued)

Review of business (continued)

Regulatory justification

The UK ABWR Regulatory Justification Application was submitted to the Department for Energy and Climate Change ("DECC") on 16 December 2013. In the third quarter of the year, the Government consultation on UK ABWR Regulatory Justification commenced.

Electricity Market Reform

Throughout the year the UK Government has progressed its reform of the GB electricity market through its Electricity Market Reform ("EMR") policy. In the second quarter of the year, the EMR delivery plan and the Contract for Difference ("CFD") were issued by DECC. In October 2013, DECC announced the agreement of the key commercial terms with EDF in relation to their Hinkley Point C project. The UK Energy Bill received Royal Assent, becoming law on 18 December 2013. Subsequently the Government published the revised CFD documentation as part of the EMR delivery plan.

Corporate

In December 2013 the Group entered into a Cooperation Agreement with Her Majesty's Treasury to provide a framework for structured engagement to enable access to the UK Government Infrastructure Guarantee Scheme.

Key Performance Indicators

The principal key performance indicators the Company applies to manage its activities are cost optimisation and programme management against development milestones. Cost optimisation is managed by Horizon Group's Commercial and Finance departments. Programme management milestones are set at the start of each financial year and reviewed on a regular basis. By the end of the financial year the Company rated its performance against these key performance indicators as on target.

Financial risk factors

The management of the Company and the execution of the Company's strategy are subject to a number of risks. These are principally around the wider political and public acceptance of building new nuclear power plants, and specifically around obtaining the relevant licences and approvals to build and operate a nuclear power plant at the Company's site. The Company manages these risks through careful stakeholder involvement and monitoring against the project milestones.

In addition, the directors have identified the need to manage the Company's material financial risks, which are principally around cash flow and liquidity management. These risks are monitored by the Finance and Risk function which develops cash flow forecasts and funding schedules for the Company. The Company is funded by its Shareholder, which is itself funded by Hitachi, Limited (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, and manages foreign exchange risk by hedging firm foreign currency commitments using forward foreign currency contracts.

Horizon Nuclear Power Wylfa Limited

Strategic report for the year ended 31 March 2014 (continued)

Financial position

The Company recorded a loss of £78,010k during the year covered by these financial statements (fifteen months to 31 March 2013: loss of £7,193k), of which £66,800k was a one off payment under the service agreement with Horizon Nuclear Power Services Limited. The Company's total asset position as at 31 March 2014 was £387,870k (31 March 2013: £307,608k).

Distributions, capital raising and share repurchases

The Company issued 190,000,000 shares during the year in exchange for £75,000k cash consideration and £115,000k settlement of intercompany debt.

The directors do not propose a dividend for the year ended 31 March 2014 (fifteen months to 31 March 2013: £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. This is normally managed through two annual equity injections, calculated and timed in accordance with cash flow forecast information. The Ultimate Shareholder has confirmed that it will continue to provide funding to meet the financial obligations and liabilities of the Company as they fall due for at least the forthcoming twelve months from the date of approval of these financial statements.

During the year ended 31 March 2014 there was a third share issue which was carried out as part of an exercise to balance out historical intercompany debt positions across the Horizon Group companies.

The Strategic Report on pages 2 - 4 was approved by the Board of Directors on 15 July 2014 and signed on their behalf by



Sang Hoon Lee
Director
15 July 2014

Horizon Nuclear Power Wylfa Limited

Directors' report for the year ended 31 March 2014

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2014, with comparatives for the fifteen months to 31 March 2013. The prior year longer period of account was used to bring the Company's accounting reference date in line with that of its Ultimate Shareholder, Hitachi, Limited.

Assets

Expenditure incurred by the Company that clearly supports the on-going project to obtain the power station designs, permissions and necessary site licences and consents, commercial agreements and organisational structure to enable the Company to build and subsequently operate a nuclear power station, as well as costs incurred in site preparation and power station construction, is all considered to be part of the cost of construction, and is capitalised as a tangible asset.

This represents a change from prior years' accounting treatment of such assets, which were previously accounted for as intangible development costs, reflecting the intangible nature of the assets acquired in the early phase of development of the nuclear power station. Now that the Group has moved from the early development phase of its projects, to the delivery of a specific technology with a clear strategy supported by the Ultimate Shareholder, this policy has been reviewed and it is now considered appropriate to classify all assets related to the power station as tangible. This policy is applied consistently across the Group. Prior year values have been restated accordingly in these financial statements.

Going concern basis

The Ultimate Shareholder has confirmed that it will continue to provide funding to meet the financial obligations and liabilities of the Company as they fall due for at least the forthcoming twelve months from the date of approval of these financial statements. Accordingly, the directors are satisfied that the going concern basis remains appropriate for the preparation of the financial statements.

Political donations

No political donations were made by the Company during the year (fifteen months to 31 March 2013: £nil).

Employees

The Company has no employees.

Subsequent events following the reporting period end

No significant events have occurred between the reporting period end and the signing of these financial statements.

Directors and their interests

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

Stephen Gomersall
Masaharu Hanyu
Tatsuro Ishizuka
Duncan Hawthorne
Sang Hoon Lee

(resigned 14 July 2014)
(appointed 13 May 2013)
(appointed 13 May 2013)

Each director has no interest in the shares of the Company, and received no salary or emoluments from the Company during the year.

Horizon Nuclear Power Wylfa Limited

Directors' report for the year ended 31 March 2014 (continued)

Statement of Directors' responsibilities

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 the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 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.

Independent auditors

Ernst and Young LLP have indicated their willingness to continue as auditors of the Company and to remain in office until the next Annual General Meeting of the Company at which financial statements are laid.

The Directors' Report on pages 5 - 6 was approved by the Board of Directors on 15 July 2014 and signed on their behalf by


Sang Hoon Lee
Director
15 July 2014

Horizon Nuclear Power Wylfa Limited

Independent auditors' report to the members of Horizon Nuclear Power Wylfa Limited

We have audited the financial statements of Horizon Nuclear Power Wylfa Limited for the year ended 31 March 2014 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statements of Changes in Equity, the Statement of Cash Flow and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its loss for the period then ended;
- ▶ have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Horizon Nuclear Power Wylfa Limited

Independent auditors' report to the members of Horizon Nuclear Power Wylfa Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

Ernst & Young LLP

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

17 July 2014

Horizon Nuclear Power Wylfa Limited

Statement of comprehensive income for the year ended 31 March 2014

	<i>Note</i>	Year ended 31 March 2014 £'000	Fifteen months to 31 March 2013 £'000
Other operating income		105	92
Operating costs	2	(10,313)	(1,054)
Exceptional operating costs	3	(66,959)	(6,228)
Operating loss		(77,167)	(7,190)
Finance income		82	-
Foreign exchange loss		(928)	-
Loss before tax on ordinary activities		(78,013)	(7,190)
Tax on ordinary activities	6	3	(3)
Loss for the period, attributable to equity shareholder		(78,010)	(7,193)
Total comprehensive loss for the period, attributable to equity shareholder		(78,010)	(7,193)

All amounts relate to continuing operations.

The notes on pages 13 to 26 form an integral part of these financial statements.

Comparative figures are shown for the fifteen months to 31 March 2013.

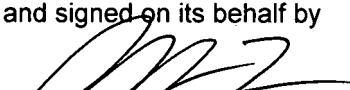
Horizon Nuclear Power Wylfa Limited

Statement of financial position as at 31 March 2014

	Note	31 March 2014 £'000	31 March 2013 (Restated) £'000
Assets			
Non-current assets			
Property, plant and equipment	7	352,352	307,342
Intangible assets	8	2,053	-
		354,405	307,342
Current Assets			
Trade and other receivables	9	581	-
Cash and cash equivalents		32,884	266
		33,465	266
Total assets		387,870	307,608
Equity and liabilities			
Equity attributable to shareholder			
Share capital	10	483,000	293,000
Retained earnings		(104,590)	(26,580)
Total equity		378,410	266,420
Liabilities			
Non-current liabilities			
Provisions	14	837	-
		837	-
Current liabilities			
Trade and other payables	11	8,623	40,176
Current income tax liabilities		-	3
Provisions	14	-	1,009
		8,623	41,188
Total liabilities		9,460	41,188
Total equity and liabilities		387,870	307,608

The notes on pages 13 to 26 form an integral part of these financial statements.

The financial statements on pages 9 to 26 were approved by the Board of Directors on 15 July 2014 and signed on its behalf by


Sang Hoon Lee
Director
15 July 2014

Horizon Nuclear Power Wylfa Limited
Registered Number: 06811987

Horizon Nuclear Power Wylfa Limited

Statement of changes in equity for the year ended 31 March 2014

	<i>Note</i>	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 31 March 2013		293,000	(26,580)	266,420
Loss for the year		-	(78,010)	(78,010)
Issue of share capital	10	190,000	-	190,000
Balance at 31 March 2014		483,000	(104,590)	378,410

Comparative figures are shown below for the fifteen months to 31 March 2013.

	<i>Note</i>	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 31 December 2011		273,000	(19,387)	253,613
Loss for the period		-	(7,193)	(7,193)
Issue of share capital	10	20,000	-	20,000
Balance at 31 March 2013		293,000	(26,580)	266,420

The notes on pages 13 to 26 form an integral part of these financial statements.

Horizon Nuclear Power Wylfa Limited

Statement of cash flow for the year ended 31 March 2014

	Year ended 31 March 2014	Fifteen months to 31 March 2013 (Restated)
	£'000	£'000
Cash flows from operating activities		
Operating loss	(77,167)	(7,190)
Depreciation	77	58
Amortisation	2	-
Adjustment for impairment of non-current assets	159	6,228
Foreign exchange loss	(928)	-
(Increase)/decrease in receivables	(579)	24
(Decrease) in payables	(31,552)	(13,623)
Non-cash settlement of intercompany charges (note 10)	115,000	-
(Decrease) in provisions	(172)	-
Taxation paid	(3)	-
	4,837	(14,503)
Cash flows from investing activities		
Purchases of property, plant and equipment	(45,246)	(5,669)
Purchases of intangible assets	(2,055)	-
	(47,301)	(5,669)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	75,000	20,000
Interest income	82	-
	75,082	20,000
	32,618	(172)
Net increase/(decrease) in cash and cash equivalents		
Cash and cash equivalents at beginning of period	266	438
	32,884	266

The notes on pages 13 to 26 form an integral part of these financial statements.

Comparative figures are shown for the fifteen months to 31 March 2013.

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2014

1 Accounting policies

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 2014, with comparatives for the fifteen months to 31 March 2013. The prior year longer period of account was used to bring the Company's accounting reference date in line with that of its Ultimate Shareholder, Hitachi, Limited.

Basis of preparation

These financial statements are prepared on a going concern basis, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed where appropriate.

During the year there was a change in accounting policy in relation to property, plant and equipment, which is explained in detail on page 14. Prior year comparatives have been restated.

Going Concern

The Ultimate Shareholder has confirmed that it will continue to provide funding to meet the financial obligations and liabilities of the Company as they fall due for at least the forthcoming twelve months from the date of approval of these financial statements.

Accordingly, the directors are satisfied that the going concern basis remains appropriate for the preparation of the financial statements.

Foreign currency translation

The financial statements are presented in sterling, which is the Company's functional currency and the Shareholder's presentation currency.

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.

The Company elected not to apply hedge accounting to foreign exchange transactions arising during the financial periods covered by these financial statements.

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

1 Accounting policies (continued)

Property, plant and equipment

Land comprises the Company's landholdings at Wylfa, and is shown at cost.

Freehold land and long leasehold land is 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. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over the estimated useful lives of the assets.

All other 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.

Expenditure incurred by the Company that clearly supports the on-going project to obtain the power station designs, permissions and necessary site licences and consents, commercial agreements and organisational structure to enable the Company to build and subsequently operate a nuclear power station, as well as costs incurred in site preparation and power station construction, is all considered to be part of the cost of construction, and is capitalised as a tangible asset. The asset and/or component assets will be classified as an asset under construction at cost until they are ready to be brought into productive use. Depreciation will not start until the assets are brought into use.

This represents a change from prior years' accounting treatment of such assets, which were previously accounted for as intangible development costs, reflecting the intangible nature of the assets acquired in the early phase of development of the nuclear power station. Now that the Group has moved from the early development phase of its projects, to the delivery of a specific technology with a clear strategy supported by the Ultimate Shareholder, this policy has been reviewed and it is now considered appropriate to classify all assets related to the power station as tangible. This policy is applied consistently across the Group. Prior year values have been restated accordingly in these financial statements.

Ranges of estimated useful lives are as follows:

Buildings	10 - 40 years
Vehicles	4 years

Intangible assets

Software purchased or developed by the Company for own use is capitalised as an intangible asset at cost and amortised over its estimated useful life, usually considered to be 3 years.

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

1 Accounting policies (continued)

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.

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.

Provisions

Provisions are recognised when; the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

Financial instruments

The Company has elected not to seek to hedge account its future foreign exchange transactions.

All forward foreign currency transactions are disclosed as trade and other receivables or trade and other payables on the statement of financial position at inception and marked to market at the end of each period. Any movement on these positions is disclosed as a credit or debit within the operating results in the statement of comprehensive income.

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

1 Accounting policies (continued)

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.

Deferred tax liabilities are not recognised if the temporary difference arises from goodwill.

Recent accounting developments

The following standards, amendments and interpretations became effective for the first time for the year beginning 1 April 2013 but either have no material impact or are not relevant to the Company:

Amendment to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 10, IFRS12 & IAS 27	Investment Entities
IFRIC Interpretation 21	Levies

At the date of the approval of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective.

IFRS 9	Financial Instruments (issued in 2010)
Amendments to IFRS 7 and IFRS 9	Mandatory Effective Date and Transition Disclosures

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.

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

1 Accounting policies (continued)

Financial risk factors

Details about the Company's assessment of financial risk factors are included within the Strategic Report on page 3.

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.

2 Operating costs

	Year ended 31 March 2014 £'000	Fifteen months to 31 March 2013 £'000
Depreciation	77	58
Amortisation	2	-
Current year service fee payable to affiliate company (see note 3)	9,166	-
Other expenses	1,068	996
Total operating costs	10,313	1,054

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

3 Exceptional operating costs

	Year ended 31 March 2014 £'000	Fifteen months to 31 March 2013 £'000
Impairment of property, plant and equipment (note 7) (i)	159	6,228
One off service fee payable to affiliate company (ii)	66,800	-
Total exceptional operating costs	66,959	6,228

- (i) As part of a regular impairment review management have ascertained that specific assets totalling £159k (fifteen months to 31 March 2013: £6,228k) hold no enduring value to the business (note 7).
- (ii) During the year the Company entered into a service agreement with Horizon Nuclear Power Services Limited under which Horizon Nuclear Power Services Limited provide power station project delivery services and general and administrative services to the Company on a cost plus basis, effective from 1 April 2013. Under the terms of this agreement the Company made a one off payment of £66,800k to Horizon Nuclear Power Services Limited to reimburse work undertaken prior to 1 April 2013 that is considered to have enduring value to the Company's power station project.

4 Auditors' remuneration

	Year ended 31 March 2014 £'000	Fifteen months to 31 March 2013 £'000
Fees payable to the Company's auditor for the audit of the financial statements	12	9

5 Employee benefits and Directors' remuneration

The Company does not employ any staff.

None of the directors of the Company received any remuneration in respect of their services to the Company during the year.

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

6 Tax on ordinary activities

	Year ended 31 March 2014 £'000	Fifteen months to 31 March 2013 £'000
Current tax on loss	-	3
Current tax – adjustment in respect of prior period	(3)	-
Income Tax (credit)/expense	(3)	3

	Year ended 31 March 2014 £'000	Fifteen months to 31 March 2013 £'000
Loss before tax	(78,013)	(7,190)
Tax credit calculated at standard rate of corporation tax of 23% (fifteen months to 31 March 2013: 24.4%)	(17,943)	(1,754)
Tax effects of:		
- Pre-trading expenditure for which no deferred income tax asset was recognised	17,961	1,757
- Utilisation of tax losses brought forward on which no deferred tax was recognised	(18)	-
- Adjustment in respect of prior periods	(3)	-
Tax (credit)/expense	(3)	3

At the reporting year end date the Company has temporary differences including pre-trading expenditure carried forward of £98,273k (2013: £26,528k) and non-trading losses of £6,135k (2013: £6,215k) on which no deferred tax has been recognised.

The 2013 UK Budget (delivered on 20 March 2013) reduced the main rates of UK corporation tax by 1% to 23%, with effect from 1 April 2013. Additionally, further reductions in the main tax rate to 21% effective from 1 April 2014 and 20% from 1 April 2015, respectively, were announced in the 2013 UK Budget and substantively enacted at the reporting year end date.

The 2014 UK Budget (delivered on 19 March 2014) did not provide any further update on the future rates on corporation tax detailed above.

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

7 Property, plant and equipment

	Freehold land £'000	Lease- hold land £'000	Freehold building £'000	Fixtures & fittings £'000	IT equip- ment £'000	Vehicle £'000	Power station AUC £'000	Total £'000
Cost								
Balance at 31 March 2013 (restated)	117,763	161,324	623	-	-	17	27,674	307,401
Additions	435	-	-	14	333	-	44,464	45,246
Impairment	-	-	-	-	-	-	(159)	(159)
Reclassification	(52)	-	31	-	-	-	21	-
Balance at 31 March 2014	118,146	161,324	654	14	333	17	72,000	352,488
Accumulated Depreciation								
Balance at 31 March 2013 (restated)	-	-	(53)	-	-	(6)	-	(59)
Charge for year	-	-	(62)	-	(11)	(4)	-	(77)
Balance at 31 March 2014	-	-	(115)	-	(11)	(10)	-	(136)
Net book value								
Balance at 31 March 2013 (restated)	117,763	161,324	570	-	-	11	27,674	307,342
Balance at 31 March 2014	118,146	161,324	539	14	322	7	72,000	352,352

Certain freehold buildings owned by the Company been assessed as having a limited economic life and are depreciated over 10 years.

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

7 Property, plant and equipment (continued)

Restated comparative figures are shown below. As disclosed in the Accounting policies note on page 14 these figures now show costs associated with the Company's nuclear power station within assets under construction (Power station AUC). These costs were previously shown as Intangible development costs.

	Freehold land £'000	Lease- hold land £'000	Freehold building £'000	Fixtures & fittings £'000	IT equip- ment £'000	Vehicle s £'000	Power station AUC £'000	Total £'000
Cost								
Balance at 31 December 2011	117,341	161,072	-	-	-	17	29,530	307,960
Additions	422	252	623	-	-	-	4,372	5,669
Impairment	-	-	-	-	-	-	(6,228)	(6,228)
Balance at 31 March 2013	117,763	161,324	623	-	-	17	27,674	307,401
Accumulated Depreciation								
Balance at 31 December 2011	-	-	-	-	-	(1)	-	(1)
Charge for year Reclassification	-	-	(53)	-	-	(5)	-	(58)
Balance at 31 March 2013	-	-	(53)	-	-	(6)	-	(59)
Net book value								
Balance at 31 December 2011	117,341	161,072	-	-	-	16	29,530	307,959
Balance at 31 March 2013	117,763	161,324	570	-	-	11	27,674	307,342

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

8 Intangible assets

	Software £'000	Total £'000
Cost		
Balance at 31 March 2013	-	-
Additions	2,055	2,055
Balance at 31 March 2014	2,055	2,055
Accumulated Amortisation		
Balance at 31 March 2013	-	-
Charge for year	(2)	(2)
Balance at 31 March 2014	(2)	(2)
Net book value		
Balance at 31 March 2013	-	-
Balance at 31 March 2014	2,053	2,053

As disclosed in the Accounting policies note on page 14, costs previously shown as Intangible development costs are now included within tangible assets under construction (Power station AUC) and all comparatives restated. As a result there are no intangible asset comparatives for the fifteen months to 31 March 2013.

9 Trade and other receivables

	31 March 2014 £'000	31 March 2013 £'000
Other receivables	581	-
Trade and other receivables	581	-

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

10 Share capital

	Number of shares issued '000	Ordinary shares £'000
Balance at 31 March 2013	293,000	293,000
Issue of share capital	190,000	190,000
Balance at 31 March 2014	483,000	483,000

The total authorised number of ordinary shares is 1,000,000,000 shares of £1.00 each. The issued and paid ordinary share capital is 483,000,001 shares.

The Company issued 190,000,000 ordinary shares during the year in exchange for £75,000k cash and the cancellation of an intercompany payable balance of £115,000k.

Comparative figures are shown below for the fifteen month period to 31 March 2013.

	Number of shares issued '000	Ordinary shares £'000
Balance at 31 December 2011	273,000	273,000
Issue of share capital	20,000	20,000
Balance at 31 March 2013	293,000	293,000

11 Trade and other payables

	31 March 2014 £'000	31 March 2013 £'000
Trade payables	418	-
Amounts due to related parties (see note 13)	5,882	40,163
Accrued expenses and deferred income	2,323	13
Trade and other payables	8,623	40,176

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

12 Commitments, contingent assets and contingent liabilities

Capital expenditure contracted for at the end of the year but contingent on a number of conditions is as follows:

	31 March 2014 £'000	31 March 2013 £'000
<i>Contingent Assets</i>		
Freehold land	15,080	13,980
Total	15,080	13,980
<i>Contingent Liabilities</i>		
Balance due to third parties in respect of freehold land	(15,080)	(13,980)
Total	(15,080)	(13,980)

The Company has entered into further land transactions which give rise to contingent liabilities and associated contingent assets. The Company is liable to pay up to £15,080k (2013: £13,980k) upon exercise of land options to third parties in consideration of the freehold land. The timing of these payments is uncertain.

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

13 Related party transactions

During the year the Company entered into a Service level agreement with its affiliate, Horizon Nuclear Power Services Limited. Under the terms of the agreement the Company pays Horizon Nuclear Power Services Limited a monthly fee to cover nuclear power station project delivery costs and general and administrative service costs on a cost plus basis. Amounts payable in the year ended 31 March 2014 under this contract included a one off transaction of £66,800k in relation to services provided prior to 1 April 2013.

During the year the Company signed a contract with Hitachi-GE Nuclear Energy Limited for front-end engineering and design of the Wylfa power station. Costs relating to the financial year were invoiced and paid in full by the year end reporting date.

Other related party transactions relate to cash balance transfers and direct cost recharges.

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, with the exception of the service fee charge from Horizon Nuclear Power Services Limited, which is payable within 30 days of invoice date.

	31 March 2014 £'000	31 March 2013 £'000
<i>Value of costs/(income) transferred during the Period:</i>		
- from Horizon Nuclear Power Services Limited	93,038	6,584
- from Horizon Nuclear Power Oldbury Limited	47	-
- from Hitachi Consulting UK Limited	21	-
- from Hitachi-GE Nuclear Energy Limited	20,152	-
<i>Period-end balance arising from transfer of costs:</i>		
- payable to Horizon Nuclear Power Services Limited	5,814	40,163
- payable to Horizon Nuclear Power Oldbury Limited	47	-
- payable to Hitachi Consulting UK Limited	21	-

Horizon Nuclear Power Wylfa Limited

Notes to the financial statements for the year ended 31 March 2014 (continued)

14 Provisions

The Company has entered into a number of property transactions which attract future payments of uncertain timing and/or amount. These have been provided for and represent either payments which are payable on relocation of the vendor, or overage payments that are payable upon the Company obtaining a Development Consent Order ("DCO"). These items were classified as due within one year at 31 March 2013 due to uncertainty over timing, but current expectation is that no payment will be made within the next 12 months and therefore the provision is considered to be non-current at 31 March 2014.

	Payments due on relocation £'000	Overage payments due on DCO £'000	Total £'000
At 31 March 2013	173	836	1,009
Charge to income statement	-	1	1
Provision utilised	(173)	-	(173)
At 31 March 2014	-	837	837

15 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: 5210 Valiant Court, Gloucester Business Park, Delta Way, GL63 4FE.

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.