

# Horizon Nuclear Power Wylfa Limited

Annual Report and Financial Statements  
for the year to 31 December 2011

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Registered Number 06811987

## **Horizon Nuclear Power Wylfa Limited**

### **Annual Report and Financial Statements for the year to 31 December 2011**

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#### **Directors**

Ralf Gueldner  
Joern-Erik Mantz  
Kevin McCullough  
Derek Parkin  
Fiona Stark  
Frank Weigand

Jason Clarke  
Paul Cowling  
Ruediger Koenig  
Willibald Kohlpainter  
Sara Vaughan

#### **Company Secretary**

Alex Rippon

#### **Auditor**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London WC2N 6RH

#### **Registered Office**

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

## **Horizon Nuclear Power Wylfa Limited**

### **Directors' report for the year to 31 December 2011**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2011

#### **Principal activities and review of the business, including subsequent events**

##### ***Principal Activities***

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 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***

During 2011, the Company has continued to develop Wylfa towards obtaining the necessary consents to construct and operate a new nuclear power plant. In particular, preliminary site investigation studies were concluded, and the acquisition of land secured through the Nuclear Decommissioning Authority land auction in 2009 was completed. In addition to this land, the Company concluded the acquisition of a number of additional land transactions to support the future site development.

In July 2011, the Government approved the National Policy Statements (Nuclear) which confirmed that the Wylfa site is suitable for the development of a new nuclear power station.

In October 2011, a Planning Performance Agreement was signed with the Isle of Anglesey County Council, and in December 2011, the Statement of Community Consultation for Wylfa was published, setting out the approach we will take to future consultation with stakeholders.

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

##### ***Subsequent events following the balance sheet date***

On 30 January 2012, the Company received further equity funding of £20,000,000 from Horizon Nuclear Power Limited to support on-going development activities.

On 29 March 2012, following strategic reviews undertaken separately by the Ultimate Shareholders, it was announced that the Ultimate Shareholders do not intend to continue nuclear development in the United Kingdom, and consequently the Company was put up for sale. There is therefore material uncertainty surrounding the ability of the Company to continue as a going concern.

These financial statements have been prepared on the basis that the Company is sold and remains a going concern. The Ultimate Shareholders have confirmed that they will, for at least twelve months after the approval of these financial statements, continue to provide funding to meet the financial obligations and liabilities as they fall due.

#### **Key Performance Indicators**

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).

#### **Financial risk factors**

The management of the Company and the execution of the Company's strategy are subject to a

## **Horizon Nuclear Power Wylfa Limited**

### **Directors' report for the year to 31 December 2011 (continued)**

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.

#### **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. Details of the company trade creditors are shown in note 9.

#### **Charitable and political donations**

No charitable or political donations were made by the Company during the year (2010: £0).

#### **Employees**

The Company has no employees.

#### **Results and dividends**

In line with expectations, the Company recorded a loss of £13,090,000 during the year covered by these financial statements. The Company's total asset position as at 31 December 2011 was £308,421,000. The directors do not propose a dividend for the year ended 31 December 2011.

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

The directors who held office during the year to 31 December 2011 and up to the date of this report, except as noted, were:

Ralf Gueldner  
Joern-Erik Mantz  
Kevin McCullough  
Derek Parkin

Colin Scoins (resigned 1 October 2011)  
Fiona Stark  
Frank Weigand

Jason Clarke  
Paul Cowling  
Ruediger Koenig  
Willibald Kohlpainter  
Sara Vaughan (appointed 2 December 2011)

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 2011 (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

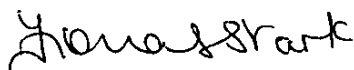
(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(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.

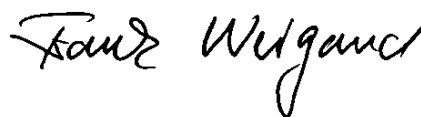
#### Independent auditors

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 financial statements are laid.

By Order of the Board



26 September 2012



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## **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 2011 which comprise the Balance Sheet, the Statement of Comprehensive Income, the Statement of Cash Flow, the Statement of Changes in Equity 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 Directors' Responsibilities Statement set out on page 4, 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. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. 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 December 2011 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
- have been prepared in accordance with the requirements of the Companies Act 2006

## **Horizon Nuclear Power Wylfa Limited**

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

#### **Emphasis of matter - going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1 concerning the Company's ability to continue as a going concern. On 29 March 2012, following strategic reviews undertaken separately by the Ultimate Shareholders, it was announced that the Ultimate Shareholders do not intend to continue nuclear development in the United Kingdom, and consequently the Company was put up for sale. This matter indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

#### **Opinion on other matter prescribed by the Companies Act 2006**

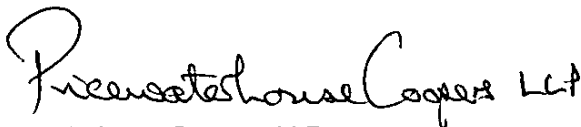
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **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.

The company has passed a resolution in accordance with Section 506 of the Companies Act 2006 that the senior statutory auditor's name should not be stated.



PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

27 September 2012

## Horizon Nuclear Power Wylfa Limited

### Statement of comprehensive income for the year to 31 December 2011

	<i>Note</i>	<b>Year to 31 December 2011 £'000</b>	<b>Year to 31 December 2010 £'000</b>
Revenue		-	-
Operating costs	2	(13,090)	(5,792)
<b>Operating loss, being loss before tax</b>		<b>(13,090)</b>	<b>(5,792)</b>
Tax on ordinary activities	5	-	-
<b>Loss for the year, attributable to equity shareholder</b>		<b>(13,090)</b>	<b>(5,792)</b>
<b>Total comprehensive loss for the year, attributable to equity shareholder</b>		<b>(13,090)</b>	<b>(5,792)</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 year to 31 December 2010



## Horizon Nuclear Power Wylfa Limited

### Balance sheet as at 31 December 2011

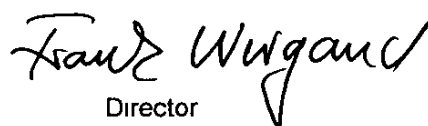
	<i>Note</i>	<b>31 December 2011 £'000</b>	<b>31 December 2010 £'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	278,429	24,802
Intangible assets	7	29,530	8,560
		<b>307,959</b>	<b>33,362</b>
<b>Current Assets</b>			
Trade and other receivables		24	-
Cash and cash equivalents		438	-
		<b>462</b>	<b>-</b>
<b>Total assets</b>		<b>308,421</b>	<b>33,362</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to shareholder</b>			
Share capital	8	273,000	23,000
Retained earnings		(19,387)	(6,297)
<b>Total equity</b>		<b>253,613</b>	<b>16,703</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	53,799	16,659
Provisions	12	1,009	-
<b>Total liabilities</b>		<b>54,808</b>	<b>16,659</b>
<b>Total equity and liabilities</b>		<b>308,421</b>	<b>33,362</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 26 September 2012 and signed on their behalf by



Director  
26 September 2012



Director  
26 September 2012

Horizon Nuclear Power Wylfa Limited

Registered Number: 06811987

## Horizon Nuclear Power Wylfa Limited

### Statement of changes in equity for the year to 31 December 2011

	<i>Note</i>	<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
<b>Balance at 31 December 2010</b>		<b>23,000</b>	<b>(6,297)</b>	<b>16,703</b>
Loss for the year		-	(13,090)	(13,090)
Issue of share capital	8	250,000	-	250,000
<b>Balance at 31 December 2011</b>		<b>273,000</b>	<b>(19,387)</b>	<b>253,613</b>

Comparative figures are shown below 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>

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 2011

	Year to 31 December 2011 £'000	Year to 31 December 2010 £'000
<b>Cash flows from operating activities</b>		
Loss for the period	(13,090)	(5,791)
Depreciation	1	-
Increase in receivables	(24)	-
Increase in payables	38,150	14,884
<b>Net cash generated from operating activities</b>	<b>25,037</b>	<b>9,093</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(253,629)	(1,097)
Purchases of intangible assets	(20,970)	(7,996)
<b>Net cash used in investing activities</b>	<b>(274,599)</b>	<b>(9,093)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	250,000	-
<b>Net cash generated from financing activities</b>	<b>250,000</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>438</b>	<b>-</b>
Cash and cash equivalents at beginning of year	-	-
<b>Cash and cash equivalents at end of year</b>	<b>438</b>	<b>-</b>

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

Comparative figures are shown for the year to 31 December 2010

## **Horizon Nuclear Power Wylfa Limited**

### **Notes to the financial statements for the year to 31 December 2011**

#### **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 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 14.

##### **Going Concern**

On 29 March 2012, following strategic reviews undertaken separately by the Ultimate Shareholders, it was announced that the Ultimate Shareholders do not intend to continue nuclear development in the United Kingdom, and consequently the Company was put up for sale. There is therefore material uncertainty surrounding the ability of the Company to continue as a going concern.

As set out in the Directors' Report, after making enquiries, the Directors have reasonable expectation that the going concern basis remains appropriate for the preparation of the financial statements.

These financial statements have been prepared on the basis that the Company is sold and remains a going concern. The Ultimate Shareholders have confirmed that they will, for at least twelve months after the approval of these financial statements, continue to provide funding to meet the financial obligations and liabilities as they fall due.

An assessment has been performed of the implications of the Company not being sold and the future development activities not continuing. The implications for the financial statements are shown in note 13.

##### **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 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 Wylfa Limited**

### **Notes to the financial statements for the year to 31 December 2011 (continued)**

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

##### **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.

Freehold land and long leasehold land is not depreciated. The Company's long leasehold land is leased over 999 years, 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.

Ranges of estimated useful lives are as follows:

Vehicles	4 years
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##### **Intangible assets**

Development expenditure incurred by the Company that clearly supports the on-going 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, and cash held to the companies' 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 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 2011 (continued)**

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

##### **Provisions**

Provisions are recognised when, the Company has a present legal or constructive obligation as a result of past, 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.

##### **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 2011 but either have no material impact or are not relevant to the Company.

- IAS 24 (revised) 'Related party disclosures'
- Amendments IAS 32 Financial instruments: Presentation on classification of rights issues
- Amendment to IFRS 1, First time adoption on financial instrument disclosures
- Amendment to IFRIC 14, 'Pre-payments of a Minimum Funding Requirement'
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments'

There are also a number of changes to the standards as a result of the annual improvements 2010 project mainly effective for the financial year beginning 1 January 2011. These had no material impact on the Company.

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

Details about the Company's assessment of financial risk factors are included within the Directors' Report on pages 2 and 3.

## Horizon Nuclear Power Wylfa Limited

### Notes to the financial statements for the year to 31 December 2011 (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 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.

Other than the uncertainty surrounding the sale of the Company (see note 13), 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.

##### *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.

#### 2 Operating costs

	Year to 31 December 2011 £'000	Year to 31 December 2010 £'000
Depreciation	1	-
Other expenses	13,089	5,792
<b>Total operating costs</b>	<b>13,090</b>	<b>5,792</b>

#### 3 Auditors' remuneration

	Year to 31 December 2011 £'000	Year to 31 December 2010 £'000
Fees payable to the Company's auditor for the audit of the financial statements	9	8

## Horizon Nuclear Power Wylfa Limited

### Notes to the financial statements for the year to 31 December 2011 (continued)

#### 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 2011 £'000	Year to 31 December 2010 £'000
Current tax on loss for the year	-	-
Deferred tax charge for the year	-	-
<b>Tax expense</b>	<b>-</b>	<b>-</b>

The tax assessed for the year is higher than the small profits rate (2010 higher than the standard rate) of corporation tax in the UK for the following reasons

	Year to 31 December 2011 £'000	Year to 31 December 2010 £'000
<b>Loss before tax</b>	<b>(13,090)</b>	<b>(5,791)</b>
Tax credit calculated at the average small profits rate of corporation tax of 20.25% (2010 standard rate of corporation tax of 28%)	(2,651)	(1,621)
Tax effects of		
- Pre-trading expenditure for which no deferred income tax asset was recognised	2,651	1,621
<b>Tax credit / (expense)</b>	<b>-</b>	<b>-</b>

The small profits rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2011.

Factors that may affect future tax charges

- During the year the main rate of UK Corporation tax was reduced from 28% to 26%, which was substantively enacted on 29 March 2011 and is effective from 1 April 2011.



## Horizon Nuclear Power Wylfa Limited

### Notes to the financial statements for the year to 31 December 2011 (continued)

#### 6 Property, plant and equipment

	Freehold land £'000	Leasehold land £'000	Vehicles £'000	Total £'000
<b>Cost</b>				
Balance at 31 December 2010	11,001	13,800	-	24,801
Additions	106,340	147,272	17	253,629
<b>Balance at 31 December 2011</b>	<b>117,341</b>	<b>161,072</b>	<b>17</b>	<b>278,430</b>
<b>Accumulated Depreciation</b>				
Balance at 31 December 2010	-	-	-	-
Charge for year	-	-	(1)	(1)
<b>Balance at 31 December 2011</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>(1)</b>
<b>Net book value</b>				
Balance at 31 December 2010	11,001	13,800	-	24,801
<b>Balance at 31 December 2011</b>	<b>117,341</b>	<b>161,072</b>	<b>16</b>	<b>278,429</b>

Comparative figures are shown below for the year to 31 December 2010

	Freehold land £'000	Leasehold land £'000	Vehicles £'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>11,001</b>	<b>13,800</b>	<b>-</b>	<b>24,801</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>-</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>11,001</b>	<b>13,800</b>	<b>-</b>	<b>24,801</b>

## Horizon Nuclear Power Wylfa Limited

### Notes to the financial statements for the year to 31 December 2011 (continued)

#### 7 Intangible assets

	Development expenditure £'000	Total £'000
<b>Cost</b>		
Balance at 31 December 2010	8,560	8,560
Additions	20,970	20,970
<b>Balance at 31 December 2011</b>	<b>29,530</b>	<b>29,530</b>
<b>Accumulated Amortisation</b>		
Balance at 31 December 2010	-	-
Charge for year	-	-
<b>Balance at 31 December 2011</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>		
Balance at 31 December 2010	8,560	8,560
<b>Balance at 31 December 2011</b>	<b>29,530</b>	<b>29,530</b>

Comparative figures are shown below for the year to 31 December 2010

	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>8,560</b>

## Horizon Nuclear Power Wylfa Limited

### Notes to the financial statements for the year to 31 December 2011 (continued)

#### 8 Share capital

	Number of shares issued '000	Ordinary shares £'000
Balance at 31 December 2010	23,000	23,000
Proceeds from shares issued	250,000	250,000
<b>Balance at 31 December 2011</b>	<b>273,000</b>	<b>273,000</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 273,000,001 shares.

The Company issued 250,000,000 ordinary shares during the year to 31 December 2011 for £250,000,000.

Comparative figures are shown below for the year to 31 December 2010.

	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>

#### 9 Trade and other payables

	31 December 2011 £'000	31 December 2010 £'000
Amounts due to related parties (see note 11)	53,679	16,659
Accrued expenses	-	-
Other Trade Payables	120	-
<b>Trade and other payables</b>	<b>53,799</b>	<b>16,659</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 31 December 2011, the Company was liable to an estimated commitment of £4,426,000.

## Horizon Nuclear Power Wylfa Limited

### Notes to the financial statements for the year to 31 December 2011 (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 2011 £'000	31 December 2010 £'000
<i>Contingent Assets</i>		
Leasehold land	-	124,200
Freehold land	3,169	93,123
<b>Total</b>	<b><u>3,169</u></b>	<b><u>217,323</u></b>
<i>Contingent Liabilities</i>		
Balance due to NDA in respect of leasehold land	-	(124,200)
Balance due to EdF in respect of freehold land	-	(82,800)
Balance due to RWE Npower plc in respect of freehold land	-	(10,323)
Balance due to various third parties in respect of freehold land	(3,169)	-
<b>Total</b>	<b><u>(3,169)</u></b>	<b><u>(217,323)</u></b>

In December 2011 the Company entered a number of land transactions which give rise to contingent liabilities and associated contingent assets. The Company is liable to pay up to £3,169,000 upon exercise of land options to various third parties in consideration of the freehold land. The timing of these payments is uncertain.

#### 11 Related party transactions

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

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

	31 December 2011 £'000	31 December 2010 £'000
<i>Value of costs transferred during the year</i>		
- from Horizon Nuclear Power Services Limited	37,021	15,316
<i>Year-end balance arising from transfer of costs</i>		
- from Horizon Nuclear Power Services Limited	53,679	16,659

## Horizon Nuclear Power Wylfa Limited

### Notes to the financial statements for the year to 31 December 2011 (continued)

#### 12 Provisions

During the year the Company 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)

	31 December 2011 £'000	31 December 2010 £'000
Payments due on relocation	173	-
Overage payments due upon DCO	836	-
<b>Total</b>	<b>1,009</b>	<b>-</b>

#### 13 Events after the reporting period

On 30 January 2012, to support on-going development activities, the Company issued 20,000,000 ordinary shares of £1.00 each to Horizon Nuclear Power Limited for a consideration of £20,000,000.

On 29 March 2012, following strategic reviews undertaken separately by the Ultimate Shareholders, it was announced that the Ultimate Shareholders do not intend to continue nuclear development in the United Kingdom, and consequently the Company was put up for sale.

These financial statements have been prepared on the basis that the Company is sold and remains a going concern. However, the possibility exists that a buyer for the Company is not identified. In the event that the Company is not sold, this will lead to the cessation of all development activities undertaken by the Company.

An assessment has been performed of the impact of a cessation of development activities on the financial statements of the Company based on the assets, liabilities and commitments existing as at 31 December 2011. The key assumptions applied to this assessment are:

- The Company will continue to own land and properties at Wylfa and will be required to maintain these assets in an appropriate manner until such time as they are sold,
- There is a continuing value to the Company of the vehicle held on the balance sheet as at 31 December 2011.

## Horizon Nuclear Power Wylfa Limited

### Notes to the financial statements for the year to 31 December 2011 (continued)

#### 13 Events after the reporting period (continued)

The results of the assessment are as follows

	Description of impact on financial statements	Value of impact £'000
Freehold and leasehold land	Impairment to estimated agricultural re-sale value, and write-off of option payments - charge to consolidated statement of comprehensive income	270,366
Intangible assets	Write-off net book value to zero - charge to consolidated statement of comprehensive income	29,530
<b>Total impact against fixed assets</b>		<b>299,896</b>
Grid Connection Agreement	Payment to NGET for the estimated costs incurred by NGET following cancellation of the agreement - charge to consolidated statement of comprehensive income	4,426
<b>Total impact against cash</b>		<b>4,426</b>
<b>Total impact against statement of comprehensive income</b>		<b>304,322</b>

The Ultimate Shareholders have confirmed that they will, for at least twelve months after the approval of these financial statements, continue to provide funding to meet the financial obligations and liabilities as they fall due

#### 14 Ultimate parent undertaking

The immediate parent undertaking is Horizon Nuclear Power Limited

The ultimate parent undertakings of Horizon Nuclear Power Limited are E ON AG, a company incorporated in Germany, and RWE AG, a company incorporated in Germany, each with a shareholding of 50%