

# Horizon Nuclear Power Wylfa Limited

Annual Report and Financial Statements  
for the year to 31 December 2010



\*EQP72002\*

EDX 23/09/2011 76  
COMPANIES HOUSE

\*A7JQ3XSI\*

A09 23/09/2011 171  
COMPANIES HOUSE

Registered Number 06811987

---

## **Horizon Nuclear Power Wylfa Limited**

### **Annual Report and Financial Statements for the year to 31 December 2010**

#### **Contents**

Directors' report	2 - 4
Independent auditors' report	5 - 6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Cash flow statement	10
Notes to the financial statements	11 - 21

## **Horizon Nuclear Power Wylfa Limited**

### **Directors' report for the year to 31 December 2010**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2010

#### **Principal activities**

The principal activity of Horizon Nuclear Power Wylfa Limited ("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

#### **Review of business and future developments**

Horizon Nuclear Power Wylfa Limited is a 100% owned subsidiary of Horizon Nuclear Power Limited, itself a 50/50 joint venture owned by RWE Npower plc and E.ON UK plc (the "Ultimate Shareholders"). The Company was incorporated on 6 February 2009 as a UK limited company. The address of its registered office is 5210 Valiant Court, Gloucester Business Park, Delta Way, Gloucester, GL3 4FE

Throughout the year the Company has continued to develop its land holding at Wylfa, Anglesey towards obtaining the necessary consents to construct and operate a new nuclear power plant

The principal key performance indicators the Company applies to manage its activities are cost optimisation and programme management against development milestones. Costs are detailed in note 2 (Operating costs) and note 7 (Intangible assets)

Going forward the company will continue to develop the site at Wylfa, as well as considering investments in alternative low carbon electricity generation

#### **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 stations, 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 develop cash flow forecasts and funding schedules for the Company. The Company is funded by its parent company, which is itself funded by the Ultimate Shareholders. 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 is not exposed to foreign exchange risk in the normal course of business.

## **Horizon Nuclear Power Wylfa Limited**

### **Directors' report for the year to 31 December 2010 (continued)**

#### **Policy on payment of creditors**

It is the Company's policy to agree payment terms with suppliers when agreeing the terms of each transaction, to pay all accounts payable as they fall due, and to abide by agreed terms of payment. The company has no trade creditors.

#### **Charitable donations**

No charitable donations were made by the Company during the year (2009 £0)

#### **Political donations**

No political donations were made by the Company during the year (2009 £0)

#### **Employees**

The Company has no employees

#### **Results and dividends**

In line with expectations, the Company recorded a loss of £5,791,000 during the year covered by these financial statements. The Company's total asset position as at 31 December 2010 was £33,362,000.

The directors do not propose a dividend for the year ended 31 December 2010.

#### **Directors and their interests**

The directors who held office during the year to 31 December 2010 and up to the date of this report (except as noted) were

Volker Beckers	Resigned 20 January 2010
Ralf Gueldner	
Hartmut Pamme	Resigned 1 April 2010
Colin Scoins	
Klaus Hammer	Resigned 20 January 2010
Kevin McCullough	
Fiona Stark	Appointed 20 January 2010
Frank Weigand	Appointed 20 January 2010
Joern-Erik Mantz	Appointed 1 April 2010

The directors do not have any interest in the shares of Horizon Nuclear Power Wylfa Limited or its parent company.

## Horizon Nuclear Power Wylfa Limited

### Directors' report for the year to 31 December 2010 (continued)

#### Statement of Directors' responsibilities

The directors are responsible for preparing 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

PricewaterhouseCoopers 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 accounts are laid.

By Order of the Board

  
22 June 2011 KEVIN MCILLOUGH

## **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 December 2010 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity, the Cash flow statement and the related notes. 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.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities, 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **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.

#### **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 December 2010 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and as applied in accordance with the Companies Act 2006, 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 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

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

22 June 2011

## Horizon Nuclear Power Wylfa Limited

### Statement of comprehensive income for the year to 31 December 2010

	<i>Note</i>	<b>Year to 31 December 2010 £'000</b>	<b>Period to 31 December 2009 £'000</b>
Revenue		-	-
Operating costs	2	(5,791)	(506)
<b>Operating loss, being loss before tax</b>		<b>(5,791)</b>	<b>(506)</b>
Income tax expense	5	-	-
<b>Loss for the year, attributable to equity shareholder</b>		<b>(5,791)</b>	<b>(506)</b>
<b>Total comprehensive income for the year, attributable to equity shareholder</b>		<b>(5,791)</b>	<b>(506)</b>

All amounts relate to continuing operations

The notes on pages 11 to 21 form an integral part of these financial statements

Comparative figures are shown for the period from incorporation on 6 February 2009 to 31 December 2009



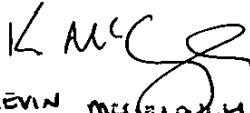
# Horizon Nuclear Power Wylfa Limited

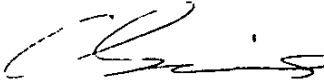
## Balance sheet as at 31 December 2010

	Note	31 December 2010 £'000	31 December 2009 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	24,802	23,705
Intangible assets	7	8,560	564
		<b>33,362</b>	<b>24,269</b>
<b>Total assets</b>		<b>33,362</b>	<b>24,269</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to shareholder</b>			
Share capital	8	23,000	23,000
Retained earnings		(6,297)	(506)
<b>Total equity</b>		<b>16,703</b>	<b>22,494</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	16,659	1,775
<b>Total liabilities</b>		<b>16,659</b>	<b>1,775</b>
<b>Total equity and liabilities</b>		<b>33,362</b>	<b>24,269</b>

The notes on pages 11 to 21 form an integral part of these financial statements

The financial statements on pages 7 to 21 were approved by the Board of Directors on 22 June 2011 and signed on their behalf by

  
KEVIN MCLAUGHLIN  
Director  
22 June 2011

  
COLIN SCOVNS  
Director  
22 June 2011

Horizon Nuclear Power Wylfa Limited

Registered Number: 06811987

## Horizon Nuclear Power Wylfa Limited

### Statement of changes in equity for the year to 31 December 2010

	<i>Note</i>	<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
<b>Balance at 31 December 2009</b>		<b>23,000</b>	<b>(506)</b>	<b>22,494</b>
Loss for the year		-	(5,791)	(5,791)
Issue of share capital	8	-	-	-
<b>Balance at 31 December 2010</b>		<b>23,000</b>	<b>(6,297)</b>	<b>16,703</b>

Comparative figures are shown below for the period from incorporation on 6 February 2009 to 31 December 2009

	<i>Note</i>	<b>Share Capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
<b>Balance at incorporation</b>		-	-	-
Loss for the period		-	(506)	(506)
Issue of share capital	8	23,000	-	23,000
<b>Balance at 31 December 2009</b>		<b>23,000</b>	<b>(506)</b>	<b>22,494</b>

The notes on pages 11 to 21 form an integral part of these financial statements

## Horizon Nuclear Power Wylfa Limited

### Cash flow statement for the year to 31 December 2010

	Year to 31 December 2010 £'000	Period to 31 December 2009 £'000
<b>Cash flows from operating activities</b>		
Loss for the period	(5,791)	(506)
Increase in payables	14,884	1,775
<b>Net cash generated from operating activities</b>	<b>9,093</b>	<b>1,269</b>
<b>Cash flows from investing activities</b>		
Purchases of intangible assets	(7,996)	(564)
Purchases of property, plant and equipment (PPE)	(1,097)	(23,705)
<b>Net cash used in investing activities</b>	<b>(9,093)</b>	<b>(24,269)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	-	23,000
<b>Net cash generated from financing activities</b>	<b>-</b>	<b>23,000</b>
<b>Net increase in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at beginning of year	-	-
<b>Cash and cash equivalents at end of year</b>	<b>-</b>	<b>-</b>

The notes on pages 11 to 21 form an integral part of these financial statements

Comparative figures are shown for the period from incorporation on 6 February 2009 to 31 December 2009

## **Horizon Nuclear Power Wylfa Limited**

### **Notes to the financial statements for the year to 31 December 2010**

#### **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 years presented, unless otherwise stated.

##### **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 parent company, Horizon Nuclear Power Limited, has confirmed that it will continue to support the Company for at least the forthcoming 12 months from the date of approval of these financial statements year. Accordingly, the directors are satisfied that the going concern basis remains appropriate for the preparation of the financial statements.

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 on page 15.

Horizon Nuclear Power Wylfa Limited was incorporated on 6 February 2009 as a UK limited company. The address of its registered office is 5210 Valiant Court, Gloucester Business Park, Delta Way, Gloucester, GL3 4FE.

##### **Foreign currency translation**

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

Foreign currency transactions are recorded at the exchange rate prevailing at the date of the transaction. 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.

##### **Property, plant and equipment**

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

---

## **Horizon Nuclear Power Wylfa Limited**

### **Notes to the financial statements for the year to 31 December 2010 (continued)**

#### **1 Accounting policies (continued)**

##### **Property, plant and equipment (continued)**

Freehold land is not depreciated. 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.

Ranges of estimated useful lives are as follows:

Leasehold land	Period of lease
----------------	-----------------

##### **Intangible assets**

Development expenditure incurred by the Company that clearly supports the ongoing programme to obtain the necessary site licences and consents to build and subsequently operate a nuclear power station is capitalised as an intangible asset.

All other development expenditure that does not meet the criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

All intangible assets are acquired assets and are accounted for at historical cost less amortisation. Amortisation does not commence until the nuclear power station becomes operational.

##### **Cash and cash equivalents**

Cash and cash equivalents represent cash in hand and at bank.

##### **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 or less. If not, they are presented as non-current liabilities.

## **Horizon Nuclear Power Wylfa Limited**

### **Notes to the financial statements for the year to 31 December 2010 (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 balance sheet 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 balance sheet 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.

##### **Recent accounting developments**

The following standards, amendments and interpretations became effective for the first time for the year beginning 1 January 2010 but either have no material impact or are not relevant to the Company.

- IFRS 1 (revised) 'First-time adoption'
- IFRS 3 (revised) 'Business combinations'
- IAS 27 (revised) 'Consolidated and separate financial statements'
- Amendment to IAS 39, 'Financial instruments: Recognition and measurement', on Eligible hedged items
- Amendment to IFRS 2, 'Share based payments – Group cash-settled share-based payment transactions'
- Amendments to IFRS 1 for additional exemptions
- IFRIC 12, 'Service concession arrangements'
- IFRIC 15, 'Agreements for the construction of real estate'
- IFRIC 16, 'Hedges of a net investment in a foreign operation'
- IFRIC 17, 'Distributions of non-cash assets to owners'
- IFRIC 18, 'Transfers of assets from customers'

There are also a number of changes to the standards as a result of the annual improvements April 2009 project mainly effective for the financial year beginning 1 January 2010. These had no material impact on the Company.

## **Horizon Nuclear Power Wylfa Limited**

### **Notes to the financial statements for the year to 31 December 2010 (continued)**

#### **1 Accounting policies (continued)**

##### **Recent accounting developments (continued)**

The following new standards, amendments to standards and interpretations have been issued, but are effective from 1 January 2011 onwards and have not been early adopted and are not expected to have a material impact on the Company

- IFRS 1 (amendment) 'First-time adoption on financial instrument disclosures', effective from 1 July 2010
- IFRS 7 (amendment) 'Financial instruments Disclosures Transfers of financial assets', effective from 1 July 2011
- IFRS 9 'Financial instruments', effective from 1 January 2013
- IAS 24 (revised) 'Related party disclosures', effective from 1 January 2011
- IAS 32 (amendment) 'Financial instruments Presentation Classification of rights issues', effective from 1 February 2010
- IFRIC 14 (amendment) 'Prepayments of a minimum funding requirement', effective from 1 January 2011
- IFRIC 19 'Extinguishing financial liabilities with equity instruments', effective from 1 July 2010
- IAS 12 'Income taxes Deferred tax recovery of underlying assets', effective from 1 July 2012
- IAS 28 (revised) 'Investments in associates', 1 January 2013
- IFRS 10 'Consolidated financial statements', effective 1 January 2013
- IFRS 11 'Joint arrangements', effective 1 January 2013
- IFRS 12 'Disclosures of the interests in other entities', effective 1 January 2013
- IFRS 13 'Fair value measurement', effective 1 January 2013
- IAS 27 (revised) 'Consolidated and separate financial statements', effective 1 January 2013
- Amendment to IFRS 1 on hyperinflation and fixed dates effective 1 July 2013
- IAS 12 (amendment), 'Income taxes' on deferred tax, effective 1 January 2013

There are also a number of changes to standards as a result of the annual improvements 2010 project, mainly effective for the financial year beginning 1 January 2011. These are not expected to have a material impact on the Company.

## **Horizon Nuclear Power Wylfa Limited**

### **Notes to the financial statements for the year to 31 December 2010 (continued)**

#### **1 Accounting policies (continued)**

##### **Financial risk factors**

Details about the Company's assessment of financial risk factors are included within the Directors' Report on page 2

##### **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 balance sheet, 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 balance sheet date. Although management uses its best estimates and judgements, actual results could differ from these estimates as future confirming events occur.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### *Land value - Recognition*

In May 2009 the Company successfully competed in the Nuclear Decommissioning Authority (NDA) land auction securing land at Wylfa. Following completion of the auction, total deposits of £23,000,000 were paid, with the remainder becoming payable on the satisfaction (or waiving) of a number of conditions.

At the balance sheet date, these conditions remain unsatisfied, and it is the Company's view that it is probable that these conditions will be met, but not "virtually certain", which is why the full value of the asset (and corresponding liability) is not shown on the face of the balance sheet, but rather disclosed as contingent (see note 10).

##### *Intangible Assets - Recognition*

Where development costs incurred are specific to a site and are judged to increase the likelihood of a future flow of economic benefits, the costs are capitalised.

##### *Intangible Assets - Classification*

Where capital expenditure is judged to increase the likelihood of obtaining a site licence, the costs are classified as intangible.



## Horizon Nuclear Power Wylfa Limited

### Notes to the financial statements for the year to 31 December 2010 (continued)

#### 2 Operating costs

	Year to 31 December 2010 £'000	Period to 31 December 2009 £'000
Other expenses	5,791	506
<b>Total operating costs</b>	<b>5,791</b>	<b>506</b>

#### 3 Auditors' remuneration

	Year to 31 December 2010 £'000	Period to 31 December 2009 £'000
Fees payable to the Company's auditor for the audit of the financial statements	8	9

#### 4 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 Horizon Nuclear Power Wylfa Limited. Directors' emoluments are paid by the Ultimate Shareholder companies by which the respective directors are employed.

#### 5 Tax on ordinary activities

	Year to 31 December 2010 £'000	Period to 31 December 2009 £'000
Current tax on loss for the year	-	-
Deferred tax charge for the year	-	-
<b>Tax expense</b>	<b>-</b>	<b>-</b>

## Horizon Nuclear Power Wylfa Limited

### Notes to the financial statements for the year to 31 December 2010 (continued)

#### 5 Income tax credit / (expense) (continued)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for the following reasons

	Year to 31 December 2010 £'000	Period to 31 December 2009 £'000
<b>Loss before tax</b>	<b>5,791</b>	<b>506</b>
Tax credit calculated at the standard rate of corporation tax (28%)	1,621	142
Tax effects of		
- Pre-trading expenditure for which no deferred income tax asset was recognised	(1,621)	(142)
<b>Tax credit / (expense)</b>	<b>-</b>	<b>-</b>

#### Factors that may affect future tax charges

During the year Finance (No 2) Act 2010 introduced a reduction in the main rate of UK corporation tax from 28% to 27%. Finance (No 2) Act was substantively enacted on 20 July 2010 with the intention that it would be effective from 1 April 2011, such that the relevant deferred tax balances have been re-measured using a deferred tax rate of 27%.

Further reductions to the UK corporation tax rate were announced in the 2011 Budget speech on 23 March 2011. These changes proposed to reduce the rate by 2% from 28% to 26% from 1 April 2011 and a further 1% per annum to 23% from 1 April 2014. The 1% annual reductions are expected to be included in future Finance Bills.

The 2% reduction from 1 April 2011 replaces the 1% reduction proposed by Finance (No 2) Act 2010.

The 2011 budget changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements.

In addition, legislation is expected to be introduced in Finance Bill 2011 reducing the rates of capital allowances on assets in the main and special pools from 20% to 18% and from 10% to 8% respectively from 1 April 2012. The directors are in the process of evaluating the impact these changes will have on future tax charges.

## Horizon Nuclear Power Wylfa Limited

### Notes to the financial statements for the year to 31 December 2010 (continued)

#### 6 Property, plant and equipment

	Freehold Land £'000	Leasehold land £'000	Total £'000
<b>Cost</b>			
Balance at 31 December 2009	9,905	13,800	23,705
Additions	1,097	-	1,097
<b>Balance at 31 December 2010</b>	<b>11,002</b>	<b>13,800</b>	<b>24,802</b>
<b>Accumulated Depreciation</b>			
Balance at 31 December 2009	-	-	-
Charge for year	-	-	-
<b>Balance at 31 December 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>			
Balance at 31 December 2009	9,905	13,800	23,705
<b>Balance at 31 December 2010</b>	<b>11,002</b>	<b>13,800</b>	<b>24,802</b>

The leasehold and freehold land mainly represents the initial deposits payable following the NDA Land Auction. Further information about the completion payments is contained in note 10.

Comparative figures are shown below for the period from incorporation on 6 February 2009 to 31 December 2009.

	Freehold Land £'000	Leasehold land £'000	Total £'000
<b>Cost</b>			
Balance at incorporation	-	-	-
Additions	9,905	13,800	23,705
<b>Balance at 31 December 2009</b>	<b>9,905</b>	<b>13,800</b>	<b>23,705</b>
<b>Accumulated Depreciation</b>			
Balance at incorporation	-	-	-
Charge for period	-	-	-
<b>Balance at 31 December 2009</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>			
Balance at incorporation	-	-	-
<b>Balance at 31 December 2009</b>	<b>9,905</b>	<b>13,800</b>	<b>23,705</b>

## Horizon Nuclear Power Wylfa Limited

### Notes to the financial statements for the year to 31 December 2010 (continued)

#### 7 Intangible assets

	Development expenditure £'000	Total £'000
<b>Cost</b>		
Balance at 31 December 2009	564	564
Additions	7,996	7,996
<b>Balance at 31 December 2010</b>	<b>8,560</b>	<b>8,560</b>
<b>Accumulated Amortisation</b>		
Balance at 31 December 2009	-	-
Charge for year	-	-
<b>Balance at 31 December 2010</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>		
Balance at 31 December 2009	564	564
<b>Balance at 31 December 2010</b>	<b>8,560</b>	<b>8,650</b>

Comparative figures are shown below for the period from incorporation on 6 February 2009 to 31 December 2009

	Development expenditure £'000	Total £'000
<b>Cost</b>		
Balance at incorporation	-	-
Additions	564	564
<b>At 31 December 2009</b>	<b>564</b>	<b>564</b>
<b>Accumulated Amortisation</b>		
Balance at incorporation	-	-
Charge for period	-	-
<b>At 31 December 2009</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>		
Balance at incorporation	-	-
<b>At 31 December 2009</b>	<b>564</b>	<b>564</b>

## Horizon Nuclear Power Wylfa Limited

### Notes to the financial statements for the year to 31 December 2010 (continued)

#### 8 Share capital

	Number of shares issued '000	Ordinary shares £'000
Balance at 31 December 2009	23,000	23,000
<b>Balance at 31 December 2010</b>	<b>23,000</b>	<b>23,000</b>

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 23,000,001 shares.

The Company issued no ordinary shares during the year to 31 December 2010.

Comparative figures are shown below for the period from incorporation on 6 February 2009 to 31 December 2009.

	Number of shares issued '000	Ordinary shares £'000
Proceeds from shares issued	23,000	23,000
<b>Balance at 31 December 2009</b>	<b>23,000</b>	<b>23,000</b>

#### 9 Trade and other payables

	31 December 2010 £'000	31 December 2009 £'000
Trade payables due to related parties (see note 11)	16,659	1,343
Accrued expenses	-	432
<b>Trade and other payables</b>	<b>16,659</b>	<b>1,775</b>

#### 10 Commitments, contingent assets and contingent liabilities

The Company has the following commitments:

##### (a) Grid Connection Agreement commitment

The Company has a Grid Connection Agreement with National Grid Electricity Transmission ("NGET") at Wylfa. Under the terms of the agreement, the Company is liable for the estimated costs incurred by NGET if the agreement is cancelled. NGET estimate these costs on a 6-monthly basis, and at the end of the year, the Company was liable to an estimated commitment of £4,731,000. At the date of the signing of the financial statements this agreement had been terminated and the Company was no longer liable for this sum.

## Horizon Nuclear Power Wylfa Limited

### Notes to the financial statements for the year to 31 December 2010 (continued)

#### 10 Commitments, contingent assets and contingent liabilities (continued)

##### (b) Capital commitments

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

	31 December 2010 £'000	31 December 2009 £'000
<i>Contingent Assets</i>		
Leasehold land	124,200	124,200
Freehold land	93,123	93,250
<b>Total</b>	<b><u>217,323</u></b>	<b><u>217,450</u></b>
<i>Contingent Liabilities</i>		
Balance due to NDA in respect of leasehold land	(124,200)	(124,200)
Balance due to EdF in respect of freehold land	(82,800)	(82,800)
Balance due to RWE Npower plc in respect of freehold land	(10,323)	(10,450)
<b>Total</b>	<b><u>(217,323)</u></b>	<b><u>(217,450)</u></b>

Under the terms of the NDA land auction, the Company has a contingent liability in respect of those land holdings at Wylfa. Subject to the satisfactory completion of certain conditions precedent, the Company is liable to pay the final payment of £207,000,000 plus an associated interest indexation payment and stamp duty land-tax. The timing of these payments is uncertain.

Under the terms of the Joint Venture Agreement ("JVA") between the Ultimate Shareholders the completion of the NDA land purchase triggers the transfer of certain assets from RWE Npower plc to the Company. These assets include a number of parcels of land proximate to the NDA land with a value of £10,323,000 inclusive of fees and stamp duty land-tax. The timing of these payments is uncertain.

#### 11 Related party transactions

The Company has received assistance from its affiliate, Horizon Nuclear Power Services Limited during the year for various operational and support activities.

The balances with Horizon Nuclear Power Services Limited are due on demand.

	31 December 2010 £'000	31 December 2009 £'000
<i>Value of costs transferred during the year</i>		
- from Horizon Nuclear Power Services Limited	15,316	1,343
<i>Year-end balance arising from transfer of costs</i>		
- from Horizon Nuclear Power Services Limited	16,659	1,343