

Registration number: 08241182

RWE Npower Group plc

Annual Report and Financial Statements

for the Year Ended 31 December 2015

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RWE Npower Group plc

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RWE Npower Group plc

Strategic Report for the year ended 31 December 2015

The directors present their Strategic Report on RWE Npower Group plc ("the Company") for the year ended 31 December 2015.

Business review and future developments

The Company's profit for the financial year ended 31 December 2015 is £23m (2014: £17m).

The Company offers financing to its fellow subsidiaries with fluctuations in profit due to movements in underlying interest rates and borrowings between group undertakings, in addition to any dividends received from subsidiary companies.

At 31 December 2015, the Balance Sheet comprised investments in subsidiaries of £33m (2014: £33m), net amounts owed by group undertakings of £83m (2014: £107m) and a bank overdraft of £7m (2014: £54m).

In April 2016, as part of a restructuring process, RWE Npower Holdings plc sold its shareholding in the Company to RWE Gas International N.V.

The directors do not expect there to be any significant changes in the future developments of the Company.

Position of the business

The net assets of the company at 31 December 2015 were £109m (2014: £86m). The directors do not recommend the payment of a dividend (2014: £nil).

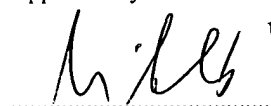
Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of RWE AG, which will include those of the Company, are discussed on pages 78 to 87 of the RWE AG 2015 annual report.

Key performance indicators (KPIs)

RWE Npower Group plc does not have any trading operations or activity. For this reason, the Company's directors do not set KPIs for this specific entity.

Approved by the Board on 24 June 2016 and signed on its behalf by:



M Miklas
Director



D Simons
Director

RWE Npower Group plc

Directors' Report for the year ended 31 December 2015

The directors present their report on the Company and the audited financial statements for the year ended 31 December 2015.

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:

P Massara (resigned 30 September 2015)

J Madrian (resigned 30 September 2015)

P Coffey (appointed 1 April 2015)

M Miklas (appointed 1 October 2015)

D Simons (appointed 1 October 2015)

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

Further details of significant changes in the future developments of the Company are provided in the Strategic Report on page 1.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will continue to trade. The basis of this assumption is that the Company has access to the RWE cash management arrangements of RWE in the UK which provide adequate liquidity. In addition any long term funding requirement will be made via a commercial rate long term loan.

Long term viability statement

The company is a 100% owned subsidiary of the RWE AG group. RWE is one of Europe's five leading electricity and gas companies. The RWE group employs around 60,000 employees and supplies over 16 million electricity customers and nearly eight million gas customers with energy, in the European market. In Europe the group is No. 3 in electricity and No.5 in gas in terms of sales. In the year 2015, the RWE group recorded €48.6 billion in revenue, and had an EBITDA of €7 billion. Being a large group, RWE AG manages its financial resources with a Group Treasury function. This function allocates financial resources across the Group to meet all financial obligations in a timely fashion. At the 2015 year end RWE Group Treasury managed €2.5 billion of cash resources.

The company belongs to the Npower Retail group of companies, and as such is funded by its parent on an ongoing basis. It is also party to a cash management agreement which affords it access to multimillion pound funding on a daily basis as required to meet its daily working capital requirements.

The mid-term business plan forecasts continued operations for the UK Retail group.

RWE Npower Group plc

Directors' Report for the year ended 31 December 2015 (continued)

Financial risk management

Capital management

The Company's objectives, policies and processes for managing capital are consistent with those of the RWE AG Group. Detailed discussions of these, in the context of the RWE AG Group as a whole, are provided on page 109 of the RWE AG 2015 Annual Report.

Liquidity risk

The Company forms part of the RWE Npower Group plc treasury arrangements, which actively manage 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

The Company has interest-bearing assets and liabilities. Interest-bearing assets include loans to group undertakings. Interest-bearing liabilities include loans from group undertakings. Interest on loans is fixed which minimises the interest rate risk faced by the Company.

General risk management

As a subsidiary of RWE AG, the Company complies with the Risk Management Directive of RWE AG, 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.

RWE Npower Group plc

Directors' Report for the year ended 31 December 2015 (continued)

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Statement of disclosure of information to the auditors

Each director who held office as at the date of approval of this report confirms the following:

- so far as they are aware, there is no relevant information that they know of and of which they know the auditors are unaware; and
- each director has taken 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.

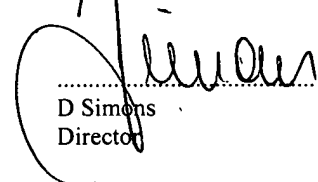
Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the Board on 24 June 2016 and signed on its behalf by:



.....
M Miklas
Director



.....
D Simons
Director

RWE Npower Group plc

Independent Auditors' Report to the members of RWE Npower Group plc

Report on the financial statements

Our opinion

In our opinion, RWE Npower Group plc's financial statements ("the financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2015;
- the Profit and Loss Account for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

RWE Npower Group plc

Independent Auditors' Report to the members of RWE Npower Group plc (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.



.....
Richard French (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 24 June 2016

RWE Npower Group plc
Profit and Loss Account for the year ended 31 December 2015

	Note	2015 £ m	2014 £ m
Income from shares in group undertakings	5	4	-
Interest receivable and similar income	6	86	76
Interest payable and similar charges	7	<u>(71)</u>	<u>(67)</u>
Profit on ordinary activities before taxation		19	9
Tax on profit on ordinary activities	9	<u>4</u>	<u>8</u>
Profit for the financial year		<u><u>23</u></u>	<u><u>17</u></u>

The above results were derived from continuing operations.

As profit for the financial year is equal to total comprehensive income for the year, no separate Statement of Comprehensive Income has been prepared.

The notes on pages 10 to 20 form an integral part of these financial statements.

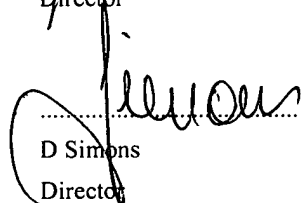
RWE Npower Group plc
Balance Sheet as at 31 December 2015

	Note	2015 £ m	2014 £ m
Fixed assets			
Investments	10	33	33
Current assets			
Debtors	11	2,232	2,054
Current liabilities			
Creditors: amounts falling due within one year	12	(620)	(1,072)
Net current assets		1,612	982
Total assets less current liabilities		1,645	1,015
Creditors: amounts falling due after more than one year	13	(1,536)	(929)
Net assets		109	86
Capital and reserves			
Called up share capital	14	33	33
Profit and loss account		76	53
Total shareholders' funds		109	86

The financial statements on pages 7 to 20 were approved by the Board on 24 June 2016 and signed on its behalf by:



 M Miklas
 Director



 D Simons
 Director

RWE Npower Group plc registered company number: 08241182

The notes on pages 10 to 20 form an integral part of these financial statements.

RWE Npower Group plc**Statement of Changes in Equity for the year ended 31 December 2015**

	Called up share capital £ m	Profit and loss account £ m	Total shareholders' funds £ m
At 1 January 2015	33	53	86
Profit for the financial year	-	23	23
Total comprehensive income for the year	-	23	23
At 31 December 2015	33	76	109

	Called up share capital £ m	Profit and loss account £ m	Total shareholders' funds £ m
At 1 January 2014	33	36	69
Profit for the financial year	-	17	17
Total comprehensive income for the year	-	17	17
At 31 December 2014	33	53	86

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

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

The notes on pages 10 to 20 form an integral part of these financial statements.

RWE Npower Group plc

Notes to the Financial Statements for the year ended 31 December 2015

1 General information

The Company is a public 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

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 on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 (Reduced Disclosure Framework).

Where required, equivalent disclosures are given in the RWE AG group financial statements.

Summary of disclosure exemptions

- Paragraph 33(c) of IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations)
- IFRS 7 (Financial Instruments: Disclosures)
- Paragraph 38 of IAS 1 (Presentation of Financial Statements) to present comparative information in respect of:
 - (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) (statement of cash flows)
 - (ii) 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements)
 - (iii) 16 (statement of compliance with all IFRS)
 - (iv) 38A (requirement for minimum of two primary statements, including cash flow statements)
 - (v) 38B-D (additional comparative information)
 - (vi) 40A-D (requirements for a third statement of financial position)
 - (vii) 111 (cash flow statement information)
 - (viii) 134-136 (capital management disclosures)

RWE Npower Group plc

Notes to the Financial Statements for the year ended 31 December 2015 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions (continued)

- IAS 7 (Statement of Cash Flows)

- Paragraphs 30 and 31 of IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors)

- Paragraph 17 and 18A 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 group financial statements of RWE AG. The group financial statements of RWE AG are available to the public and can be obtained as set out in note 16.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will continue to trade. The basis of this assumption is that the Company has access to the RWE cash management arrangements of RWE in the UK which provide adequate liquidity. In addition any long term funding requirement will be made via a commercial rate long term loan.

Exemption from preparing group financial statements

The financial statements contain information about RWE Npower Group plc as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, RWE AG, a company incorporated in Germany.

Changes in accounting policy and disclosure

None of the standards, interpretations and amendments effective for the first time from 1 January 2015 have had a material effect on the financial statements.

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 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.

RWE Npower Group plc

Notes to the Financial Statements for the year ended 31 December 2015 (continued)

2 Accounting policies (continued)

Investments

All fixed asset investments are stated at cost less provision for any impairment.

Investments in securities are classified on initial recognition as available-for-sale and are carried at fair value, except where their fair value cannot be measured reliably, in which case they are carried at cost, less any impairment.

Unrealised holding gains and losses other than impairments are recognised in other comprehensive income. On maturity or disposal, net gains and losses previously deferred in accumulated other comprehensive income are recognised in income.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Impairment of non-financial assets

The Company's management reviews the carrying amounts of its fixed assets, which includes goodwill, tangible assets and investments, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss.

If the recoverable amount of an asset or income generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or income generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the Profit and Loss Account.

The recoverable amount of an asset is based on its estimated value in use. Value in use is the present value of the future cash flows expected to be derived from use of the asset. The cash flow projections are based on future economic and market assumptions and forecast trading conditions drawn up by the Company's management as follows:

- Future market conditions and prices are based on detailed analysis and predictions prepared by RWE economists based on the specific circumstances of the UK retail energy market
- Cash flow projections are based on management's approved long term business plan which incorporate the predictions of future market conditions above
- The cash flows obtained are discounted at a rate estimated to be appropriate for the retail energy business in the UK

Where an impairment loss subsequently reverses the carrying amount of the asset is increased to the revised estimate of its recoverable amount, not exceeding the carrying amount that would have been determined had no impairment loss been recognised. A reversal of an impairment loss is recognised in the Profit and Loss Account.

RWE Npower Group plc

Notes to the Financial Statements for the year ended 31 December 2015 (continued)

2 Accounting policies (continued)

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Debtors

Debtors are amounts due from group companies in respect of financing or group taxation relief. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtor.

Creditors

Creditors are obligations to group companies in respect of financing. The accounting policy for financing creditors is detailed in the Borrowings section above. Creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

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.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

3 Critical accounting judgements and key sources of estimation uncertainty

There are no critical accounting judgements or key sources of estimation uncertainty.

4 Operating profit

Operating loss excludes charges for audit fees, as the audit fees in 2015 and 2014 were borne by Npower Limited, a subsidiary of the Company, and not recharged.

RWE Npower Group plc**Notes to the Financial Statements for the year ended 31 December 2015 (continued)****5 Income from shares in group undertakings**

	2015	2014
	£ m	£ m
Dividend income	<u>4</u>	<u>-</u>

6 Interest receivable and similar income

	2015	2014
	£ m	£ m
Interest income on bank deposits	2	-
Other finance income	-	3
Interest receivable from group undertakings	<u>84</u>	<u>73</u>
	<u>86</u>	<u>76</u>

7 Interest payable and similar charges

	2015	2014
	£ m	£ m
Interest on bank overdrafts and borrowings	2	2
Interest payable to group undertakings	<u>69</u>	<u>65</u>
	<u>71</u>	<u>67</u>

RWE Npower Group plc**Notes to the Financial Statements for the year ended 31 December 2015 (continued)****8 Directors' remuneration**

The Company had no employees during the year (2014: none). None of the directors received any remuneration for their services as directors of the Company. During the year aggregate emoluments of £1.3m were paid to the directors (2014: £1.1m) for their services to subsidiary companies. In addition, compensation for loss of office of £2.7m was paid to the directors (2014: £nil).

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2015	2014
	No.	No.
Received or were entitled to receive shares under long term incentive schemes	-	-
Exercised share options	-	-
Accruing benefits under defined benefit pension scheme	1	-
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>1</u>

The directors, including the highest paid director, were not entitled to receive aggregate cash payments during the year (2014: not entitled) under long-term incentive schemes from the Company.

In respect of the highest paid director:

	2015	2014
	£	£
Remuneration	415,584	631,175
Company contributions to money purchase pension schemes	-	41,300
Defined benefit accrued pension entitlement at the end of the period	93,000	-
Defined benefit accrued lump sum at the end of the period	202,600	-

RWE Npower Group plc
Notes to the Financial Statements for the year ended 31 December 2015 (continued)

9 Tax on profit on ordinary activities

The tax credit is made up as follows:

	2015 £ m	2014 £ m
Current taxation:		
Group relief receivable	(4)	(8)
Total current tax credit	(4)	(8)
Deferred taxation:		
Total deferred taxation	-	-
Total tax credit to profit and loss account	(4)	(8)

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK (2014 - lower than the standard rate of corporation tax in the UK) of 20.25% (2014 - 21.5%).

The differences are reconciled below:

	2015 £ m	2014 £ m
Profit on ordinary activities before tax	19	9
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%)	4	2
Increase from effect of revenues exempt from taxation	(8)	(10)
Total tax credit	(4)	(8)

During the year, the main rate of UK corporation tax was reduced from 21% to 20%. This was substantively enacted on 2 July 2013 and was effective from 1 April 2015 giving a corporate tax rate for the year ended 31 December 2015 of 20.25%.

Changes to the UK tax rates were announced in the Chancellor's Budget on 8 July 2015 and were substantively enacted on 26 October 2015. These included reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020.

Further changes to the UK tax rates were announced in the Chancellor's Budget on 16 March 2016 to reduce the main rate of corporation tax to 17% from 1 April 2020. These changes had not been substantively enacted by the balance sheet date.

RWE Npower Group plc**Notes to the Financial Statements for the year ended 31 December 2015 (continued)****10 Investments**

**Subsidiary
undertakings
£ m**

Cost and carrying amount

At 1 January 2015 and as at 31 December 2015

33

At 1 January 2014 and as at 31 December 2014

33

Details of the subsidiaries as at 31 December 2015 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2015	2014
Npower Limited	Energy supplier	England and Wales	100%	100%
Npower Northern Limited	Energy supplier	England and Wales	100%	100%
Npower Direct Limited	Energy supplier	England and Wales	100%	100%
Npower Yorkshire Limited	Energy supplier	England and Wales	100%	100%
RWE Solutions Ireland Limited	Energy supplier	Republic of Ireland	100%	100%

Investments in group undertakings are stated at cost. The directors believe that the carrying value of the investments is supported by their underlying net assets.

RWE Npower Group plc**Notes to the Financial Statements for the year ended 31 December 2015 (continued)****11 Debtors**

	2015 £ m	2014 £ m
Loans owed by group undertakings	2,228	2,046
Amounts owed by group undertakings	4	8
	<u>2,232</u>	<u>2,054</u>

Loans owed by group undertakings entered into on 30 December 2014 were settled during the year. On 30 December 2015 the Company entered into loan agreements with Npower Limited, Npower Yorkshire Limited and Npower Northern Limited. The book value at 31 December 2015 and the associated principal amounts lent under these agreements both total £2,228m. The loans are unsecured, bear interest at a rate of 4.01272% and are repayable on 29 December 2016.

Loans owed by group undertakings also include accrued interest receivable on the loan agreements.

Amounts owed by group undertakings relate to group relief receivable.

12 Creditors: amounts falling due within one year

	2015 £ m	2014 £ m
Loans owed to group undertakings	613	1,018
Bank overdrafts	7	54
	<u>620</u>	<u>1,072</u>

The loans owed to the ultimate parent company entered into on 28 and 29 December 2014 were settled during the year. The book value at 31 December 2015 and the associated principal amount of loans owed to the ultimate parent company is £206m. It was repayable on 4 January 2016 and was unsecured. The implied interest rate is 0.82188%.

The loans owed to the immediate parent company entered into at 30 December 2014 were settled during the year. On 30 December 2015, a new loan arrangement was entered into with RWE Npower Holdings plc for £89m. The loan is unsecured, has an effective interest rate of 0.969% and is repayable on 29 December 2016.

The loans owed to group undertakings entered into at 30 December 2014 were settled during the year. On 30 December 2015 the Company entered into a new loan agreement with Npower Direct Limited for £318m. The loan is unsecured, bears interest at a rate of 0.969% and is repayable on 29 December 2016.

Loans owed to the ultimate parent company, the immediate parent company and other group undertakings also include accrued interest payable on the loan agreements.

On 29 March 2016, also as part of the restructuring process, the Company repaid the £89m loan with RWE Npower Holdings plc detailed above, plus accrued interest.

RWE Npower Group plc**Notes to the Financial Statements for the year ended 31 December 2015 (continued)****13 Creditors: amounts falling due after more than one year**

	2015	2014
	£ m	£ m
Creditors: amounts falling due after more than one year	<u>1,536</u>	<u>929</u>

On 12 July 2013, the Company entered into loan agreements with the immediate parent company, RWE Npower Holdings plc, for £600m and £315m respectively. These loans are due for repayment in 2023 and 2030 and have fixed coupon rates of 5.925% and 6.300% respectively.

On 30 March 2015, the Company entered into a loan agreement with the immediate parent company, RWE Npower Holdings plc, for £600m. This loan is due for repayment on 21 December 2017 and has a fixed coupon rate of 1.56%.

Loans falling due after more than one year owed to the immediate parent company also include accrued interest payable on the loan agreements.

On 24 March 2016, as part of the restructuring process currently ongoing, the Company replaced RWE Npower Holdings plc as borrower from RWE AG under identical loan contracts, and the loan contracts the Company had in place with RWE Npower Holdings plc were terminated.

On 29 April 2016, the Company agreed with RWE AG that RWE Gas International N.V. would replace RWE AG as lender in respect of the three loans and that all of the details of the loans would remain the same.

14 Called up share capital**Allotted, called up and fully paid shares**

	No.	2015	No.	2014
		£		£
Ordinary shares of £1 each	<u>33,212,986</u>	<u>33,212,986</u>	<u>33,212,986</u>	<u>33,212,986</u>

15 Contingent liabilities

There were bank issued letters of credit issued on the company's facilities on behalf of its subsidiaries. As at 31 December 2015, the total value of these letters of credit amounted to £109m (2014: £132m).

The letters of credit are in place as security against the subsidiary companies failing to meet certain payment obligations. It is considered to be very unlikely that any event will occur that gives rise to any of the guarantees being effected.

RWE Npower Group plc

Notes to the Financial Statements for the year ended 31 December 2015 (continued)

16 Controlling parties

Prior to 29 April 2016 the Company's immediate parent was RWE Npower Holdings plc, a company incorporated in Great Britain and registered in England and Wales. On 29 April 2016 the Company's immediate parent became RWE Gas International N.V., a company incorporated in the Netherlands.

The ultimate parent is RWE AG, a company incorporated in Germany. Their financial statements are available upon request from RWE AG, Opernplatz 1, D-45128 Essen, Germany.

17 Non adjusting events after the financial year

As part of a restructuring process, on 29 April 2016, RWE Npower Holdings plc, the Company's immediate parent, sold its shareholding of 33,212,986 ordinary shares of £1.00 in the Company to RWE Gas International N.V., a company incorporated in the Netherlands.

On the same day, the Company agreed with RWE AG that RWE Gas International N.V. would replace RWE AG as lender in respect of the three loans and that all of the details of the loans would remain the same.

18 Transition to FRS 101

For the year ended 31 December 2015, the Company has adopted FRS 101. The effective transition date is 1 January 2014, being the first day of the comparative year. Accordingly the Company has conducted a detailed review of the accounting and disclosure requirements of FRS 101, as a result of which it was established that no adjustments were required to the comparatives in the original signed 2014 statutory financial statements prepared under previous UK GAAP. Therefore the comparatives in these financial statements are as per the original signed 2014 statutory financial statements.