

NNB GENERATION COMPANY (HPC) LIMITED

REGISTERED NUMBER: 06937084

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021



**NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

CONTENTS

Strategic Report	1 to 6
Directors' Report	7 to 8
Directors' Responsibilities Statement	9
Independent Auditor's Report to the Members of NNB Generation Company (HPC) Limited	10 to 13
Income Statement	14
Statement of Comprehensive Income	15
Balance Sheet	16 to 17
Statement of Changes in Equity	18
Notes to the Financial Statements	19 to 36

Directors	David Waboso Humphrey Cadoux-Hudson Nigel Cann Stuart Crooks Mark Hartley Andrew Mathews Richard Savage Michael Weightman Xiaohui Zeng Keping Zheng David Mitchell Fusheng Xu Kenna Kintrea Marc Lotz Guillaume Callewaert Qiming Chen
Company secretary	Claire Gooding

Auditor	Deloitte LLP Hill House 1 Little New Street London United Kingdom EC4A 3TR
----------------	---

Registered office	90 Whitfield Street London England W1T 4EZ
--------------------------	---

**NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2021.

Principal activity

The principal activity of NNB Generation Company (HPC) Limited ("the Company") is the development of low carbon electricity generation facilities. This development is being achieved by the construction and operation of a mixture of generating capabilities; nuclear power and other sustainable solutions.

The Company is currently building a twin EPR Pressurised Water Reactor ("EPR") at its Hinkley Point C ("HPC") site, in Somerset.

It will continue with these activities for the foreseeable future.

Review of the business

The loss for the year before taxation amounted to £3.9m (2020: profit of £9.6m) and the loss after taxation amounted to £121.9m (2020: loss of £36.9m). The net assets at the end of the year amounted to £14,548.0m (2020: £11,410.9m).

Progress of the business

- On Unit 1, the 1.5 m and 5.15 m slabs in the Reactor Building have been completed, and in the Conventional Island, the 2500 m³ concrete table upon which the turbine will sit is complete.
- The 1.8 km Outfall tunnel drive is completed and the second intake tunnel was near completion. The manufacturing of the 6 intake and outfall heads is complete.
- Civils handed over the first room to MEH. On Unit 2, the first liner ring has been lifted into position into the Reactor Building in November 2021, 11 months after the same operation on the first reactor.
- Manufacturing of key equipment is progressing. For instance, the polar crane quadrilateral beam has been completed and the first low pressure rotor, measuring 20 metres long, has been manufactured.

Project Costs and Timeline

A review of the schedule and cost for the two Hinkley Point C reactors has been finalised on 19th May 2022 and it has concluded:

- the start of electricity generation for Unit 1 is targeted for June 2027, the risk of further delay of the two units is assessed at 15 months, assuming the absence of a new pandemic wave and no additional effects of the war in Ukraine.
- the project completion costs are now estimated in the range of £25Bn to £26Bn (in 2015 sterling). Under the terms of the Contract for Difference, there is no impact for UK consumers.

During more than two years of the Covid-19 pandemic, the project continued without stopping. This protected the integrity of the supply chain and allowed the completion of major milestones. However, people, resources and supply chain have been severely constrained and their efficiency has been restricted. In addition, the quantities of materials and engineering as well as the cost of such activities, including, in particular marine works have risen.

At the end of 2021, the actual costs for the project as a whole stood at £15.3 billion (at nominal values), or £13.6 billion at real value.

**NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

STRATEGIC REPORT (CONTINUED)

Management of the Covid pandemic

Since the beginning of the pandemic, the project has taken extensive measures to guarantee the safety of workers on site and in its offices. These measures are being continuously adapted and evolve to apply best practices and to be able to keep the number of infections as low as possible. From July 2021, measures on site have been eased in line with Government guidance, allowing the project to increase capacity on site, with some prevention measures remaining in place.

Thanks to the approach adopted, the site has remained open and running since the beginning of the pandemic. However, works performed on site and off-site manufacturing have remained affected by Covid in 2021. In particular, social distancing measures prevented an increase to the number of workers on site as planned during part of the year and productivity has been impacted. The number of people working on site at peak has increased from c.5,000 in January 2021 to c.7,400 by the end of 2021.

Interactions with Office of Nuclear Regulations (ONR)

ONR has been regularly informed of the management of the Covid-19 situation and the mitigation plans implemented. ONR confirmed that the Covid control measures were in place and in line with Public Health England guidance.

ONR approved commencement of the bulk Mechanical Electrical and HVAC (MEH) erection in November 2021.

Agreement from ONR will be needed for the dispatch of the first components coming from Framatome and for the delivery of fuel on site.

Contract for Difference (CfD)

The HPC project company, NNB Generation Company (HPC) Limited and the Department of Energy and Climate Change (DECC) have agreed, on October 2015, on the full terms of the CfD for HPC, which was approved by the European Commission in October 2014, ruling that the terms complied with EU state aid rules. The Commission's decision has been challenged by Austria, which sought the annulment of that decision before the General Court of the European Union, which dismissed its action by a judgment of 12 July 2018. On 22 September 2020, the European Court of Justice rejected Austria's appeal and confirmed the Commission's decision approving United Kingdom aid for HPC nuclear power station.

The CfD was signed on 29 September 2016 alongside all the other contracts with the UK Government and it is a contract to provide security in respect of revenues generated from electricity produced and sold by HPC through compensation based on the difference between the strike price and the market price, for a period of 35 years from commissioning of Unit 2.

From the plant's start date, if the reference price at which the generator sells electricity on the market is lower than the strike price set under the terms of the contract, the generator will receive an additional payment. If the reference price is higher than the strike price, the generator will be liable for the difference.

The key elements of the Contract for Difference are:

- the strike price for HPC is set at £92.50/MWh. The strike price will be reduced to £89.50/MWh if the Sizewell project enters into a Contract for Difference or equivalent support, with further compensation from Sizewell C to HPC in order to share UK first of a kind costs of EPR across both projects;
- the strike price is fully indexed to UK inflation through the Consumer Price Index (CPI);
- the payment term is 35 years; in case of a delay to Unit 1 leading to its commercial commissioning after 1st May 2029 or a delay of unit 2 leading to its commercial commissioning after 31 October 2029, the corresponding 35-year payment term would be decreased commensurately with the deadline overrun.

**NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

STRATEGIC REPORT (CONTINUED)

Moreover, any delay in the commercial commissioning of Unit 1 exceeding 4 years after the deadline specified by the agreement for Unit 2 (i.e. beyond 31 October 2033, unless this date is postponed pursuant to the terms of the agreement) authorises (but does not oblige) the UK Government to terminate the agreement. In view of the pandemic, HPC has made a request to the LCCC to extend the COD windows, citing force majeure as allowed by the CfD. Discussions with LCCC continue; the project is protected against certain unfavorable regulatory and legislative changes; provision has also been made to review the costs (up or down depending on the assumptions used) in the fifteenth and twenty fifth years, and to review certain conditions for the costs corresponding to decommissioning and waste management operations (Funding Decommissioning Programme).

There is no explicit volume guarantee in the CfD, nor is there a ceiling; however, the contract is protected against change in law risk and any curtailment on the export of electricity so that the project is put back in the same position it would have been had the change in law or curtailment event not occurred.

Funded Decommissioning Programme (FDP)

Contracts for the Funded Decommissioning Programme (FDP) were signed on 29 September 2016. There is a statutory requirement for nuclear operators to have a FDP, under which an independent Fund Company will collect contributions and manage the money built up to pay for decommissioning of the nuclear reactor at the end of the generation.

The Nuclear Decommissioning Fund Company (FundCo) was set up in compliance with the Energy Act 2008 as its purpose is to provide costs of decommissioning by implementing the FDP.

The overall objective of the FDP is to ensure that operators make provision for:

- The full costs of decommissioning their installations;
- Their full share of the costs of safely and securely managing and disposing of their waste (including long term storage); in doing so, the risk of recourse to public funds is remote.

Key performance indicators

To support the Company's overall objectives in relation to new nuclear, the project has designed detailed performance measures that enable clear accountability for successful delivery of the power station. This will ensure HPC is delivered safely, to quality, on time and on budget. These detailed measures feed in to the following yearly project key performance indicators (KPI's):

Safety

The Company's overall priority is safety. The HPC project is focused on delivering a safe plant for future operation. All project activities ensure the delivery of safety from the design stage (site specific design) and through to procurement, manufacturing, construction, commissioning, operation and the eventual decommissioning of the plant.

HPC Zero Harm is measured through a RIDDOR accident Frequency Rate. Each incident is equally weighted - thus the total result is the sum of all recordable accident in the year (per 100,000 hours worked in the year). Under RIDDOR, the following types of incident are reportable; fatal injuries to workers or members of the public, other specified or major injuries to workers, over-7-day injuries to workers and non-fatal injuries to members of the public. HPC successfully achieved 0.06 for 2021 (2020: 0.08).

Schedule

Construction work continued on the HPC project in 2021, and many milestones including the following have been reached.

**NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

STRATEGIC REPORT (CONTINUED)

- The 1.5m and 5.15m slabs in the reactor building of Unit 1 are completed
- The 2,500 m3 concrete table that will support the turbine of Unit 1 is completed
- First liner ring (382 tons) lifted into the Reactor Building of Unit 2 in Q4

Expenditure

The total expenditure in 2021 was £3,201m (2020: £2,770m) which is £431m higher than previous year. Although Covid-19 slowed expected progress, the overall growth in activity from off-site manufacturing to on-site delivery continued to grow year on year.

Quality

Two of the key metrics used to measure quality performance are; Getting the Construction Deliverables Right First Time and Completeness of the Programme Execution Plans. The Construction Deliverable target was 85%, the project achieved 86% (2020: 88%). The Execution Plan target was 70% and again the project successfully achieved 88% (2020: 82%). These two measures provide confidence that the project will continue to meet the high quality standards it sets.

Principal risks and uncertainties

The following is a discussion of the key risks facing the Company together with a summary of the Company's approach to managing those risks. The governance structure of the Company is designed to manage and mitigate risks. This covers all aspects of the Company's activities, economic or other.

Political and regulatory risk

Political risk arises in relation to public acceptance of building new nuclear power stations, and regulatory risk relates specifically to obtaining the relevant licences and consents to build, operate and decommission the Company's EPRs at HPC. Management is engaged with local residents, regulators and politicians in addressing the safety needs and the need to meet the current and future national energy demand.

Political risk also exists in relation to the UK Government's Electricity Market Reform ("EMR"). EMR includes key measures to attract investment, minimise the impact on consumer bills and create a secure mix of electricity sources including new nuclear, renewables, gas with carbon capture and storage. The Company believes that the risks to it from EMR have been largely mitigated now that the HPC Contract for Difference ("CfD") and Secretary of State Investor Agreement ("SOSIA") are signed as these are contracts containing negotiated rights and protections for the Company and the investors in HPC.

Construction risk

The integrated risk position of HPC reflects the dynamic nature of the risks in a project of this scale and complexity. The existing management controls are broadly effective with intervention plans deployed where necessary to reduce the overall risk exposure or to respond to emerging challenges.

Ongoing focus remains on the risk of delays in design production which may cause overall disruption to the project schedule and increase costs. Extensive action plans are being implemented to drive simplification in the multiple interfaces between engineering, construction and manufacturing to support robust decision-making and expedite closure of open points.

The Covid 19 pandemic had a significant impact on project progress through 2020 and 2021. However, HPC implemented a wide range of measures to ensure construction progressed safely and as effectively as possible, in line with Government guidance. The lessons learned ensure that HPC can best manage the risk of any future pandemic.

**NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties (continued)

Liquidity risk

In order to ensure that sufficient funds are available for ongoing construction, operations and future developments, the Company uses a mixture of shareholder loans and equity finance. The shareholder loans used to fund the HPC investment have been accounted for as equity instruments. These are classified as equity instruments as the terms of the shareholder loan are such that there is no redemption date and the holder has no option to redeem the instrument. Equity finance is funded via its parent company, NNB Holding Company (HPC) Limited, which is itself equity funded by its ultimate shareholders. These arrangements will continue from completion through funding obligations in the HPC shareholders' agreement.

Credit risk

Credit risk is the financial cost of replacing contracts that fail to be performed due to a counterparty's or supplier's default, or failure to deliver. The main risk to the Company is potential significant cost and time over-runs due to insolvencies in the supply chain and/or suppliers unable to fulfil their contractual obligations due to financial constraints. This risk is managed through a credit risk management procedure that measures, monitors and mitigates credit risk.

Foreign currency risk

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates because certain suppliers' invoice in foreign currency, particularly Euro. The Company's policy is to enter foreign currency forward contracts to fix a proportion of foreign currency obligations in GBP to limit the foreign currency risk exposure.

EPR design risk

The 'EPR design risk' is defined as the Company's exposure to a safe and operable design not being developed and approved under UK standards within an economic time frame and cost outlay.

The original generic design was jointly developed using both French and German expertise and has satisfied their engineering codes and standards. The generic design of the EPR was also assessed and accepted by the ONR, concluding in 2012. This design is in the process of being constructed at sites in France and Finland and is in operation in China, thereby enhancing its credibility and demonstrating the feasibility of the EPR technology. The detailed design obligations, driven by the UK's regulatory requirements, are being effectively developed and implemented at each stage of the Project'

The second EPR reactor at China's Taishan nuclear plant successfully entered commercial operation in September 2019. The Taishan project performance provides testament to the quality of the reactor design and confirmation of the industrial feasibility of the projects undergoing development in the UK; with the HPC project the first to benefit from the shared experience of project management and technological expertise provided by the Taishan project.

Brexit

The United Kingdom (UK) left the European Union (EU) on 31 January 2020, entering into a Transition Period that ended on 31 December 2020. The EU-UK Trade and Cooperation Agreement (TCA), agreed on 24 December 2020, sets the basis for the EU-UK relationship from 1st January 2021.

Although there has been progress in some areas during 2021 (e.g. the EU-UK Data Adequacy Agreement), there remain some important outstanding issues.

HPC had identified the business risks arising from the UK's exit from the EU and was well prepared, enabling the business to manage most of the adverse impacts.

**NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

STRATEGIC REPORT (CONTINUED)

Brexit (continued)

HPC believes that the risks are relatively low and are manageable in respect of issues specific to the electricity sector, including the longer-term relationship in the areas of energy trading, new interconnector trading arrangements and North Seas Co-operation.

The civil nuclear agreement, the EU-UK Nuclear Cooperation Agreement (NCA), is similar to other NCAs that the EU has signed with third countries. It will operate for an initial period of 30 years, providing a commitment to cooperation on civil nuclear, including safeguards, safety and security. It also provides a framework for trade in nuclear materials and technology, facilitates research and development, and enables exchange of information.

HPC will continue to work closely with UK Government and Trade Associations to monitor and adapt to the evolving EU-UK trade relationship as the new arrangements are fully implemented.

Going concern

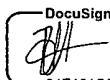
The Company has been equity and shareholder debt funded since incorporation. Following completion and signature of the HPC Shareholder Agreement in September 2016, both shareholders are obliged to act in accordance with the provisions of that Agreement in relation to the Cash Calls required to fund the Company. Cash Call is the term used to describe the process by which the Company requests funding from each shareholder.

For each shareholder there are default mechanisms contained within the Agreement that will, in the event of a Cash Call default, ensure the required funds are made available to the Company.

After making enquiries and reviewing cash flow forecasts and available facilities for at least the next 12 months, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has the ability to draw on adequate resources to continue in operational existence for the foreseeable future. This judgement has been formed taking into account the principal risks and uncertainties that the Company faces, and which have been outlined in more detail elsewhere in the Strategic Report. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Approved by the Board on and signed on its behalf by:

Marc Lotz
Director

DocuSigned by:

34E101C8EB234C8...

**NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

DIRECTORS' REPORT

The Directors present their report and the financial statements for the year ended 31 December 2021.

Principal risks, going concern and uncertainties are discussed within the Strategic Report.

Directors

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

David Waboso

Humphrey Cadoux-Hudson

Nigel Cann

Stuart Crooks

Mark Hartley

Andrew Mathews

Richard Savage

Michael Weightman

Xiaohui Zeng

Keping Zheng

David Mitchell

Fusheng Xu

Kenna Kintrea (appointed 1 January 2021)

Marc Lotz (appointed 1 March 2021)

Guillaume Callewaert (appointed 1 July 2021)

Qiming Chen (appointed 25 October 2021)

Patrick Pruvot (resigned 1 March 2021)

Catherine Back (resigned 1 July 2021)

Haijun Liu (resigned 25 October 2021)

Of the above listed persons Stuart Crooks, Mark Hartley, Catherine Back (resigned), Nigel Cann, Patrick Pruvot (resigned), Marc Lotz (appointed), Xiaohui Zeng, Fusheng Xu and Guillaume Callewaert (appointed) are Executive Directors. None of the Executive Directors had an employment contract with the Company in the current or prior year.

Fusheng Xu and Xiaohui Zeng (appointed), as CGN Executive Directors, are paid by subsidiaries of CGN for their services to the CGN group. The remaining Executive Directors, as EDF Executive Directors, are paid by subsidiaries of the ultimate parent company, EDF S.A., for services to the whole Group. No portion of their remuneration can be specifically attributed to their services to the Company. Details of total EDF Executive Directors' remuneration is available in the group accounts, which are available to the public as set out in note 23.

Richard Savage, Humphrey Cadoux-Hudson, Keping Zheng, Qiming Chen (appointed), and Haijun Liu (resigned) are non-independent Non-Executive Directors. Keping Zheng, Qiming Chen (appointed), and Haijun Liu (resigned) are paid by subsidiaries of CGN for their services to the CGN Group.

Richard Savage and Humphrey Cadoux-Hudson are paid by subsidiaries of the ultimate parent company, EDF S.A., for services to the whole Group. No portion of their remuneration can be specifically attributed to their services to the Company.

Andrew Mathews, Kenna Kintrea (appointed), Michael Weightman and David Waboso are independent Non-Executive Directors.

No Director (2020: none) held any interests in the shares or debentures of the Company or the ED S.A. Group that are required to be disclosed under the Companies Act 2006.

**NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

DIRECTORS' REPORT (CONTINUED)

Dividends

The Directors do not recommend payment of a dividend (2020: £nil).

Political contributions

The Company made no political contributions in the current or prior year.

Future developments

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

Directors' liabilities

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

Disclosure of information to the auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

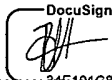
- so far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Reappointment of auditor

It is noted that Deloitte LLP as appointed by the members are deemed to be re-appointed as the auditors to the Company for the financial year ending 31 December 2022 in accordance with the provisions of Section 487(2) of the Companies Act 2006 and that the Directors have been authorised to fix the remuneration of the auditors.

Approved by the Board and signed on its behalf by:

DocuSigned by:

.....34E101G8EB234G8.....

Marc Lotz
Director

28 June 2022
.....

**NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NNB GENERATION COMPANY (HPC) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of NNB Generation Company (HPC) Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Statement of Comprehensive Income
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NNB GENERATION COMPANY (HPC) LIMITED (CONTINUED)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

**NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NNB GENERATION COMPANY (HPC) LIMITED (CONTINUED)

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, and tax legislation and;
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

**NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NNB GENERATION COMPANY (HPC) LIMITED (CONTINUED)

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

.....
Anthony Matthews FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor

London, United Kingdom

.....

NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £ m	2020 £ m
Revenue	4	1.1	1.0
Gross profit		1.1	1.0
Materials and contracting costs		(0.2)	(0.2)
Other operating expenses		(1.0)	(0.2)
Operating profit before depreciation and amortisation		(0.1)	0.6
Gain on disposal of property, plant and equipment	5	0.7	-
Depreciation and amortisation	10	(0.4)	(0.4)
Profit before taxation and finance costs		0.2	0.2
Investment income	6	-	9.4
Finance costs	7	(4.1)	-
(Loss)/profit before taxation		(3.9)	9.6
Taxation	9	(118.0)	(46.5)
Loss for the year		(121.9)	(36.9)

All results are derived from continuing operations in both the current and preceding year.

**NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £ m	2020 £ m
Loss for the year		(121.9)	(36.9)
Items that may be reclassified subsequently to profit or loss			
Loss on cash flow hedges (net)	20	<u>-</u>	<u>(1.3)</u>
Total comprehensive income for the year		<u>(121.9)</u>	<u>(38.2)</u>

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

NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

BALANCE SHEET
AT 31 DECEMBER 2021

	Note	2021 £ m	2020 £ m
Non-current assets			
Property, plant and equipment	10	15,381.7	12,170.6
Right of use assets	11	<u>146.9</u>	<u>159.6</u>
		<u>15,528.6</u>	<u>12,330.2</u>
Current assets			
Trade and other receivables	12	84.1	91.2
Cash and cash equivalents	13	135.0	77.0
Current tax asset		<u>39.7</u>	<u>44.5</u>
		<u>258.8</u>	<u>212.7</u>
Total assets		<u>15,787.4</u>	<u>12,542.9</u>
Current liabilities			
Other liabilities	14	(656.8)	(648.9)
Lease liabilities	11	(6.6)	(6.5)
Provisions	15	<u>(0.3)</u>	<u>(1.1)</u>
		<u>(663.7)</u>	<u>(656.5)</u>
Net current liabilities		<u>(404.9)</u>	<u>(443.8)</u>
Total assets less current liabilities		<u>15,123.7</u>	<u>11,886.4</u>
Non-current liabilities			
Lease liabilities	11	(129.0)	(146.6)
Deferred tax liability	16	<u>(446.9)</u>	<u>(328.9)</u>
		<u>(575.9)</u>	<u>(475.5)</u>
Total liabilities		<u>(1,239.6)</u>	<u>(1,132.0)</u>
Net assets		<u>14,547.8</u>	<u>11,410.9</u>
Capital and reserves			
Called up share capital	18	203.1	203.1
Share premium reserve	18	1,827.7	1,827.7
Capital redemption reserve	19	12,790.3	9,531.3
Retained earnings		<u>(273.1)</u>	<u>(151.2)</u>
Shareholders' funds		<u>14,548.0</u>	<u>11,410.9</u>

**NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

**BALANCE SHEET
AT 31 DECEMBER 2021 (continued)**

The financial statements of NNB Generation Company (HPC) Limited (registered number: 06937084) on pages 14 to 36 were approved by the Board, authorised for issue and signed on its behalf by:

DocuSigned by:



.....34ET01C8EB234C8.....

Marc Lotz
Director
28 June 2022
.....

NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £ m	Share premium £ m	Capital reserve £ m	Hedging reserve £ m	Retained earnings £ m	Total £ m
At 1 January 2020	203.1	1,827.7	6,943.3	1.3	(114.3)	8,861.1
Loss for the year	-	-	-	-	(36.9)	(36.9)
Other comprehensive income	-	-	-	(1.3)	-	(1.3)
Capital reserve (note 19)	-	-	<u>2,588.0</u>	-	-	<u>2,588.0</u>
At 31 December 2020	<u>203.1</u>	<u>1,827.7</u>	<u>9,531.3</u>	-	<u>(151.2)</u>	<u>11,410.9</u>
At 1 January 2021	203.1	1,827.7	9,531.3	-	(151.2)	11,410.9
Loss for the year	-	-	-	-	(121.9)	(121.9)
Capital reserve (note 19)	-	-	<u>3,259.0</u>	-	-	<u>3,259.0</u>
At 31 December 2021	<u>203.1</u>	<u>1,827.7</u>	<u>12,790.3</u>	-	<u>(273.1)</u>	<u>14,548.0</u>

**NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

NOTES TO THE FINANCIAL STATEMENTS

1 General information

NNB Generation Company (HPC) Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on the contents page. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 1 to 6.

Basis of preparation

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

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

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

Summary of disclosure exemptions

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

- a) The requirements of IFRS 7 Financial Instruments: Disclosures;
- b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- d) the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 Presentation of Financial Statements;
- e) the requirements of IAS 7 Statement of Cash Flows;
- f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- i) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets;
- j) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a)-119(c), 120-127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- k) the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases; and
- l) the requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.

Where relevant, equivalent disclosures have been given in the group accounts which are available to the public as set out in note 23.

**NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

Going concern

The Company has been equity and shareholder debt funded since incorporation. Following completion and signature of the HPC Shareholder Agreement in September 2016, both shareholders are obliged to act in accordance with the provisions of that Agreement in relation to the Cash Calls required to fund the Company. Cash Call is the term used to describe the process by which the Company requests funding from each shareholder.

For each shareholder there are default mechanisms contained within the Agreement that will, in the event of a Cash Call default, ensure the required funds are made available to the Company.

After making enquiries and reviewing cash flow forecasts and available facilities for at least the next 12 months, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has the ability to draw on adequate resources to continue in operational existence for the foreseeable future. This judgement has been formed taking into account the principal risks and uncertainties that the Company faces, and which have been outlined in more detail elsewhere in the Strategic Report. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Revenue is recognised either when the performance obligation in the contract has been performed or as control of the performance obligation is passed to the customer.

Revenue from sales of electricity is recognised in the period during which the output is delivered.

Foreign currency transactions and balances

The functional and presentational currency of the Company is pounds sterling. Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

Cash and cash equivalents

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

Taxation

Current tax

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

**NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

Deferred tax

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

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

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

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

Current tax and deferred tax for the year

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

Property, plant and equipment

Tangible fixed assets are stated at cost, net of depreciation and provision for impairment. Included in cost are all those costs incremental and necessary to the construction of low carbon power generators, including but not limited to Generic Design Assessment, planning, site preparation, associated development, safety compliance, construction and decommissioning.

Depreciation is provided on all tangible fixed assets, at rates calculated to write-off the cost of acquisition of each asset evenly over its expected useful life, as follows:

Wind farm - 20 years

Assets recognised in the course of construction are included under assets under construction ("AUC") and will be depreciated when the plant is commissioned and ready for use. AUC and leasehold land is depreciated over the period of its intended use, commencing upon commissioning of the plant. The leasehold land is expected to have a nil value at the end of the life of the site, and therefore will be depreciated over 60 years.

Assets under construction

Assets under construction are recognised as the total of cost of purchase, construction and installation of tangible assets to bring them into use. For the assets to be brought into use, they are transferred to relevant tangible asset classes where they are depreciated as per the policy of that tangibles asset class. No depreciation is recognised prior to these transfers.

**NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

Property, plant and equipment (continued)

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is de-recognised.

Impairment of tangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

Leases

Company as Lessee

At contract inception, the company assesses whether a contract is or contains a lease. A contract is treated as a lease if it conveys the rights to control the use of an identified asset for a period of time in exchange for consideration.

Identified arrangements that do not have the legal form of a lease contract but nonetheless convey the right to control the use of an asset or group of specific assets to the purchaser are treated by the company as leases, and analysed by reference to IFRS 16.

The company recognises a lease liability which represents the lease payments to be made and a right-of-use asset representing the right to use the underlying asset for all leases apart from short-term leases (12 months or less) and leases of low value assets. Payment on short-term leases and low value assets are recognised on a straight-line basis over the lease term in the income statement.

**NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

Right-of-use asset

IFRS 16 requires leases to be recognised in the lessee's balance sheet when the leased asset is made available, in the form of a "right-of-use" asset. This is presented on the face of the balance sheet. Right-of-use asset is measured at cost less any accumulated depreciation and impairment loss and adjusted for any re-measurement of lease liability. The cost of right-of-use assets includes the initial measurement of the lease liability, any lease payment made at or before the commencement dates less any lease incentives received, any initial direct costs and an estimate of the costs to be incurred in dismantling and removing the underlying asset, restoring the site or restoring the underlying asset to the condition required by the terms of the lease. Right-of-use assets are depreciated on straight-line basis over the shorter of the lease term and the estimated useful life of the asset.

Lease Liabilities

At commencement of a lease the Company recognises a lease liability measured at the present value of the lease payments to be made over the lease term. The discount rate used is the incremental borrowing rate at the date of the lease commencement. The lease liability is split between current and non-current lease liabilities. Lease payments include fixed payments less any lease incentives receivable and amounts expected to be paid under residual value guarantees. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is re-measured if there is a modification such as a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Hedge accounting

The Company designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as cash flow hedges.

At inception of the hedge relationship, the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge, and on an on-going basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

**NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

The Company classifies hedges in the following categories:

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement and is included within loss/gain on derivative commodity contracts for commodity contracts, and investment revenue or finance costs for financing instruments.

Amounts previously recognised in other comprehensive income and accumulated in equity are recycled in the income statement in the periods when the hedged item is recognised in the income statement, in the same line of the income statement as the recognised hedged item. However when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the income statement.

Financial instruments

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

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

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

**NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Accounting policies (continued)

Recognition of expected credit losses

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

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

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

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

3 Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Carrying value of property, plant and equipment

The Company reviews the carrying value of property, plant and equipment on an annual basis where there is an indicator of impairment. As at 31 December 2021, there were no indicators of impairment. As noted in the Strategic Report, the commissioning date of Unit 1 is no longer 2025 and has been pushed out to June 2026. The project teams are fully mobilised and are implementing action plans to ensure this objective is fulfilled. The project successfully achieved the four key goals set for 2021. However, the ability of the company to achieve the future performance measures for successful delivery of the power station to appropriate safety and quality standards, on time and on budget as well as the ability to achieve future forecast financial returns once HPC is operational are key judgements in the ongoing assessment of the carrying value of property, plant and equipment.

NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Accounting for the Contract for Difference

The accounting treatment with regards to the CfD, signed following the achievement of FID, represents a critical judgment. The assessment of the accounting treatment is that there is no derivative or embedded derivative, or other financial instrument, required to be accounted for prior to the point of generation, and hence no accounting implications for the year ended 31 December 2021. This is on the basis that signing the CfD contract does not in itself create a contractual right for the generator to receive cash from the CfD counterparty.

Key sources of estimation uncertainty

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

Calculation of capital allowances

Due to the nature of the HPC project, judgement has been applied in analysing which assets qualify for capital allowances and at what rate those allowances are available. Depending on the nature of the expenditure tax relief can be obtained in the year of spend, spread out over a number of years, or not be obtained at all. The methodology used is based on experience of capital allowance claims relating to construction projects for nuclear and non-nuclear power stations; however the HPC project is the first of a kind in the United Kingdom and hence there is no direct comparison against which the capital allowance claims can be benchmarked by EDF Energy or HMRC. The tax treatment of the capital expenditure is subject to an ongoing HMRC enquiry, which is looking at the technical issues of the project and the tax relief the capital expenditure qualifies for. As such we do not believe it is practicable to quantify the uncertainty at this point in time.

4 Revenue

Revenue generated from the Company's windfarm, which is stated net of value added tax, arises entirely in the United Kingdom and is attributable to the continuing activity of electricity generation.

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2021	2020
	£ m	£ m
Sales of goods and services	<u>1.1</u>	<u>1.0</u>

5 Result for the year

Loss for the year has been arrived at after charging/(crediting) the following gains and losses:

	2021	2020
	£ m	£ m
Profit on disposal of property, plant and equipment	(0.7)	-
Gains on foreign exchange revaluations (note 6, 7)	4.1	(9.4)
Depreciation for the year (note 10)	0.4	0.4
EDF Energy Limited charges	10.9	9.5
EDF Energy Nuclear Generation Limited charges	28.0	5.3
Less expense capitalised as property, plant and equipment	<u>(38.9)</u>	<u>(14.8)</u>

NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In 2021, an amount of £330,000 (2020: £259,034) was paid to Deloitte LLP for the audit of the Company's annual accounts. This charge was borne by another Group company in both the current and prior year. In 2021, amounts payable to Deloitte LLP by the Company in respect of non-audit services were £28,500 (2020: £27,791).

The Company had no employees in the years ending 31 December 2021 or 31 December 2020.

6 Investment income

	2021 £ m	2020 £ m
Foreign exchange gain	-	9.4
	-	9.4

7 Finance costs

	2021 £ m	2020 £ m
Finance charges payable under finance leases	12.5	10.2
Foreign exchange losses	4.1	-
Less: amounts included in the cost of qualifying assets	(12.5)	(10.2)
Total finance costs	4.1	0.0

8 Directors' remuneration

The independent Non-Executive Directors' (as set out in the Directors' Report and being each of Andrew Mathews, Michael Weightman, David Waboso, and Kenna Kintrea) remuneration for the year was as follows:

	2021 £ m	2020 £ m
Emoluments	0.4	0.3

In respect of the highest paid Non-Executive Director for services to the Company:

	2021 £ m	2020 £ m
Emoluments	0.1	0.1

All Executive Directors and non-independent Non-Executive Directors are either employees of associated EDF S.A. group companies or CGN group companies as set out in the Directors' Report.

NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Directors' remuneration (continued)

Fusheng Xu and Xiaohui Zeng are CGN appointed Executive Directors and are paid by subsidiaries of CGN for their services to the CGN group. No portion of their remuneration can be specifically attributed to their services to the Company. The remaining Executive Directors are EDF appointed and are executives of other companies across the EDF S.A. group. It is not practicable to allocate their remuneration between their services as executives of this Company and their services as directors of other EDF companies. In addition 3 directors are each accruing benefits under the EDF defined benefit pension schemes.

Richard Savage, Humphrey Cadoux-Hudson, Keping Zheng and Haijun Liu are non-independent Non-Executive Directors. Keping Zheng and Haijun Liu are paid by subsidiaries of CGN for their services to the CGN Group. Richard Savage and Humphrey Cadoux-Hudson are paid by subsidiaries of the ultimate parent company, EDF S.A., for services to the whole Group. No portion of their remuneration can be specifically attributed to their service to their company.

No Director (2020: none) held any interests in the shares or debentures of the Company or the EDF S.A. Group that are required to be disclosed under the Companies Act 2006.

9 Taxation

(a) Tax charged in the income statement

	2021 £m	2020 £m
Current taxation		
UK corporation tax (credit) on profits / loss made in the year	-	(27.9)
Adjustments in respect of previous years' reported tax (credits)	-	8.6
Total current tax (credit) in the year	-	(19.3)
Deferred taxation (note 16)		
Current year charge	(0.9)	48.6
Adjustments in respect of previous years' reported tax charges	(13.0)	(13.8)
Effect of increased tax rate on opening balance	131.9	31.0
Total deferred tax charge in the year	118.0	65.8
Income tax charge reported in the income statement	118.0	46.5

(b) The tax on profit/(loss) before tax for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%).

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

NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Taxation (continued)

	2021	2020
	£m	£m
Profit/(loss) before tax	(3.9)	9.6
Tax at the UK corporation tax rate of 19.00% (2020: 19.00%)	(0.7)	1.8
Effect of:		
Other non-deductible expenses and non-taxable income	-	0.4
Group relief surrendered for less than statutory rate	-	18.5
Current year impact on differential between deferred and current tax rates	(0.2)	-
Adjustment to prior-year corporation tax (credit)	-	8.6
Adjustment to prior year deferred tax charge	(13.0)	(13.8)
Impact of increased tax rate on opening deferred tax balance	131.9	31.0
Tax charge reported in the income statement	118.0	46.5

(c) Other factors affecting the tax charge for the year:

The accounting for deferred tax follows the accounting treatment of the underlying item on which deferred tax is being provided and hence is booked within equity if the underlying item is booked within equity.

The closing deferred tax balance at 31 December 2021 has been calculated at 26.62% (31 December 2020: 19.00%). This is the average tax rate at which the reversal of the net deferred tax liability is expected to occur.

10 Property, plant and equipment

	Assets under construction £ m	Freehold land £ m	Leasehold land £ m	Windfarm £ m	Total £ m
Cost					
At 1 January 2021	12,037.6	54.5	75.0	7.4	12,174.5
Additions	3,202.3	-	9.2	-	3,211.5
At 31 December 2021	15,239.9	54.5	84.2	7.4	15,386.0
Depreciation					
At 1 January 2021	-	-	-	3.9	3.9
Depreciation charge	-	-	-	0.4	0.4
At 31 December 2021	-	-	-	4.3	4.3
Carrying amount					
At 31 December 2021	15,239.9	54.5	84.2	3.1	15,381.7
At 31 December 2020	12,037.6	54.5	75.0	3.5	12,170.6

NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Property, plant and equipment (continued)

Assets in the course of construction relate to nuclear new build activities, of which the amount capitalised in relation to Hinkley Point C is £15,240m at 31 December 2021 (2020: £12,038m). The recoverability of the balance of assets in the course of construction relating to HPC at 31 December 2021 is dependent upon the forecast profitability of HPC.

11 Leases

Company as a lessee

The entity applies the recognition exemptions for short-term leases and leases for which the underlying asset is of low value. The weighted average incremental borrowing rate applied in discounting the lease liability is 6.81%.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land £m	Buildings £m	Total £m
Cost			
At 1 January 2021	142.2	24.6	166.8
Additions	0.5	13.3	13.8
Disposals	(2.9)	(24.5)	(27.4)
At 31 December 2021	<u>139.8</u>	<u>13.4</u>	<u>153.2</u>
Accumulated depreciation			
At 1 January 2021	2.8	4.4	7.2
Charge for the year	1.7	4.6	6.3
Disposals	(2.9)	(4.3)	(7.2)
At 31 December 2021	<u>1.6</u>	<u>4.7</u>	<u>6.3</u>
Carrying amount			
At 31 December 2021	<u>138.2</u>	<u>8.7</u>	<u>146.9</u>
At 31 December 2020	<u>139.4</u>	<u>20.2</u>	<u>159.6</u>

Set out below are the carrying amounts of lease liabilities and movement during the period:

	2021 £m	2020 £m
As at 1 January	153.1	148.9
Additions	13.1	12.5
Early terminations	(23.6)	-
Interest	11.0	10.3
Payments	(18.0)	(18.6)
As at 31 December	<u>135.6</u>	<u>153.1</u>

NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Leases (continued)

The lease liabilities have been split as follows:

	2021	2020
	£m	£m
Current	6.6	6.5
Non-current	129.0	146.6
Total	<u>135.6</u>	<u>153.1</u>

The following are amounts recognised in profit or loss:

	2021	2020
	£m	£m
Depreciation expense for right-of-use assets	6.3	4.2
Capitalised depreciation expense	(6.3)	(4.2)
Net depreciation expense	<u>-</u>	<u>-</u>
Interest expense on lease liabilities	11.0	10.3
Capitalised interest expense	(11.0)	(10.3)
Net interest expense on lease liabilities	<u>-</u>	<u>-</u>
Total amount recognised in Income Statement	<u>-</u>	<u>-</u>

Short term and Low value leases

There were no expenses recognised in the income statement in relation to short term or low value leases (2020: £nil).

12 Trade and other receivables

	2021	2020
	£ m	£ m
Trade receivables	12.0	13.6
Prepayments	41.0	45.6
VAT	29.2	31.0
Amounts due from related parties	1.9	1.0
	<u>84.1</u>	<u>91.2</u>

Amounts due from related parties are unsecured trading balances and are interest free, with 30-day repayment terms in both current and prior year.

**NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Cash and cash equivalents

	2021 £ m	2020 £ m
Cash pooling with ultimate parent company	<u>135.0</u>	<u>77.0</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Cash pooling is made for varying periods up to 12 months, depending on the cash requirements of the Company and earns interest at the respective short-term rates.

14 Other liabilities

	2021 £ m	2020 £ m
Trade Creditors	632.0	624.1
Accruals	0.9	0.9
Amounts due to related parties	<u>23.9</u>	<u>23.9</u>
	<u>656.8</u>	<u>648.9</u>

Amounts due to related parties are unsecured trading balances and are interest free, with 30-day repayment terms in both current and prior year.

15 Provisions

	Dilapidations £m	Total £m
At 1 January 2021	1.1	1.1
Utilised during the year	<u>(0.8)</u>	<u>(0.8)</u>
At 31 December 2021	<u>0.3</u>	<u>0.3</u>

The provisions have been split as follows:

	Current £m	Non-Current £m	2021 Total £m	Current £m	Non-Current £m	2020 Total
Dilapidations	0.3	-	0.3	1.1	-	1.1
Total	<u>0.3</u>	<u>-</u>	<u>0.3</u>	<u>1.1</u>	<u>-</u>	<u>1.1</u>

NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Deferred tax

The following are the major deferred tax assets and (liabilities) recognised by the company and movements thereon during the current and prior reporting period:

	Accelerated capital allowances	Financial Instrument	Losses	Total
	£ m	£ m	£ m	£ m
At 31 December 2019	(358.9)	(0.3)	96.1	(263.1)
Credit/(charge) to income:				
-current year	(99.3)	-	50.7	(48.6)
-adjustments in respect of previous years' reported tax charges	28.1	0.3	(14.6)	13.8
Credit / (Charge) to equity:				
Current year				
Effect of decreased tax rate on opening liability	(42.3)	-	11.3	(31.0)
At 31 December 2020	(472.4)	-	143.5	(328.9)
Credit/(charge) to income:				
-current year	(177.2)	-	177.1	0.9
-adjustments in respect of previous years' reported tax charges	14.3	-	(1.3)	13.0
-effect of increased tax rate on opening liability	(189.5)	-	57.6	(131.9)
At 31 December 2021	(824.7)	-	378.0	(446.9)

The Group has unrecognised tax losses of £0m (2020: £0m). The losses give rise to a deferred tax asset of £0m (2020: £0m) which has not been recognised as it is uncertain whether future taxable profits will be available against which these losses can be utilised. These losses can however be carried forward indefinitely for offset against future profits, should they arise.

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2021	2020
	£ m	£ m
Deferred tax assets	-	-
Deferred tax liabilities	(446.9)	(328.9)
At 31 December	(446.9)	(328.9)

17 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £6,225m (2020: £5,028m).

**NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Share capital

Allotted, called up and fully paid shares

	No. 000	2021 £ 000	No. 000	2020 £ 000
Ordinary shares of £0.10 each	<u>2,030,805</u>	<u>203,081</u>	<u>2,030,805</u>	<u>203,081</u>

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

Share premium reserve

The share premium reserve arose in 2014 when 2,030,805,140 shares with a nominal value of £0.10 were allotted. An amount of £1 was paid per share resulting in a share premium reserve of £1,827.7m.

19 Capital reserve

The capital reserve has arisen as a result of capital contributions from the shareholders since 2016. In 2021 additional capital of £3,259m (2020: £2,588m) was contributed by shareholders.

These are all classified as equity instruments as the terms of the shareholder loan are such that there is no redemption date and the holder has no option to redeem the instrument.

20 Hedging reserve

	2021 £m	2020 £m
Balance at start of year	-	1.3
<i>Cost of hedging</i>	-	-
Net gains/(losses) arising on changes in fair value of instruments in a cash flow hedge:		
Foreign currency forward contracts	-	(14.9)
<i>Net gains/(losses) arising on changes in fair value of hedging instruments transferred to profit or loss</i>		
Foreign currency forward contracts	-	13.6
Deferred tax on net losses in cash flow hedge	-	-
Total movement in year	<u>-</u>	<u>(1.3)</u>
Balance at end of year	<u>-</u>	<u>-</u>

NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20 Hedging reserve (continued)

The hedging reserve represents the cumulative effective portion of gains or losses arising on changes in the fair value of hedging instruments designated as cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be re-classified to profit or loss account only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item in accordance with the Company's accounting policy.

21 Related party transactions

The Company has taken advantage of the exemption in FRS 101 Reduced Disclosure Framework from disclosing transactions with other wholly owned members of the group, which would be required for disclosure under IAS 24.

Key management personnel for the Company are the Directors of the Company. Please refer to note 8 for details of their remuneration. There are no other transactions with key management personnel during the year (2020: none).

Amounts outstanding with other related parties at 31 December are as follows:

Amounts owed by related parties

	Parent £ m	Other related parties £ m
2021		
Financial assets	135.0	-
Trade and other receivables	-	2.0
	<u> </u>	<u> </u>
2020		
Financial assets	77.0	-
Trade and other receivables	-	1.0
	<u> </u>	<u> </u>

Amounts owed to related parties

	Other related parties £ m
2021	
Amounts payable to related party	23.9
	<u> </u>
2020	
Amounts payable to related parties	23.9
	<u> </u>

**NNB GENERATION COMPANY (HPC) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 Post balance sheet events

Project Costs and Timeline

A review of the schedule and cost for the two Hinkley Point C reactors has been finalised on 19th May 2022 and it has concluded:

- the start of electricity generation for Unit 1 is targeted for June 2027, the risk of further delay of the two units is assessed at 15 months, assuming the absence of a new pandemic wave and no additional effects of the war in Ukraine.
- the project completion costs are now estimated in the range of £25Bn to £26Bn (in 2015 sterling). Under the terms of the Contract for Difference, there is no impact for UK consumers.

During more than two years of the Covid-19 pandemic, the project continued without stopping. This protected the integrity of the supply chain and allowed the completion of major milestones. However, people, resources and supply chain have been severely constrained and their efficiency has been restricted. In addition, the quantities of materials and engineering as well as the cost of such activities, including, in particular marine works have risen.

At the end of 2021, the actual costs for the project as a whole stood at £15.3 billion (at nominal values), or £13.6 billion at real value.

23 Parent undertaking and controlling party

NNB Holding Company (HPC) Limited holds a 100% interest in the company and considered to be the immediate parent company. EDF Energy Holdings Limited is the smallest group for which consolidated financial statements are prepared. Copies of that company's consolidated financial statements may be obtained from the registered office at 90 Whitfield Street, London, England, W1T 4EZ.

At 31 December 2021, Électricité de France SA ("EDF SA"), a company incorporated in France, is regarded by the Directors as the Company's ultimate parent company and controlling party. This is the largest group for which consolidated financial statements are prepared. Copies of that company's consolidated financial statements may be obtained from the registered office at Électricité de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.