General Nuclear International Limited

Annual Report and Consolidated Financial Statements

For the period from incorporation (5 August 2015) to 31 December 2016

Registered number: 9719821

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General Nuclear International Limited
Annual Report and Consolidated Financial Statements
For the period ending 31 December 2016

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Company Information

Country of incorporation:	England and Wales
Director:	Dongshan Zheng
Registered office:	First Floor, Stratton House 5 Stratton Street Mayfair London W1J 8LA.
Registered Number:	9719821
Auditor:	Deloitte LLP 2 New Street Square London EC4A 3BZ

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Director's Report

The Group, under sections 382, 383 and 414A(2) of the Companies Act 2006, is exempt from preparing a Strategic Report.

Principal Activities

General Nuclear International Limited (GNI) is ultimately owned by China General Nuclear Power Corporation Ltd (CGN) and is set up as a management service company responsible for the group's UK nuclear projects. This primarily includes managing the UK budget, managing CGN's investments in the Hinkley Point C, Sizewell C and Bradwell B nuclear new builds and facilitating the UK GDA approval process for HuaLong nuclear reactor technology.

Directors

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

- Minhong Zhu (appointed on incorporation on 5 August 2015, resigned on 10 March 2017)
- Dongshan Zheng (appointed on 10 March 2017)

Dividends

No dividends were declared or paid to the parent company during the period.

Political donations

The Group made no political donations in the current period.

Future developments

The director is not aware, at the date of this report, of any likely major changes in the Group's activities in the next year.

Director's liabilities

The Group has made qualifying third party indemnity provisions for the benefit of its director which were made during the period and remain in force at the date of this report.

Going concern

The director has a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus he continues to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in note 3 to the financial statements.

Financial risk management objectives and policies

Please refer to note 14 to the financial statements for the Group's financial risk management objectives and policies.

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.

Director's report (continued)

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

Post balance sheet events

There have been no significant events affecting the Group since the period end.

Appointment of auditor

It is noted that Deloitte LLP (UK) was appointed as the Auditor to the Group for the financial period ended 31 December 2016 in accordance with the provisions of Section 487(2) of the Companies Act 2006 and that the Directors have been authorised to agree the remuneration of the auditor.

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

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Dongshan Zheng - Director

Date: 18 July 2017

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Director's responsibilities statement

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

Company law requires the director to prepare such financial statements for each financial year. Under that law the director is required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and has also chosen to prepare the parent company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law the director must not approve the financial statements unless he is 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 the parent company financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has 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.

In preparing the group financial statements, International Accounting Standard 1 requires that the director:

- properly selects and applies accounting policies;
- presents information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provides additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- makes an assessment of the company's ability to continue as a going concern.

The director is 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. He is 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.

The director is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Independent Auditor's Report to the Members of General Nuclear International Limited

We have audited the financial statements of General Nuclear International Ltd for the period from 5 August 2015 to 31 December 2016 which comprise the Group Income Statement, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group and Parent Company Statements of Changes in Equity and the related notes 1 to 26. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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

Respective responsibilities of director and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Independent Auditor's Report to the Members of General Nuclear International Limited (continued)

In our opinion the information given in the Director's Report for the financial period 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report.



Christopher Thomas (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

Date: 18 July 2017

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Consolidated Income Statement
For the period 5 August 2015 to 31 December 2016

	Note	5 August 2015 – 31 December 2016 £
Administrative expenses		(58,035)
Operating loss		(58,035)
Share of profit of associate		-
Finance costs	6	(345,332)
Loss before tax		(403,367)
Tax on loss	15	-
Loss for the period		(403,367)
Total loss for the period attributable to		
Owners of the Company		(384,659)
Non-controlling interests		(18,708)
Total		**(403,367)**

There were no recognised gains or losses during the current period other than the losses shown above. Accordingly, no statement of comprehensive income has been presented

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Consolidated Balance Sheet
At 31 December 2016

	Note	2016 £
Non-current assets		
Interests in associates	8	22,077,818
		22,077,818
Current assets		
Trade and other receivables	9	4,450,956
Cash and bank balances		37,847,387
		42,298,343
Total assets		64,376,161
Current liabilities		
Loans from parent company	10	(51,273,047)
		(51,273,047)
Net current Liabilities		(8,974,704)
Total liabilities		(51,273,047)
Net assets		13,103,114
Equity		
Share capital	11	1
Equity reserve	12	1,072,285
Retained earnings		(384,659)
Equity attributable to owners of the Company		687,627
Non-controlling interests		12,415,487
Total equity		13,103,114

The financial statements of General Nuclear International Limited (registered number: 9719821) were approved by the director and authorised for issue.

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Dongshan Zheng - Director

Date: 18 July 2017

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Consolidated Statement of Changes in Equity

	Equity attributable to equity holders of the Company					
	Share capital £	Equity reserve £	Retained earnings £	Total £	Non-controlling interest £	Total equity £
Loss for the period	-	-	(384,659)	(384,659)	(18,708)	(403,367)
Issue of share capital	1	-	-	1	12,434,195	12,434,196
Capital injections	-	1,072,285	-	1,072,285	-	1,072,285
Balance at 31 December 2016	1	1,072,285	(384,659)	687,627	12,415,487	13,103,114

Consolidated Cash Flow Statement

	Note	5 August 2015 – 31 December 2016 £
Net cash from operating activities	13	(58,035)
Investing activities		
Acquisition of investment in an associate		(3,276,306)
Capital contribution to associate		(18,801,512)
Net cash used in investing activities		(22,077,818)
Financing activities		
Proceeds on issue of shares		12,434,195
New shareholder loans raised		52,000,000
Acquisition expenses paid on behalf of group companies		(4,450,955)
Net cash from financing activities		59,983,240
Net increase in cash and cash equivalents		37,847,387
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period		37,847,387

Notes to the Consolidated Financial Statements

1. General information

General Nuclear International Limited and its subsidiaries (the Group) are incorporated in the United Kingdom under the Companies Act.

The Company is a private Company limited by shares and is registered in England and Wales. The address of the Company's registered office is First Floor, Stratton House, 5 Stratton Street, Mayfair, London W1J 8LA.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the director's report.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates.

2. Adoption of new and revised Standards

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and in some cases had not yet been adopted by the EU:

IFRS 9	*Financial Instruments*
IFRS 14	*Regulatory Deferral Accounts*
IFRS 15	*Revenue from Contracts with Customers*
IFRS 16	*Leases*
IFRS 2 (amendments)	*Classification and Measurement of Share-based Payment Transactions*
IFRS 11	*Accounting for Acquisitions of Interests in Joint Ventures*
IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
IAS 16 and IAS 41	*Agriculture: Bearer Plants*
IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
IAS 1	*Disclosure Initiative*
Amendments to IFRS 10, 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to IAS 7	*Disclosure Initiative*
Annual Improvements 2012-2014 Cycle	

The director does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

3. Significant accounting policies

Basis of accounting

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

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 goods and services.

As permitted by s408 of the Companies Act 2006 the Company has elected not to present its own statement of other comprehensive income for the period. The Company reported a loss of £347,522 for the period.

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Group:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company losses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The allocation to non-controlling interests represents the proportion of total comprehensive income not held by group entities. In the case where the Group's associate is a non-controlling shareholder of the Group's non-wholly owned subsidiary, non-controlling interests is measured as the proportion not held by the Group entities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

3. Significant accounting policies (continued)

When the Group loses control of a subsidiary, the gain or loss on disposal is recognized in profit or loss and is calculated as the difference between the aggregate of the fair value of the consideration received and the previous carrying amount of the assets and liabilities of the subsidiary.

Going concern

The director has, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, taking account of an undrawn committed facility provided by the parent company, China Nuclear Power EPC Limited. Thus he continues to adopt the going concern basis of accounting in preparing the financial statements.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously-held interests in the acquired entity is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

3. Significant accounting policies (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

3. Significant accounting policies (continued)

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

3. Significant accounting policies (continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through 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 profit or loss are recognised immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash 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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the director is 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.

Carrying value of interest in associate

The carrying value of the interest in associate is a key estimation uncertainty, however in the current period there have been no indicators of impairment.

Financial liabilities

Financial liabilities, including borrowings (e.g. shareholder loan), are initially measured at fair value, net of transaction costs. Such financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

5. Auditor's remuneration

This is the first year audit for the Company and its subsidiaries; the fee payable for the 2016 statutory audit by Deloitte of the Group's accounts is £30,900 and no non-audit services have been provided by Deloitte.

6. Finance costs

	2016 £
Effective Interest on loan from parent company	345,332
Total interest expense	**345,332**

This is the imputed finance cost on the interest free loan from the parent company.

7. Subsidiaries

The group consists of a parent company, General Nuclear International Limited, incorporated in the UK and a number of subsidiaries and associates held directly and indirectly by General Nuclear International Limited. All the group companies have the same registered address which is First Floor, Stratton House, 5 Stratton Street, Mayfair, London W1J 8LA

Information about the composition of the Group at the end of the reporting period is as follows:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests	Profit (loss) allocated to non-controlling interests	Accumulated non-controlling interests
		31/12/16	31/12/16	31/12/16
			£	£
Bradwell Power Holding Company Limited (i)	London, UK	33.5%	(6,236)	7,378,839
Bradwell Power Generation Company Limited (ii)	London, UK	33.5%	(6,236)	(6,236)
General Nuclear System Limited (iii)	London, UK	33.5%	(6,236)	5,042,884
Total				12,415,487

(i) The Group owns 66.5 per cent equity shares of Bradwell Power Holding Company Limited. Its principal activity is early preparation for a nuclear new build at the Bradwell site. Based on the contractual arrangements between the Group and other investors, the Group has the power to appoint and remove the majority of the board of directors of Bradwell Power Holding Company Limited. The relevant activities of Bradwell Power Holding Company Limited are determined by the board of directors of Bradwell Power Holding Company Limited based on simple majority votes. Therefore, the director of the Group concluded that the Group has control over Bradwell Power Holding Company Limited and Bradwell Power Holding Company Limited is consolidated in these financial statements.

(ii) The Group owns 66.5 per cent equity shares of Bradwell Power Generation Company Limited. Its principal activity is early preparation for a nuclear new build at the Bradwell site. Based on the contractual arrangements between the Group and other investors, the Group has the power to appoint and remove the majority of the board of directors of Bradwell Power Generation Company Limited. The relevant activities of Bradwell Power Generation Company Limited are determined by the board of directors of Bradwell Power Generation Company Limited based on simple majority votes. Therefore, the director of the Group concluded that the Group has control over Bradwell Power Generation Company Limited and Bradwell Power Generation Company Limited is consolidated in these financial statements.

(iii) The Group owns 66.5 per cent equity shares of General Nuclear System Limited. Its principal activity is Generic design assessment of HPR 1000 technology. Based on the contractual arrangements between the Group and other investors, the Group has the power to appoint and remove the majority of the board of directors of General Nuclear System Limited. The relevant activities of General Nuclear System Limited are determined by the board of directors of General Nuclear System Limited based on simple majority votes. Therefore, the director of the Group concluded that the Group has control over General Nuclear System Limited and General Nuclear System Limited is consolidated in these financial statements.

8. Associates

Details of material associate

Details of the Group's associate at the end of the reporting period is as follows:

Name of associate	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest / voting rights held by the Group
			31/12/16
NNB Holding Company (SZC) Ltd	Nuclear New Build	London, Sizewell	20%

The above associate is accounted for using the equity method in these consolidated financial statements.

(i) Pursuant to a shareholder agreement, the Company has the right to cast 20 per cent of the votes at shareholder meetings of NNB Holding Company (SZC) Ltd.

(ii) The financial year end date of NNB Holding Company (SZC) Ltd is 31 December, which is the same as that of the Group.

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts in associate's financial statements.

	2016 £
Current assets	
Cash and cash equivalents	25,557,330
Operating receivables	493,842
	26,051,172
Non-current assets	
Tangible assets	93,221,623
	93,221,623
Current liabilities	
Operating liabilities	(8,965,243)
	(8,965,243)
Equity attributable to owners of the Company	88,229,734
Non-controlling interest	22,077,818

8. Associates (Continued)

No profit or loss for the associate is recognised in current period. Reconciliation of the above summarised financial information to the carrying amount of the interest in NNB Holding Company (SZC) Ltd recognised in the consolidated financial statements is as follows:

	2016 £
Net assets of associate	110,307,552
Proportion of the Group's ownership interest in the associate	22,077,818
Carrying amount of the Group's interest in the associate	22,077,818

9. Trade and other receivables

	2016 £
Intercompany debtors	4,450,956
	4,450,956

Total trade and other receivables held by the Group at 31 December 2016 relate to an intercompany debtor with Sagittarius International Limited.

10. Borrowings

	2016 £
Unsecured borrowing at amortised cost	
Loans from related parties	(51,273,047)
	(51,273,047)

All borrowings are denominated in Sterling. The borrowings are interest free. An amount of £52,000,000 is repayable to the group's parent company in July 2017. In accordance with the requirements of IAS 39 the borrowings have initially been measured at fair value using the effective interest method with a corresponding equity capital contribution being recognised for the difference (see note 12). A non cash effective interest expense is recognised in the income statement (see note 6). The Group has an undrawn facility of £248m with the parent company, China Nuclear Power EPC Limited, which is committed until July 2021.

11. Share capital

	2016 £
Authorised:	
1 ordinary share of £1 each	1
Issued and fully paid:	
1 ordinary share of £1 each	1

The Company has one class of ordinary shares which carry no right to fixed income.

12. Equity Reserve

	Equity reserve £
Capital injections	1,072,285
Balance at 31 December 2016	1,072,285

The group has an interest free loan with the parent company. The interest free portion of the loan is treated as a capital contribution by the parent company and recognised in the equity reserve.

13. Notes to the cash flow statement

	2016 £
Loss for the period	(403,367)
Adjustments for:	
Finance costs	345,332
Net cash outflow from operating activities	(58,035)

Cash and cash equivalents

	2016 £
Cash and bank balances	37,847,387

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheet position as shown above.

14. Financial Instruments

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

Categories of financial instruments

	2016 £
Financial assets	
Cash	37,847,387
Loans and receivables	4,450,955
Financial liabilities	
Amortised cost (loan from parent company)	(51,273,047)

The fair value of the group's financial assets and financial liabilities is not considered to be materially different to the carrying values disclosed above.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to equity owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the period.

The capital structure of the Group consists of debt, which includes loans from parent company as disclosed in note 10, deposits in banks, and equity attributable to owners of the Company, comprising share capital, retained earnings and other reserves.

The Group reviews the capital structure from time to time. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of management, the Group will balance its overall capital structure through the issue of new shares, new debts or the redemption of existing debts.

Liquidity risk, credit risk and market risk management

The Group's major financial instruments include loans and other receivables, loan from parent company, and cash and cash equivalents. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk, credit risk and liquidity risk. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely basis and in an effective manner.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents as well as undrawn shareholder loan facilities deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's only exposure is in relation to an intercompany receivable.

At the end of the reporting period, the Group has very little exposure to market risk as the loan from parent company is interest free and denominated in sterling.

15. Current tax and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

	£
Current tax charge/(credit)	–
Deferred tax charge/(credit)	–
Total tax charge/(credit)	–

Reconciliation of expected tax charge to actual tax charge	
Profit/(loss) before tax	(403,367)
Expected tax at the UK corporation tax rate of 20%	(80,673)
Effect of:	
Non-deductible expenses	69,066
Tax losses carried forward for which no deferred tax asset is recognised	11,607
Total tax charge for the period	–

The group has excess management expenses carried forward of £20,805 available to offset future taxable profits in certain group companies.

The group has pre-trading expenses carried forward of £37,230 available to offset against future trade profits in certain group companies, provided that trading commences within seven years of the expenditure being incurred.

No deferred tax asset has been recognised in respect of these amounts given the uncertainty as to the incidence and timing of future taxable profits.

Changes to the main rate of corporation tax were announced in Finance (No.2) Act 2015. These comprised a reduction in the main rate of corporation tax for the financial year beginning 1 April 2017 from 20% to 19% and a further reduction for the financial year beginning 1 April 2020 from 19% to 18%.

Finance Act 2016 announced a reduction in the main rate of corporation tax for the financial year beginning 1 April 2020 from 18% to 17%.

16. Related party transactions and director's remuneration

Balances and transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the group and its parent company, associates, and other related parties are disclosed below.

	Amounts owed by related parties	Amounts owed to related parties
	2016 £	2016 £
China Nuclear Power EPC Ltd	-	(51,273,047)
Sagittarius International Limited	4,450,955	-

China Nuclear Power EPC Ltd is the parent company of General Nuclear International Ltd and owns 100% shares of the Company.

The amount repayable to China Nuclear Power EPC Ltd is an interest free shareholder loan with carrying amount £51,273,047 at the end of 2016.

The amount receivable from Sagittarius International Limited, which is partly owned by ultimate parent company China General Nuclear Power Corporation, relates to a stamp duty payment made by the Group on behalf of Sagittarius International Limited.

The director received no remuneration for services to the company, with all remuneration payable by other CGN group entities.

Company Balance Sheet

At 31 December 2016

	Notes	2016 £
Non-current assets		
Investment in subsidiaries	19	24,682,805
Interests in associates	20	22,077,818
		46,760,623
Current assets		
Trade and other receivables	21	4,506,801
Cash and bank balances		730,389
		5,237,190
Total assets		51,997,813
Current liabilities		
Trade and other payables	22	(2)
Loan from parent company	23	(51,273,047)
		(51,273,049)
Net current Liabilities		(46,035,859)
Total assets less current liabilities		724,764
Total liabilities		(51,273,049)
Net assets		724,764
Equity		
Share capital	24	1
Equity reserve	25	1,072,285
Retained earnings		(347,522)
Total Equity		724,764

The Company reported a loss for the period of 5 August 2015 to 31 December 2016 of £347,522.

The financial statements of General Nuclear International Limited (registered number: 9719821) were approved by the director and authorised for issue.

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Dongshan Zheng - Director

Date: 18 July 2017

Company Statement of Changes in Equity

	Equity attributable to equity holders of the Company			
	Share capital £	**Equity reserve £**	**Retained earnings £**	**Total equity £**
Loss for the period	-	-	(347,522)	(347,522)
Issue of share capital	1	-	-	1
Capital injections		1,072,285	-	1,072,285
Balance at 31 December 2016	1	1,072,285	(347,522)	724,764

17. Significant accounting policies

The separate financial statements of the company are presented as required by the Companies Act 2006. The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the period ended 31 December 2016 the company has decided to adopt FRS 101. Accordingly, the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) *Reduced Disclosure Framework* as issued by the Financial Reporting Council incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and July 2016.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash-flow statement and certain related party transactions. The Company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company also intends to take advantage of these exemptions in the financial statements to be issued in the following year, where required, equivalent disclosures are given in the consolidated financial statements.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those set out in note 3 to the consolidated financial statements except as noted below.

Investments in subsidiaries and associates are stated at cost less, where appropriate, provisions for impairment.

18. Loss for the period

As permitted by s408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account or statement of other comprehensive income for the period. The Loss attributable to the Company is disclosed in the footnote to the Company's balance sheet.

19. Investment in subsidiaries

	2016 £
Cost	
Additions	24,682,805
Net book value	24,682,805

Further information about subsidiaries is provided in note 7 to the consolidated financial statements.

20. Interest in associates

	2016 £
Cost	
Additions	22,077,818
Net book value	22,077,818

Further information about the interest in associate is provided in note 8 to the consolidated financial statements.

21. Trade and other receivables

	2016 £
Amounts falling due within one year:	
Amounts owed by group undertakings	4,506,801
	4,506,801

22. Trade and other payables

	2016 £
Amounts falling due within one year:	
Amounts owed to group undertakings	(2)
	(2)

23. Borrowings

	2016 £
Unsecured borrowing at amortised cost	
Loans from related parties	(51,273,047)
	(51,273,047)

Further information about borrowings is provided in note 10 to the consolidated financial statements.

24. Share capital

Information about share capital is provided in note 11 to the consolidated financial statements.

25. Equity reserve

Information about the equity reserve is provided in note 12 to the consolidated financial statements.

26. Ultimate controlling party

The immediate parent company is China Nuclear Power EPC Ltd, a company incorporated and registered in Hong Kong. The ultimate parent company and controlling entity is China General Nuclear Power Corporation Ltd (CGN), a company incorporated and registered in China. CGN is the parent undertaking of the largest group which includes the Company and for which group financial statements are prepared.

The financial statements of the ultimate parent company may be obtained from CGN building, No.2002, Shennan Rd, Shenzhen, 518035, P.R. China.