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Npower Northern Limited

Directors' report and financial statements
for the year ended 31 December 2004

Registered no: 03432100



Npower Northern Limited

Directors' report and financial statements for the year ended 31 December 2004

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Npower Northern Limited

Directors' report for the year ended 31 December 2004

The directors present their report on the affairs of Npower Northern Limited (the Company), together with the financial statements and independent auditors' report for the year ended 31 December 2004.

Principal activity and review of the business

The principal activities of the Company are the marketing and supply of electricity and natural gas and related services to domestic, commercial and industrial consumers.

The year ended 31 December 2004 has been one of continuing the focus on the integration of the RWE retail group of which Npower Northern Limited is a part. It is expected that this activity will continue throughout 2005 with the rationalisation of processes and legal entities within the retail group.

Review of results and dividends

The results for the year are shown on page 5.

The directors do not recommend the payment of a dividend (period ended 31 December 2003: £nil).

Directors and their interests

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

AJ Duff
M Bowden
D Threlfall (appointed 1 November 2004)

According to the register required to be kept under section 325 of the Companies Act 1985 none of the Directors of the Company at 31 December 2004 held any interest in the share options or debentures of group companies incorporated in the United Kingdom. As permitted by statutory instrument, the register does not include shareholdings of Directors in companies incorporated outside Great Britain.

During the year no directors (2003: no directors) exercised share options in RWE Npower Holdings Plc.

Employees

The energy, innovation and creativity of our staff add value to our businesses.

The company is committed to the development of all staff in the organisation in order to leverage our intellectual capital. Staff are encouraged to maintain personal development plans and the company provides financial support to employees to pursue training opportunities.

The major changes within the Company mean that effective communications with staff are vital. Corporate publications and other media, including distribution of key development messages and team briefings, are used to promote wide understanding of policies and strategy. We also utilise the latest technology to aid rapid communication with staff around the world through use of a comprehensive Company Intranet.

Npower Northern Limited

Directors' report for the year ended 31 December 2004 (continued)

Equal Opportunities and Diversity

The company 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 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 will be made following any reasonable adjustments that may be necessary to ensure fair treatment.

The Group is a member of the Employers' Forum on Disability, Opportunity Now and the Employers' Forum on Age and is committed to the aims of these organisations.

Creditor payment policy

Npower Northern Limited recognises the need to observe the highest standards of business practice in its role as buyer and seller. Its immediate parent company, RWE Npower plc, subscribes to the CBI's Prompt Payment Code and has formally adopted British Standard 7890 Methods for Achieving Good Payment Performance in Commercial Transactions and this is an achievement and a standard that Npower Northern Limited is seeking to emulate. Npower Northern Limited's average number of days outstanding in respect of trade creditors calculated in accordance with the Companies Act, at 31 December 2004 was 66 (2003:79) days.

Charitable contributions

The company made no political contributions during the year. Donations to charities registered in the United Kingdom amounted to £606 (2003: £200).

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to assume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently, as explained under note 1, "Accounting policies". They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Npower Northern Limited

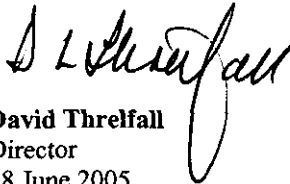
Directors' report for the year ended 31 December 2004 (continued)

Auditors

Pursuant to Section 386 of the Companies Act 1985, the Company has dispensed with the obligation to appoint auditors annually. PricewaterhouseCoopers LLP will continue to act as auditors of the company.

Pursuant to Section 366A of the Companies Act 1985 the Company has dispensed with the obligation to hold an annual general meeting and pursuant to Section 379A the Company has dispensed with the requirement to lay accounts before a general meeting.

By order of the board



David Threlfall
Director
28 June 2005

Independent auditors' report to the members of Npower Northern Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' report.

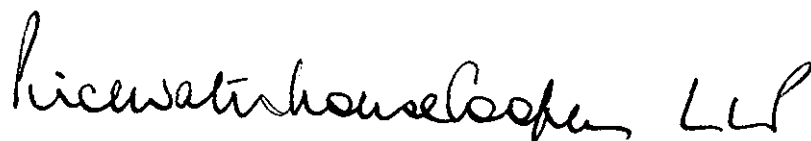
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
28 June 2005

Npower Northern Limited

Profit and loss account for the year ended 31 December 2004

		Year ended 31 December 2004	15 month period ended 31 December 2003
	Note	£'000	£'000
Turnover	1	584,461	792,303
Cost of sales		(425,059)	(599,643)
Gross profit		159,402	192,660
Administrative expenses		(100,617)	(167,344)
Operating profit		58,785	25,316
Interest receivable	4	1,574	3,651
Interest payable and similar charges	5	(23,380)	(19,696)
Profit on ordinary activities before taxation	6	36,979	9,271
Tax on profit on ordinary activities	7	(20,310)	(14,473)
Profit / (loss) for the financial year / period	15	16,669	(5,202)

All amounts are derived from continuing operations.

There were no recognised gains or losses in the current or preceding financial period other than the profit / (loss) for those financial periods.

There is no difference between the results above and their historical cost equivalents.

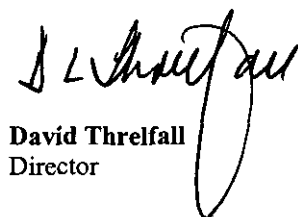
Movements on reserves are set out in note 15 to the financial statements.

Npower Northern Limited

Balance sheet at 31 December 2004

		31 December 2004	31 December 2003
	Note	£'000	£'000
Fixed assets			
Intangible assets	8	513,943	544,637
Tangible assets	9	11,002	4,793
		524,945	549,430
Current assets			
Stocks	10	40	56
Debtors due within one year	11	213,584	228,262
Cash at bank and in hand		2,626	475
		216,250	228,793
Creditors: amounts falling due within one year	12	(518,022)	(518,885)
Net current liabilities		(301,772)	(290,092)
Total assets less current liabilities		223,173	259,338
Provisions for liabilities and charges	13	(208,924)	(261,758)
Net assets / (liabilities)		14,249	(2,420)
Capital and reserves			
Called up share capital	14	-	-
Profit and loss account	15	14,249	(2,420)
Total equity shareholders' funds	16	14,249	(2,420)

The financial statements on pages 5 to 19 were approved by the board of directors on 28 June 2005 and were signed on its behalf by:



David Threlfall
Director

Npower Northern Limited

Notes to the financial statements for the year ended 31 December 2004

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements. The financial statements have been prepared on a going concern basis.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Under FRS 1(Revised) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company was a wholly owned subsidiary of RWE AG, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of RWE AG, within which this Company is included, can be obtained from the address given in note 19.

Goodwill

In accordance with FRS 10: Goodwill and Intangible Assets, goodwill arising on acquisition, being the difference between the fair value of the purchase consideration and the fair value of the identifiable net assets/liabilities of an acquired business, is capitalised and amortised in equal annual instalments over its estimated useful service life of 20 years.

Impairment reviews are undertaken in accordance with the requirements of FRS 11: Impairments of fixed assets and goodwill.

Turnover

Turnover is recognised at the date of supply of services to customers, and comprises the value of sales of goods and services, excluding VAT and other indirect taxes in the normal course of business. The Company operates in one class of business, the marketing and supply of electricity and related services, and in one geographical segment, the United Kingdom.

Tangible fixed assets

Tangible fixed assets are stated at original cost less accumulated depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Long leasehold land and buildings	-	period of lease
Office equipment and furniture	-	3-5 years
Computer software costs	-	10 years

Estimated useful lives are reviewed periodically, taking into account commercial and technological obsolescence as well abnormal wear and tear, provision being made for any permanent diminution in value.

Npower Northern Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

1 Accounting policies (continued)

Pension costs

Pension contributions into defined benefit schemes are charged to the profit and loss account so as to spread the cost of pension over employees' working lives. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension costs, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees. Any differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

In accordance with the transitional arrangements under FRS 17: Retirement Benefits, additional disclosures are required for the year ended 31 December 2004. These are disclosed in note 18 to the financial statements.

Contributions payable under money-purchase schemes are charged to the profit and loss account as they fall due.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of metering stocks, the weighted average purchase price is used.

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation. Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date.

Accounting estimations

In accounting for revenues and direct costs, the company employs a forecasting process using forecast models to calculate the accruals required at the accounting period end. The models are continuously updated with historical actual data downloaded from the financial ledgers which in turn will improve the accuracy of the forecast data. The accuracy of the forecast data is reviewed each year end to identify any significant movements to actual results and adjustments made. The actual billings and costs are compared with the estimates in hindsight and adjustments made where material.

2 Directors' emoluments

The Directors of Npower Northern Limited received no remuneration from the company. These Directors were remunerated for their services to the group as a whole, including Npower Northern Limited, by other group companies and it is not possible to allocate their emoluments to Npower Northern Limited. Details of the Directors' aggregate remuneration are set out in the accounts of RWE Npower plc.

Costs recharged to the npower retail group for the services of D Threlfall have been disclosed in the accounts of Npower Limited.

No director was a member of the defined contribution schemes (2003: no directors). All directors are members of defined benefit schemes (2003: all directors).

Npower Northern Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

3 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	Year ended 31 December 2004	15 month period ended 31 December 2003
Operating employees	731	1,189

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2004	15 month period ended 31 December 2003
	£'000	£'000
Wages and salaries (including redundancy credit of £873,000 (2003 - £1,416,000))	15,151	29,601
Social security costs	1,894	2,452
Other pension costs (including redundancy costs of £7,650,000 (2003 - £10,313,000))	7,769	10,475
Staff Costs (including redundancy costs of £6,777,000 (2003 - £11,729,000))	24,814	42,528

With effect from April 2004 all npower retail group employees, with the exception of the metering businesses, were transferred onto contracts with Npower Limited. Employee costs from this date have been recharged to each of the subsidiary entities via the group management charge based on the proportionate turnover of each subsidiary entity. 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.

4 Interest receivable

	Year ended 31 December 2004	15 month period ended 31 December 2003
	£'000	£'000
Bank interest	1,574	3,651

Npower Northern Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

5 Interest payable and similar charges

	Year ended 31 December 2004	15 month period ended 31 December 2003
	£'000	£'000
On bank loans and overdrafts	3,739	1,690
Interest payable on intercompany loans	7,766	-
Interest charge on discounted provisions (see note 13)	11,875	18,006
	23,380	19,696

6 Profit on ordinary activities

	Year ended 31 December 2004	15 month period ended 31 December 2003
	£'000	£'000
Profit on ordinary activities is stated after charging:		
Auditors' remuneration:		
Audit	48	45
Other services - fees paid to the auditor	1	2
Depreciation of tangible fixed assets (note 9)	1,644	2,919
Loss on disposal of fixed assets	2	-
Impairment of tangible fixed assets	-	3,712
Amortisation of goodwill (note 8)	30,694	38,367
Operating lease charges – plant and machinery	1,103	1,498
Operating lease charges – land and buildings	240	719
Redundancy costs	6,777	10,313

During the year all operating leases, with the exception of land and buildings, have been novated to Npower Limited.

Npower Northern Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

7 Taxation on profit on ordinary activities

	Year ended 31 December 2004	15 month period ended 31 December 2003
	£'000	£'000
United Kingdom taxation at 30%:		
Group relief payable	16,673	16,926
Adjustment in respect of prior periods	2,624	7,995
Total current tax	19,297	24,921
Deferred tax:		
Current year deferred tax charge/(credit)	3,637	(2,668)
Adjustment in respect of prior periods	(2,624)	(7,780)
Total deferred tax	1,013	(10,448)
Tax on profit on ordinary activities	20,310	14,473

Npower Northern Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

7 Taxation on profit on ordinary activities (continued)

The current tax charge for the year is higher (2003: higher) than the standard rate of corporation tax in the UK 30% (2003: 30%). The differences are explained below:

	Year ended 31 December 2004	15 month period ended 31 December 2003
	£'000	£'000
Profit on ordinary activities before tax	36,979	9,271
Current tax at 30% (2003: 30%)	11,094	2,781
Effects of:		
Expenses not deductible for tax purposes (primarily goodwill amortisation)	9,209	11,477
Capital allowances for period in excess of depreciation	(2,616)	(1,164)
Other timing differences	(1,014)	3,832
Adjustment in respect of prior periods	2,624	7,995
Total current tax charge	19,297	24,921

Npower Northern Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

8 Intangible fixed assets

	Goodwill
	£'000
Cost	
At 1 January 2004 and 31 December 2004	614,612
Amortisation	
At 1 January 2004	69,975
Charged in the year	30,694
At 31 December 2004	100,669
Net book value	
At 31 December 2004	513,943
At 31 December 2003	544,637

The Directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises.

The Directors estimate that the useful economic life of this goodwill is at least 20 years and it is amortised over 20 years in accordance with FRS 10.

Npower Northern Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

9 Tangible fixed assets

	Long leasehold land and buildings	Office equipment	Computer software	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2004	2,000	6,232	6,843	15,075
Additions	-	838	7,017	7,855
Disposals	-	-	(2)	(2)
At 31 December 2004	2,000	7,070	13,858	22,928
Depreciation				
At 1 January 2004	43	4,214	6,025	10,282
Charge for the year	24	1,166	454	1,644
At 31 December 2004	67	5,380	6,479	11,926
Net book value				
At 31 December 2004	1,933	1,690	7,379	11,002
At 31 December 2003	1,957	2,018	818	4,793

10 Stocks

	2004	2003
	£'000	£'000
Metering stocks	40	56

Npower Northern Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

11 Debtors

	2004	2003
	£'000	£'000
Trade debtors	64,692	74,038
Amounts owed by group undertakings	38,485	40,700
Prepayments and accrued income	98,354	103,076
Deferred tax	9,435	10,448
Other tax and social security costs	2,618	-
	213,584	228,262

Prepayments and accrued income includes accruals for electricity and gas income not yet billed of £96,349,000 (2003: £97,700,000).

The amounts owed by group undertakings are unsecured and interest free.

Analysis of deferred tax balance

	2004	2003
	£'000	£'000
Short term timing differences	2,826	3,832
Timing differences in respect of capital allowances	6,609	6,616
Total deferred tax balance	9,435	10,448

Analysis of movement in deferred tax asset

	£'000
At 1 January 2004	10,448
Charged to profit and loss account (note 7)	(1,013)
At 31 December 2004	9,435

Tax losses carried forward are regarded as permanent under FRS 19. The deferred tax asset in respect of timing differences is expected to be recovered through a combination of future profits and group relief with other group companies.

Npower Northern Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

12 Creditors: amounts falling due within one year

	2004	2003
	£'000	£'000
Bank overdraft	628	1,422
Trade creditors	95,912	120,852
Amounts owed to group undertakings	363,209	367,877
Other creditors	9,044	-
Accruals and deferred income	49,229	28,734
	518,022	518,885

The amounts owed to group undertakings are subject to annual renewal by agreement with RWE Npower plc. Such amounts have therefore been included within current liabilities. With effect from 1 January 2005 the loan amounts due to RWE Npower plc were replaced with unsecured loan notes which attract interest at base rate plus 1 %. As at the date of these financial statements the Directors are not aware of any intention of RWE Npower plc to require repayment of such funding, other than by way of transfer of surplus funds arising within the Company's operations.

Amounts owed to group undertakings include £44,218,000 in respect of group relief payable (31 December 2003: £24,921,000).

13 Provisions for liabilities and charges

	Reorganisation provision	PPA provision	Other provisions	Total
	£'000	£'000	£'000	£'000
At 1 January 2004	12,876	248,847	35	261,758
Utilised during year	(10,232)	(61,254)	-	(71,486)
Charge to profit and loss account	6,777	-	-	6,777
Unwinding of discounted amount	-	11,875	-	11,875
At 31 December 2004	9,421	199,468	35	208,924

The reorganisation provision represents the provision for redundancy and related costs in respect of the ongoing business re-organisation and is expected to be fully utilised during 2005.

A provision is included within the balance sheet in respect of a power purchase agreement (PPA), which was onerous at the date of acquisition, and reflects the fair value of the agreement at that date in accordance with FRS 7: Fair values in acquisition accounting. The provision is expected to be utilised over the next 4 years and has been discounted at a range of pre-tax discount rates (namely 4.5%) which represents the market assessment of the time value of money at the date of acquisition on a predominately risk free basis, as the fair value calculation already reflects the material risks which have been identified.

Npower Northern Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

14 Called up share capital

	2004	2003
	£	£
Authorised		
100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2

15 Reserves

	Profit and loss account
	£'000
At 1 January 2004	(2,420)
Profit for the financial year	16,669
At 31 December 2004	14,249

16 Reconciliation of shareholders' funds

	2004	2003
	£'000	£'000
Profit / (loss) for the financial year / period	16,669	(5,202)
Net increase/(decrease) in shareholders' funds	16,669	(5,202)
Opening shareholders' funds - deficit	(2,420)	2,782
Closing shareholders' funds – surplus/(deficit)	14,249	(2,420)

Npower Northern Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

17 Commitments

Capital commitments at 31 December 2004 for which no provision has been made in these financial statements is £nil (2003:£nil).

Annual commitments under non-cancellable operating leases are as follows:

	2004		2003	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire				
Within one year	64	-	485	241
In the second to fifth years inclusive	27	-	37	388
Over five years	138	-	138	-
	229	-	660	629

All operating leases, with the exception of land and buildings, have been assigned to Npower Limited, a fellow group undertaking, during the year.

18 Pensions

The majority of pensions are funded through the RWE npower section of the industry-wide scheme, the Electricity Supply Pension Scheme (ESPS) which is a defined benefit scheme with assets invested in separate trustee-administered funds. The ESPS is divided into sections. There is also a defined contribution scheme, the RWE Innogy Group Defined Contribution Scheme (IGDCS).

An actuarial valuation of the RWE npower Group of the Electricity Supply Pension Scheme is carried out every three years by a professionally qualified actuary who recommends the rates of contribution payable by each employer. The Company has taken separate advice from a professionally qualified actuary in order to determine the pension cost to be included in the financial statements under Statement of Standard Accounting Practice 24. The latest available review of the assets and liabilities in RWE npower's section of the ESPS for accounting purposes was undertaken as at 31 March 2004, using the projected unit credit method. The assumptions which have had the most significant effect on the results of the review are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the annual investment return would be 2.3% higher than the annual general increase in salaries and 2.4% higher than the annual increases in pensions.

At 31 March 2004, the market value of the RWE npower Group of ESPS assets was £3,249 million and the market value covered 96% of the benefits that had accrued to members after allowing for expected future increases in earnings.

Npower Northern Limited

Notes to the financial statements for the year ended 31 December 2004 (continued)

18 Pensions (continued)

During the year ended 31 December 2004, RWE npower contributed to the ESPS at the rate of 12% of members' pensionable earnings beginning on 1 April 2004 and nil prior to this.

The total pension cost for the scheme was £8 million (2003: a credit of £17 million) of which the Npower Northern Limited cost was £119,000 (2003: £208,000).

Whilst the Company continues to account for pension costs in accordance with Statement of Standard Accounting Practice 24 "Accounting for Pension costs", under Financial Reporting Standard 17 "Retirement benefits" the following transitional disclosures are required:

Npower Northern Limited participates, along with other employers in the RWE npower Group, in the RWE npower Group of the Electricity Supply Pension Scheme a defined benefit pension scheme. Npower Northern Limited is unable to identify its share of the underlying assets and liabilities in a reasonable and consistent basis and hence the scheme is accounted for as multi-employer under FRS 17. The last formal valuation of the scheme was carried out as at 31 March 2004. At that date the deficit of the whole scheme was £136 million giving a funding level of 96%. Independent actuaries have assessed the FRS 17 position as at 31 December 2004 for the scheme as a whole by updating the last formal valuations using methods appropriate for FRS 17. As at 31 December 2004 there was a deficit of £160 million (2003: nil).

Given that the pension costs are recharged from group as part of the management charge it is not possible to identify separately the amount of contributions paid into the defined contribution scheme. Details of total contributions paid into defined contribution schemes across the npower retail group are disclosed in the accounts of Npower Limited.

There were no prepaid or accrued pension contributions at 31 December 2004 or 31 December 2003.

19 Ultimate parent and controlling company

The company's immediate parent company is RWE Npower plc, a company incorporated in Great Britain and registered in England and Wales. Copies of the financial statements of RWE Npower plc are available from the company secretary at Windmill Hill Business Park, Whitehill Way, Swindon SN5 6PB.

The company's ultimate parent company is RWE AG, a company registered in Germany. Copies of the group financial statements are available from RWE AG, Opernplatz 1, D0-45128, Essen, Germany.