

Registration number: 00893718

Npower Business and Social Housing Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018



Npower Business and Social Housing Limited

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Npower Business and Social Housing Limited Strategic Report

The directors present their Strategic Report on Npower Business and Social Housing Limited ("the Company") for the year ended 31 December 2018.

Business review and future developments

The Company made the decision to cease trading in 2016. The Company is in the process of being wound up and will be dissolved in due course. The Company reports an operating loss of £88k in 2018 (2017: profit £667k).

In March 2018, RWE, which owns 76.8% of innogy SE, and fellow German utility, E.ON, agreed to a complex asset swap transaction. The main elements of this transaction are that E.ON will acquire innogy SE's Grid & Infrastructure and Retail businesses and in return, RWE will take on both E.ON and innogy SE's renewables businesses. RWE will also receive a 16.67% stake in E.ON. The deal is contingent on receiving approval the relevant authorities.

The UK is due to leave the European Union on 31st October 2019. The effects of 'Brexit' on the npower Retail Group have been considered but at the date of signing are not believed to have a significant impact mainly as the npower Retail Group operates predominantly within the UK.

Whilst the Company remains part of the innogy SE group of companies it is funded by its parent on an ongoing basis through a cash management agreement providing access to multi-million pound funding on a daily basis as required to meet its daily working capital requirements. Following the transfer to E.ON a similar arrangement is expected to be in place.

Position of the business

The Company's loss for the financial year ended 31 December 2018 was £37k (2017: profit £621k). The net assets of the Company at 31 December 2018 were £4,120k (2017: £4,157k).

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. These risks are not managed on a legal entity basis, but overseen for the npower Retail Group as a whole.

The npower Retail Group continues to invest in a formal, regular risk assessment process to identify, monitor and mitigate as far as possible any risk that should arise. These are formally reviewed and assessed by the Board on a quarterly basis and actions taken as appropriate.

The key business risk affecting the npower Retail Group is the competitive retail market which could impact the company's ability to achieve its targets for customer numbers and/or gross margin per customer. The main external uncertainties faced are: the impact of energy efficiency initiatives and the strength of the economy on customer consumption; volatility in wholesale energy prices; and the level of network and environmental charges. Furthermore, the Company has a number of operational risks as part of its end-to-end processes. Detailed discussions of these risks and opportunities, in the context of the innogy SE Group as a whole are provided on pages 97 through 105 of the innogy SE 2018 Annual Report, which is available in the investor relations section of the innogy.com website.

In line with the requirements of the German Corporate Control and Transparency Act (KonTraG), the Company's risk management system enables the directors to identify risks at an early stage and initiate mitigating action where necessary.

Npower Business and Social Housing Limited
Strategic Report (continued)

Key performance indicators (KPIs)

The Company does not have any trading operations or activity. For this reason, the Company's directors do not set KPIs for this entity.

Approved by the Board on 26 JUNE 2019 and signed on its behalf by:



.....
Mr J McCarthy
Director

Npower Business and Social Housing Limited

Director's Report

The directors present their report on the Company and the audited financial statements for the year ended 31 December 2018.

Principal activities and going concern

The Company's operational activities ceased during 2016 and the Company is in the process of being wound up. Accordingly, the going concern basis of accounting is not appropriate and the financial statements have been prepared on a basis other than going concern. No further adjustments were necessary in these financial statements to reduce assets to their net realisable values, to provide for liabilities arising from the decision and to reclassify fixed assets as current assets.

Dividends

The directors do not recommend the payment of a dividend (2017: £nil).

Directors of the Company

The directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

Mr A Tannock (Resigned 30 April 2018)

Mr J McCarthy

Mr T Yeoman

Directors' indemnity

The directors have the benefit of the indemnity provision contained in the Company's Articles of Association. This provision was in force throughout the last financial year and is currently in force. This provision is a qualifying third party indemnity provision under section 234 of the Companies Act 2006. The Company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

Future developments

Future development of the Company are found in the Strategic Report on page 1.

Long term viability statement

As outlined above the Company is in the process of being wound up and will be dissolved in due course.

Equal opportunities and diversity

The npower Retail Group is committed to equal opportunity and diversity because of a sense of social responsibility and also because it makes sound business sense to tap into the wide-ranging knowledge and experience of individuals in all sectors of society. Through its commitment to valuing the talents of its employees, the npower Retail Group aims to ensure that it is able to compete in attracting and retaining high calibre employees with wide-ranging experience and is therefore able to respond positively and flexibly to change. Decisions to appoint, reward, train, develop and promote are taken based on skills and abilities, or demonstrated potential, merit and the requirements of the job. Employment decisions affecting both job applicants and employees with disabilities are made following any reasonable adjustments that may be necessary to ensure fair treatment. In addition, appropriate arrangements are made for training, career development and promotion of disabled persons employed by the npower Retail Group. If members of staff become disabled the npower Retail Group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Employee share plans

The npower Retail Group was part of a savings related share option plan for the benefit of employees in the UK. Npower Limited was responsible for the operation of the 2013 tranche. The 2013 scheme matured on 1 September 2016 and the last date of exercise was 28 February 2017. At 31 December 2018 there were no participants in the scheme (2017: no participants).

Npower Business and Social Housing Limited Director's Report (continued)

Financial risk management

Capital management

The Company's objectives, policies and processes for managing capital are consistent with those of the innogy SE Group. Detailed discussions of these, in the context of the innogy SE Group as a whole, are provided on pages 97 to 105 of the innogy SE 2018 Annual Report.

Credit risk

The npower Retail Group of companies has a policy of requiring appropriate credit checks on customers prior to establishing credit terms and payment method. Credit insurance and security deposits are arranged depending upon a combination of the credit rating and the projected annual spend. For all new customers with an annual spend in excess of predetermined limits, commodity risk control are required to sign off the account prior to acceptance.

Cash at bank and in hand comprises cash in hand and deposits which are readily convertible to cash and are subject to insignificant risk of change in value or credit risk.

Liquidity risk

The Company forms part of the Npower Group Limited treasury arrangements, which actively manages a mixture of finance to ensure that the group has sufficient liquid resources to manage its current and future operational requirements.

Securities price risk

The Company has no significant exposure to equity securities price risk as it holds no material listed or other equity investments.

Interest rate cash flow risk

Cash at bank and in hand comprises cash in hand and deposits which are readily convertible to cash and are subject to insignificant risk of change in value or interest rate cash flow risk.

General risk management

As a subsidiary of innogy SE, the Company complies with the Risk Management Directive of innogy SE, which embodies the relevant provisions of the German Law on Corporate Control and Transparency (Gesetz zur Kontrolle und Transparenz im Unternehmensbereich), together with the German Stock Corporation Act (Aktiengesetz) and the German Commercial Code (Handelsgesetzbuch). Compliance is achieved within the Company through the application of a tri-partite system of three separate but supportive elements, namely a risk controlling/early warning system, an internal control system and an internal audit process.

Npower Business and Social Housing Limited

Director's Report (continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 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.

Statement of disclosure of information to the auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as they are aware, there is no relevant information that they know of and of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board on 26 JUNE 2019 and signed on its behalf by:



Mr J McCarthy
Director

Npower Business and Social Housing Limited
Independent Auditors' Report to the members of Npower Business and Social Housing Limited

Report on the audit of the financial statements

Opinion

In our opinion, Npower Business and Social Housing Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2018; the Profit and Loss Account and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter - basis of preparation

In forming our opinion on the financial statements, which is not modified, we draw attention to note 2 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

Npower Business and Social Housing Limited
Independent Auditors' Report to the members of Npower Business and Social Housing Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

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 year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Npower Business and Social Housing Limited
Independent Auditors' Report to the members of Npower Business and Social Housing Limited (continued)

Auditors' 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 auditors' 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 auditors' report.

Use of this report

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

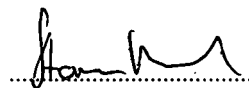
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility.



Steven Kentish (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

Date: 27 June 2019

Npower Business and Social Housing Limited
Profit and Loss Account for the year ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
Turnover	4	-	-
Administrative expenses		(88)	-
Other income		-	667
Operating (loss)/profit	5	(88)	667
Interest receivable and similar income	6	-	22
(Loss)/profit before taxation		(88)	689
Tax on (loss)/profit	10	51	(68)
(Loss)/profit for the financial year		(37)	621

The above results were derived from discontinuing operations.

There are no further items which would be included in other comprehensive income so no separate statement of comprehensive income has been prepared.

The notes on pages 13 to 23 form an integral part of these financial statements.

Npower Business and Social Housing Limited
Balance Sheet as at 31 December 2018

	Note	2018 £ 000	2017 £ 000
Current assets			
Debtors	11	55	670
Cash at bank and in hand		<u>4,325</u>	<u>3,798</u>
		4,380	4,468
Creditors: Amounts falling due within one year	12, 14	<u>(260)</u>	<u>(311)</u>
Net assets		<u>4,120</u>	<u>4,157</u>
Capital and reserves			
Called up share capital	15	33	33
Share premium account		102	102
Capital redemption reserve		20	20
Profit and loss account		<u>3,965</u>	<u>4,002</u>
Total shareholders' funds		<u>4,120</u>	<u>4,157</u>

The financial statements on pages 9 to 23 were approved by the Board on 26 JUNE 2019 and signed on its behalf by:



Mr J McCarthy

Director

Npower Business and Social Housing Limited registered company number: 00893718

The notes on pages 13 to 23 form an integral part of these financial statements.

Npower Business and Social Housing Limited
Statement of Changes in Equity for the year ended 31 December 2018

	Called up Share capital £ 000	Share premium account £ 000	Capital redemption reserve £ 000	Profit and loss account £ 000	Total shareholders' funds £ 000
At 1 January 2018	33	102	20	4,002	4,157
Loss for the financial year	-	-	-	(37)	(37)
Total comprehensive income for the year	-	-	-	(37)	(37)
At 31 December 2018	33	102	20	3,965	4,120
	Called up Share capital £ 000	Share premium account £ 000	Capital redemption reserve £ 000	Profit and loss account £ 000	Total shareholders' funds £ 000
At 1 January 2017	33	102	20	3,381	3,536
Profit for the financial year	-	-	-	621	621
Total comprehensive income for the year	-	-	-	621	621
At 31 December 2017	33	102	20	4,002	4,157

The notes on pages 13 to 23 form an integral part of these financial statements.

Npower Business and Social Housing Limited
Statement of Changes in Equity for the year ended 31 December 2018 (continued)

Called up share capital consists of funds raised by the Company issuing shares in return for cash or other consideration.

Share premium account represents the excess of the issue price over the par value on shares issued less transaction costs arising on issue.

Capital redemption reserve is a statutory non-distributable reserve which is created following the redemption or purchase of the Company's own shares.

Profit and loss account represents the accumulated profits of the Company.

The notes on pages 13 to 23 form an integral part of these financial statements.

Npower Business and Social Housing Limited

Notes to the Financial Statements for the year ended 31 December 2018

1 General information

The Company is a private company limited by share capital incorporated in England and Wales and domiciled in the United Kingdom.

The address of its registered office is:

Windmill Hill Business Park
Whitehill Way
Swindon
Wiltshire
SN5 6PB
United Kingdom

The principal activities of the Company ceased during 2016 and the Company is in the process of being wound up.

2 Accounting policies

Summary of significant accounting policies

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

Basis of preparation

These financial statements were prepared in accordance to with Financial Reporting Standard 101 'Reduced Disclosure Framework'. These financial statements were prepared under the historical cost convention and in accordance with Companies Act 2006.

The Company's trading activities ceased during 2016 and the Company is in the process of being wound up. Accordingly, the going concern basis of accounting is not appropriate and so the financial statements have been prepared on a basis other than going concern. No adjustments were necessary in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision to reclassify fixed assets and long-term liabilities as current assets and liabilities.

The principal accounting policies, which have been applied consistently throughout the year, are set out below and, where necessary, have been updated to include any policies which are now considered significant given the presentation of the financial statements as at 31 December 2018 on a basis other than going concern.

Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraph 33(c) of IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations)
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
- IFRS 7 (Financial Instruments: Disclosures)
- Paragraph 38 of IAS 1 (Presentation of Financial Statements) to present comparative information in respect of:

Npower Business and Social Housing Limited
Notes to the Financial Statements for the year ended 31 December 2018 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions (continued)

- (i) paragraph 79(a)(iv) of IAS 1 (Presentation of Financial Statements)
- (ii) paragraph 73(e) of IAS 16 (Property, Plant and Equipment)
- (iii) paragraph 118(e) of IAS 38 Intangible Assets)
- The following paragraphs of IAS 1 (Presentation of Financial Statements):
 - (i) 10(d)
 - (ii) 10(f)
 - (iii) 16
 - (iv) 38A
 - (v) 38B-D
 - (vi) 40A-D
 - (vii) 111
 - (viii) 134-136
- IAS 7 (Statement of Cash Flows)
- Paragraphs 30 and 31 of IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors)
- Paragraph 17 of IAS 24 (Related Party Disclosures)
- The requirements in IAS 24 (Related Party Disclosures) to disclose related party transactions entered into between two or more members of a group.

Where required, equivalent disclosures are given in the consolidated financial statements of innogy SE. The consolidated financial statements of innogy SE are available to the public and can be obtained as set out in note 16.

Going concern

The Company's operational activities ceased during 2016 and the Company is in the process of being wound up. Accordingly, the going concern basis of accounting is not appropriate and the financial statements have been prepared on a basis other than going concern. No further adjustments were necessary in these financial statements to reduce assets to their net realisable values, to provide for liabilities arising from the decision and to reclassify fixed assets as current assets.

New standards, amendments and IFRS IC interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2018 have had a material impact on the company.

The IASB has adopted further Standards and amendments to Standards, which were not yet mandatory in the European Union (EU) in the period ending 31 December 2018. The most important changes are presented below. EU endorsement is still pending in some cases.

Npower Business and Social Housing Limited
Notes to the Financial Statements for the year ended 31 December 2018 (continued)

2 Accounting policies (continued)

IFRS 9 Financial Instruments (2014) replaces the previous regulations of IAS 39 on financial instruments. The Standard contains amended regulations on measurement categories for financial assets and includes some smaller changes in relation to the measurement of financial liabilities. Fair value measurement without an effect on income is stipulated for certain debt instruments reported under assets. It also contains regulations on the impairment of assets and hedge accounting. The rules on impairment will now apply to expected losses. The new regulations on hedge accounting are intended to enable better reporting of the risk management activities in the financial statements. To this end, IFRS 9 expands the range of underlying transactions qualifying for hedge accounting and simplifies effectiveness testing, among other things. The new Standard became effective for fiscal years starting on or after 1 January 2018. No material changes have occurred with regard to the implementation of IFRS 9.

IFRS 15 Revenue from Contracts with Customers (2014) including Amendments to IFRS 15, Effective Date of IFRS 15 (2015) and Clarifications to IFRS 15 Revenue from Contracts with Customers (2016) has replaced the contents of IAS 18 Revenue and IAS 11 Construction Contracts and the corresponding Interpretations.

The new Standard does not distinguish between different types of orders and performance. It establishes uniform criteria as to when revenue is realised for a performance obligation at a point in time (as is the case for the npower Retail Group) or over time. Accordingly, revenue is to be recognised when the customer obtains control of the agreed goods and services and can benefit from such. Application of the new Standard is required for annual periods beginning on or after 1 January 2018. The Company does not have any revenue, therefore there is no impact from the implementation of the standard.

IFRS 16 Leases (2016) replaces IAS 17 Leases and the related Interpretations IFRIC 4, SIC-15 and SIC-27. According to this new Standard on leases, aside from short-term leases (less than 12 months) and leases of low-value assets, all leases are to be reported on the balance sheet if their existence conveys a 'right-of-use' asset. Consequently, regardless of economic ownership of the leased asset, the lessee must recognise a right-of-use asset and a corresponding lease liability in the amount of the present value of the fixed lease payments.

For lessors, the new Standard does not result in any significant changes to the current accounting treatment pursuant to IAS 17 also in terms of classifying the lease, which is still necessary. The new Standard becomes effective for fiscal years starting on or after 1 January 2019, which is when the Company will adopt the new standard. On transition, the modified retrospective method will be applied. There is no effect of IFRS 16 on the Company's financial statements.

Npower Business and Social Housing Limited
Notes to the Financial Statements for the year ended 31 December 2018 (continued)

2 Accounting policies (continued)

The following Standards, amendments to Standards, and Interpretations are not expected to have any material effects on npower Retail Group's consolidated financial statements:

- IFRS 17 Insurance Contracts (2017).
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (2017).
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (2017).
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (2016).
- Annual Improvements to IFRS Standards 2014– 2016 Cycle (2016), which contains amendments and clarifications to IFRS 1 and IAS 28.
- Amendments to IAS 40 Transfers of Investment Property (2016).
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (2016).
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and an Associate or Joint Venture (2014). First-time application of these amendments in the EU was delayed indefinitely.
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (2016).
- IFRIC 23 Uncertainty over Income Tax Treatments (2017).
- Annual Improvements to IFRS Standards 2015– 2017 Cycle (2017); this collective Standard contains amendments and clarifications to IFRS 3, IFRS 11, IAS 12 and IAS 23.
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement (2018).

Turnover

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts and value added taxes. The Company recognises revenue when performance obligations have been satisfied and for the company this is when the goods or services have transferred to the customer and the customer has control of these. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Turnover also included accruals in respect of unbilled turnover relating to work completed but not yet billed. Furthermore, where the Company had an ongoing obligation to provide services, turnover was recognised as the service was performed and any amounts billed in advance were treated as deferred income.

Interest

Interest receivable and payable is credited or charged to the Profit and Loss Account on an accruals basis.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Npower Business and Social Housing Limited
Notes to the Financial Statements for the year ended 31 December 2018 (continued)

2 Accounting policies (continued)

Tangible assets

Tangible assets are stated in the balance sheet at net realisable value.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and call deposits which are readily convertible to cash and are subject to an insignificant risk of changes in value.

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Called up share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Operating leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Npower Business and Social Housing Limited
Notes to the Financial Statements for the year ended 31 December 2018 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

The Company's operational activities ceased during 2016 and the Company is in the process of being wound up. Accordingly, the going concern basis of accounting is no longer appropriate and so the financial statements have been prepared on a basis other than going concern.

4 Turnover

Prior to ceasing operational activities in 2016, the company operated in one class of business, the supply of mechanical and electrical installation services together with routine maintenance of Social Housing and Public Buildings, and in one geographical segment, the United Kingdom. In line with the cessation of operational activities in 2016, turnover for financial year 2018 was £nil (2017: £nil).

The Company has no contract assets or liabilities to disclose in respect of IFRS 15 for the 2018 financial year (2017: £nil).

5 Operating (loss)/profit

Operating (loss)/profit is arrived at after crediting:

	2018 £ 000	2017 £ 000
Profit on disposal of tangible assets	<u>-</u>	<u>(332)</u>

Full disclosure of the operating lease commitments are shown in the financial statements of the npower Retail Group company that holds the lease. The operating lease costs are then recharged across the npower Retail Group as applicable.

6 Interest receivable and similar income

	2018 £ 000	2017 £ 000
Interest receivable on bank deposits	<u>-</u>	<u>22</u>

7 Staff costs

Npower Limited, a fellow npower Retail Group company, recharges the Company for payroll costs in relation to employees who work for the Company but where the service contracts are held by Npower Limited. In addition, the Company has direct employees where it holds the service contracts. The aggregate payroll costs, including recharges, were as follows:

	2018 £ 000	2017 £ 000
Wages and salaries	-	18
Other pension credits	<u>-</u>	<u>(3)</u>
	<u>-</u>	<u>15</u>

Npower Business and Social Housing Limited
Notes to the Financial Statements for the year ended 31 December 2018 (continued)

7 Staff costs (continued)

As employees may work across several legal entities, average staff numbers have been deduced based on the average employee cost for the npower Retail Group. The notional average monthly number of persons employed by the Company are nil for the current and preceding year.

	2018	2017
	No.	No.
	-	-

8 Directors' remuneration

The directors of Npower Business and Social Housing Limited received no remuneration (2017: £nil) from the Company. The directors were remunerated for their service to Npower Business and Social Housing Limited by other group companies and it is not possible to allocate their emoluments to Npower Business and Social Housing Limited as the Company is not managed on a legal entity basis.

One of the directors was a member of the Company's defined contribution schemes in the year (2017: one). Two directors were members of defined benefit schemes (2017: two).

During the year no directors (2017: no directors) exercised share options in innogy SE, the intermediate parent company, or RWE AG, the ultimate parent company. None (2017: none) of the directors received or became entitled to receive aggregate cash payments in RWE AG under long-term incentive schemes in the financial year. The highest paid director received £nil (2017: £nil) under long-term incentive schemes.

Further details of the nature and the extent of share based payment arrangements have been disclosed in full within the financial statements of Npower Limited. The directors do not consider it necessary to provide separate disclosure within the Npower Business and Social Housing Limited financial statements as the amount is not material.

9 Auditors' remuneration

The audit fee for the Company was borne by Npower Limited, another group company, and not recharged. No fees were paid to the auditors for non audit services.

Npower Business and Social Housing Limited
Notes to the Financial Statements for the year ended 31 December 2018 (continued)

10 Tax on (loss)/profit

Tax (credited)/charged in the profit and loss account:

	2018 £ 000	2017 £ 000
Current tax		
Group relief payable	-	51
Adjustments in respect of prior years	(51)	-
Total current tax (credit)/charge	(51)	51
Deferred tax		
Current year charge	-	17
Total tax (credit)/charge for the year	(51)	68

The tax (credit)/charge on (loss)/profit before tax for the year is higher than the standard rate of corporation tax in the UK (2017: lower than the standard rate of corporation tax in the UK) of 19% (2017: 19.25%).

The differences are reconciled below:

	2018 £ 000	2017 £ 000
(Loss)/profit before taxation	(88)	689
(Loss)/profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(17)	133
Adjustment to tax charge in respect of prior periods	(51)	-
Increase from effect of revenues exempt from taxation	-	(65)
Non utilisation of tax losses	14	-
Expenses not deductible for tax purposes	3	-
Total tax (credit)/charge for the year	(51)	68

Factors that may affect future tax charges

The tax rate for the current year is lower than the prior year due to changes in the UK corporation tax rate which decreased from 20% to 19% from 1 April 2017.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Npower Business and Social Housing Limited
Notes to the Financial Statements for the year ended 31 December 2018 (continued)

10 Tax on (loss)/profit (continued)

Debtors: Amounts falling due within one year
Deferred tax assets

	Asset £ 000
2018	
Other items	<u>55</u>

Debtors: Amounts falling due within one year

	Asset £ 000
2017	
Other items	<u>55</u>

All balances relate to deferred tax assets and there has been no offsetting. The deferred tax assets are expected to be recovered through group relief receipts from other RWE group entities in the UK.

	2018 £ 000	2017 £ 000
To be recovered within 12 months		
Deferred tax asset	55	55
	<u>55</u>	<u>55</u>

Deferred tax movement during the year:

	At 1 January 2018 £ 000	At 31 December 2018 £ 000
Other items	<u>55</u>	<u>55</u>

Deferred tax movement during the prior year:

	At 1 January 2017 £ 000	Recognised in profit and loss account £ 000	At 31 December 2017 £ 000
Other items	<u>72</u>	<u>(17)</u>	<u>55</u>

Npower Business and Social Housing Limited
Notes to the Financial Statements for the year ended 31 December 2018 (continued)

11 Debtors

	2018 £ 000	2017 £ 000
Trade debtors	-	9
Other debtors	-	72
Social security and other taxes	-	534
Deferred tax assets	55	55
	<u>55</u>	<u>670</u>

Trade debtors are stated after provisions for impairment of £nil (2017: £238k).

Amounts owed by group undertakings includes £nil (2017: £nil) in respect of group relief receivable.

Amounts owed by group undertakings were unsecured, interest free and repayable on demand.

12 Creditors: amounts falling due within one year

	2018 £ 000	2017 £ 000
Amounts owed to group undertakings	-	51
Provisions for liabilities (note 14)	260	260
	<u>260</u>	<u>311</u>

Amounts owed to group undertakings were unsecured, interest free and had no fixed date of repayment.

Amounts owed to group undertakings includes £nil (2017 £51k) in respect of group relief payable.

13 Pension scheme funding

Npower Business and Social Housing Limited participates in the Npower Business and Social Housing Limited Group Personal Pension Scheme, a defined contribution pension scheme.

The Company operates a further defined contribution pension scheme; the Defined Contribution Section of the RWE Npower Group of the ESPS.

The pension (credit)/cost for the year represents contributions payable by the Company to the schemes and amounted to £Nil (2017: £3k credit).

There were no prepaid or accrued contributions at 31 December 2018 or 31 December 2017.

Npower Business and Social Housing Limited
Notes to the Financial Statements for the year ended 31 December 2018 (continued)

14 Provision for liabilities

	Warranties	Total
	£ 000	£ 000
At 1 January 2018	260	260
At 31 December 2018	260	260
Current liabilities	260	260

The warranty provision covers any remedial works required to work that has been completed, and is expected to be used in the next year.

15 Called up share capital

Allotted, called up and fully paid shares

	No.	2018	No.	2017
	000	£ 000	000	£ 000
Ordinary shares of £1 each	33	33	33	33

16 Controlling parties

The Company is controlled by Npower Northern Limited (the immediate parent), a company incorporated in the United Kingdom and registered in England and Wales.

The name of the parent undertaking of the smallest group in whose consolidated financial statements the Company's financial statements are consolidated is innogy SE, a company incorporated in Germany. These financial statements are available upon request from innogy SE, Opernplatz 1, D-45128 Essen, Germany.

The ultimate parent company and controlling party is RWE AG, a company incorporated in Germany, which is the parent undertaking of the largest group to consolidate these financial statements. Copies of RWE AG consolidated financial statements can be obtained from RWE AG, Huysseallee 2, 45128 Essen, Germany.