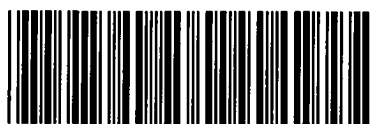


Company registration number 03987817 (England and Wales)

**RWE GENERATION UK HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

FRIDAY



\*AC6T4NQA\*

A29

30/06/2023

#117

COMPANIES HOUSE

# RWE GENERATION UK HOLDINGS LIMITED

## COMPANY INFORMATION

---

**Directors**

Mr W Jeffery  
Mrs S Lange (Appointed 1 November 2022)  
Mrs S Standen (Appointed 1 January 2023)

**Company secretary**

Mr J Keene

**Company number**

03987817

**Registered office**

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

**Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
3, Forbury Place, 23 Forbury Road  
Reading  
Berkshire  
United Kingdom  
RG1 3JH

---

# RWE GENERATION UK HOLDINGS LIMITED

## CONTENTS

---

	<b>Page</b>
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditors' report	5 - 7
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Notes to the financial statements	11 - 20

---

# **RWE GENERATION UK HOLDINGS LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

---

The directors present the strategic report for the year ended 31 December 2022.

#### **Review of the business**

The Company reports a profit before tax of £166m compared to a £6m profit before tax in 2021. Net assets increased to £2,740m (2021: £2,576m). The Company did not pay any dividends in 2022 (2021: interim dividend of £7m paid).

The increase in the year-on-year profit before tax is due to a write-back of the Company's investment in its subsidiary company RWE Generation UK plc. The write-back of the investment is as a result of write-backs at RWE Generation UK plc's power stations at Pembroke, Staythorpe, Little Barford and Great Yarmouth and are justified primarily by the improvement in earnings expectations.

Interest income increased due to increases in interest rates that the Company earns from its cash pooling arrangement with RWE AG.

#### **Principal risks and uncertainties**

The Company is a holding company for RWE Generation's UK operations. The principal risk to the Company is the financial performance of its subsidiary investments. Volatility in the earnings potential of the subsidiary investments can directly impact the value of the Company's investment.

The primary responsibility for risk management lies with the Executive Board of RWE AG who monitors and manages the overall risk of the Group and its operational subsidiaries. Accordingly, the principal risks and uncertainties of RWE AG, which include those of the Company, are discussed on pages 65 through 74 of the group's annual report which does not form part of this report.

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 carry out a formal review and assessment to initiate mitigating action where necessary. From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the RWE Generation UK group of companies and are not managed separately.

#### **Key performance indicators (KPIs)**

RWE Generation UK Holdings Limited does not have any trading operations. For this reason, the Company's directors do not set KPIs for this specific entity.

#### **Section 172 statement**

The purpose of the Strategic Report is to inform members of the Company and help them assess how the directors have performed their duty under Section 172 (duty to promote the success of the Company).

The Board of RWE Generation UK Holdings Limited believe they have acted in the manner most likely to promote the success of the Company for the benefit of its members as a whole having a regard to the matters set out in S172(1)(A-F) of the Act.

The following important matters have been directly addressed:

#### **S172(1)(A) "The likely consequences of any decision in the long term"**

The directors take into consideration the interest of its members and subsidiaries when approving investment and dividend decisions.

#### **S172(1)(B) "The interests of the Company's employees"**

The Company had no employees for the year under review (2021: none).

## **RWE GENERATION UK HOLDINGS LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

---

**S172(1)(C) "The need to foster the Company's business relationships with suppliers, customers and others"**

The Company follows the RWE AG Group Code of Conduct and expects business partners to accept the principles set out in that Code. The Company's goals must only be achieved by legal and ethical means. Private interests should remain separate to those of the Company and employees should not solicit or accept monetary benefits from third parties. Conflicts of interest should be declared at the start of the procurement process or when staff first become aware that a conflict exists. In order to minimise the risks of bribery and corruption the RWE AG Group has implemented a compliance management system with designated Compliance Officers in all Group companies.

The Company's Procurement Terms and Conditions also require all suppliers to comply with the RWE AG Group Code of Conduct. The Code of Conduct is consistent with the "Labour standards" set out in the United Nations Global Compact, it requires all suppliers both through their own activities and those within their own supply chains, to ensure they do not commit any offences of 'slavery, servitude and forced or compulsory labour', 'child labour' or 'human trafficking'. This is consistent with the requirements of the Modern Slavery Act 2015.

**S172(1)(D) "The impact of the Company's operations on the community and the environment"**

As a holding Company, the Company does not have any direct investment into the community or environment.

**S172(1)(E) "The desirability of the Company maintaining a reputation for high standards of business conduct"**


The Board is aware of its social role and responsibility towards customers, business partners, shareholders, employees and the wider stakeholder community. As part of the RWE AG Group the Company follows the RWE AG Code of Conduct which provides clear principles on how the Company conducts its business and social activities. The Company is committed to conducting business with integrity, being respectful to others and the environment, and in compliance with the law.

**S172(1)(F) "The need to act fairly as between members of the Company"**

The Company is held directly by a single member, and has one ultimate parent Company, RWE AG.

On behalf of the board

DocuSigned by:



8690C858C08848C...

Mrs S Lange  
**Director**

29 June 2023

# **RWE GENERATION UK HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

---

The directors present their annual report and audited financial statements for the year ended 31 December 2022.

#### **Principal activities**

The principal activity of the Company continued to be that of a holding company for RWE Generation UK plc.

#### **Results and dividends**

The results for the year are set out on page 9.

The directors proposed and paid an interim dividend to its immediate German parent company of £7m in 2021. The directors do not propose a dividend for the year ending 31 December 2022.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mrs H Mallett	(Resigned 31 October 2022)
Mr M Suleman	(Resigned 31 December 2022)
Mr W Jeffery	
Mrs S Lange	(Appointed 1 November 2022)
Mrs S Standen	(Appointed 1 January 2023)

#### **Qualifying third party indemnity provisions**

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the financial year and remain in force at the date of approval of the directors' report.

#### **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 138 of the RWE AG 2022 Annual Report.

##### **Liquidity risk**

The Company forms part of the RWE Generation UK plc group 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.

##### **Interest rate cash flow risk**

The Company has interest-bearing assets comprising loans to group undertakings. The interest-bearing assets bear interest monthly at SONIA rate minus 10 basis points. The Company has no interest-bearing liabilities.

##### **General risk management**

Operational risk relates to the risk that processes, controls or competencies affect the Company's profits. These are formally reviewed and assessed by the Company's directors as part of a wider review and assessment of the RWE Generation UK group of companies.

##### **Future developments**

The Company continues to be the holding company for the RWE Generation UK group of companies.

##### **Auditors**

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

# **RWE GENERATION UK HOLDINGS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

---

#### **Statement of directors' responsibilities in respect of the financial statements**

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, 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 responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

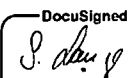
The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

#### **Directors' confirmations**

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information 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.

On behalf of the board

DocuSigned by:  
  
8890C858C08848C...  
Mrs S Lange  
Director

29 June 2023

# **RWE GENERATION UK HOLDINGS LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF RWE GENERATION UK HOLDINGS LIMITED**

---

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion, RWE Generation UK Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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: Statement of financial position as at 31 December 2022; the Statement of comprehensive income, 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.

##### **Conclusions relating to going concern**

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

##### **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.



## **RWE GENERATION UK HOLDINGS LIMITED**

### **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

#### **TO THE MEMBERS OF RWE GENERATION UK HOLDINGS LIMITED**

---

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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### **Strategic report and the 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 2022 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 in respect of the financial statements, 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.

##### *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.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax regulations, and Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates.

# **RWE GENERATION UK HOLDINGS LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **TO THE MEMBERS OF RWE GENERATION UK HOLDINGS LIMITED**

---

Audit procedures performed by the engagement team included:

- enquiry of management, those charged with governance and entity's solicitor (or in-house legal team) around actual and potential litigation and claims;
- enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- review of minutes of meetings of those charged with governance;
- evaluation of management's controls designed to prevent and detect irregularities as well as reviewing internal audit reports;
- review of financial statements disclosures and testing of supporting documentations to assess compliance with applicable laws and regulations; and
- auditing the risk of management override of controls, including testing manual journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transaction outside the normal course of business.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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](http://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 obtained 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.



**Fiona Hornsby (Senior Statutory Auditor)**  
**for and on behalf of PricewaterhouseCoopers LLP**  
**Chartered Accountants and Statutory Auditors**  
**Reading**  
**29 June 2023**

**RWE GENERATION UK HOLDINGS LIMITED****STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £m	2021 £m
Exceptional item	6	157	-
Finance income	7	9	6
<b>Profit before taxation</b>		<u>166</u>	<u>6</u>
Tax on profit	8	(2)	-
<b>Profit and total comprehensive income for the financial year</b>		<u><u>164</u></u>	<u><u>6</u></u>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

**RWE GENERATION UK HOLDINGS LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2022**

	Notes	2022 £m	2021 £m
<b>Fixed assets</b>			
Investments	9	2,062	1,905
<b>Current assets</b>			
Trade and other receivables	11	680	671
<b>Creditors: amounts falling due within one year</b>			
Taxation and social security	12	(2)	-
<b>Net assets</b>		<u>2,740</u>	<u>2,576</u>
<b>Capital and reserves</b>			
Share capital	13	-	-
Other reserves	14	-	(6)
Profit and loss reserves		<u>2,740</u>	<u>2,582</u>
<b>Total equity</b>		<u>2,740</u>	<u>2,576</u>

The notes on pages 11 to 20 are an integral part of these financial statements.

The financial statements on pages 8 to 20 were approved by the board of directors and authorised for issue on 29 June 2023 and are signed on its behalf by:

DocuSigned by:  
  
 8690C858CD8848C...  
 Mrs S Lange  
 Director

Company Registration No. 03987817

**RWE GENERATION UK HOLDINGS LIMITED****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2022**

		Other reserves	Profit and loss reserves	Total
	Notes	£m	£m	£m
<b>Balance at 1 January 2021</b>		(6)	2,583	2,577
<b>Year ended 31 December 2021:</b>				
Profit and total comprehensive income for the year		-	6	6
Dividends	15	-	(7)	(7)
<b>Balance at 31 December 2021</b>		(6)	2,582	2,576
<b>Year ended 31 December 2022:</b>				
Profit and total comprehensive income for the year		-	164	164
Transfer to profit and loss reserves	14	6	(6)	-
<b>Balance at 31 December 2022</b>		-	2,740	2,740

# RWE GENERATION UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

---

### 1 Accounting policies

#### Company information

RWE Generation UK Holdings Limited is a private company limited by shares incorporated in England and Wales and domiciled in the United Kingdom. The registered office is Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire, United Kingdom, SN5 6PB. The Company's principal activities and nature of its operations are disclosed in the directors' report.

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

#### 1.1 Accounting convention

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.

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards and the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £m.

The financial statements have been prepared under the historic cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value, in accordance with the Companies Act 2006.

The Company has taken advantage of the relevant disclosure exemptions under FRS 101 from the list below:

- 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)
- The following paragraphs of IAS 1 (Presentation of Financial Statements):
  - (i) 10(d) (statement of cash flows)
  - (ii) 16 (statement of compliance with all IFRS)
  - (iii) 38A (requirement for minimum of two primary statements, including cash flow statements)
  - (iv) 38B-D (additional comparative information)
  - (v) 40A-D (requirements for a third statement of financial position)
  - (vi) 111 (cash flow statement information)
  - (vii) 134-136 (capital management disclosures)
- IAS 7 (Statement of Cash Flows)
- 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.

The Company is a wholly owned subsidiary of RWE Generation SE. The ultimate parent is RWE AG. The financial statements contain information about RWE Generation UK Holdings Limited as an individual company and so do not contain consolidated financial information as the parent of a group.

The Company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the Company as an individual entity and not about its group.

# RWE GENERATION UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1 Accounting policies

(Continued)

##### 1.2 Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, which the directors consider to be at least 12 months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements. The basis of this assumption is that RWE Generation UK Holdings Limited continues to be the holding Company for the RWE Generation UK group of companies, which is cash generative. In addition, the Company has access to the RWE AG cash management arrangements which provide adequate liquidity. Any long-term funding requirement will be made via a commercial rate long-term loan.

##### 1.3 Fixed asset investments

All fixed asset investments are stated at cost less provision for any impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

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 statement of comprehensive income.

The recoverable amount of an asset or income generating unit is based on the higher of its estimated fair value less costs to sell and its estimated value in use. To derive fair value less costs to sell, 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 generation market;
- Cash flow projections are based on management's annual business plan updated for any significant movements since the date the business plan was approved;
- The cash flows obtained are discounted at a rate estimated to be appropriate for the electricity generation business in the UK. The discount rate is assessed annually.

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 for the asset in prior years. A reversal of an impairment loss is recognised in the statement of comprehensive income. Impairment loss and write-back will be identified as an exceptional item within the statement of comprehensive income.

##### 1.4 Cash at bank and in hand

Cash at bank and in hand, includes cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in creditors; amounts falling due within one year.

# RWE GENERATION UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1 Accounting policies

(Continued)

##### 1.5 Financial assets

Financial assets are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in the statement of comprehensive income. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

##### **Financial assets held at amortised cost**

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (e.g. trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

##### **Impairment of financial assets**

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been adversely affected.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

##### 1.6 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

##### 1.7 Taxation

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

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.



# RWE GENERATION UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### **Deferred tax**

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.8 Amounts and loans owed by group undertakings**

The amounts and loans owed by group undertakings are measured at amortised cost less provision for impairment in accordance with IFRS 9.

### 2 Adoption of new and revised standards and changes in accounting policies

There are no amendments to accounting standards, IFRIC interpretations that are effective for the year ended 31 December 2022 that have a material impact on the Company's financial statements.

### 3 Critical accounting estimates and judgements

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

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

#### **Impairment of investments**

The Company's management makes an estimate annually of the fair value of its investments. If the fair value is less than its carrying amount, an impairment loss is recognised immediately in the statement of comprehensive income. Where the estimate of the fair value indicates reversal of impairment, the reversal is also recognised immediately in the statement of comprehensive income.

### 4 Auditors' remuneration

Audit fees are borne by RWE Generation UK plc, a subsidiary company, and no recharge was made.

# RWE GENERATION UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 5 Directors' remuneration

	2022 £'000	2021 £'000
Remuneration for qualifying services	362	587

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021 - 1). The aggregate value of employer contributions paid under money purchase schemes in 2022 amount to £nil (2021: £19k).

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 1 (2021 - 1).

The number of directors who are entitled to receive shares under long term incentive schemes during the year was 2 (2021 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £'000	2021 £'000
Remuneration for qualifying services	184	190
Long term incentive schemes	31	58
Company pension contributions to defined contribution schemes	-	19
*Accrued pension at the end of the year	146	-
*Accrued lump sum at the end of the year	160	-

\*These amounts relate to the defined benefit scheme.

The Company had no employees during the year (2021: none). None of the directors received any remuneration for their services as directors of the Company (2021: £nil) and no recharge is made to the Company.

# RWE GENERATION UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 6 Exceptional items

	2022 £m	2021 £m
Impairment write-back of investments	157	-

During the year the Company reviewed the carrying amount of its direct subsidiary undertaking following an indication of impairment reversal. The write-back is as a result of write-backs of the power stations at Pembroke, Staythorpe, Little Barford and Great Yarmouth and are justified primarily by the improvement in earnings expectations. In assessing the value, the following significant assumptions were made:

- Post tax (real) discount rate of 7.88% was applied.
- Future cash flows were estimated to the end of the generating assets' useful lives in the subsidiary undertaking.

Fair values are determined using valuation models based on planned cash flows. Our key planning assumptions relate to the development of wholesale prices of electricity, crude oil, natural gas, coal and CO2 emission allowances, market shares and regulatory framework conditions.

Further information on how the recoverable amount is calculated is provided in the accounting policy on page 13.

### 7 Finance income

	2022 £m	2021 £m
<b>Interest income</b>		
Interest receivable from group companies	9	-
<b>Income from fixed asset investments</b>		
Income from shares in group undertakings	-	6
Total finance income	9	6

### 8 Taxation

	2022 £m	2021 £m
<b>Current tax</b>		
UK corporation tax on profits for the current period	2	-

# RWE GENERATION UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 8 Taxation

(Continued)

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2022 £m	2021 £m
Profit before taxation	166	6
Expected tax charge based on a corporation tax rate of 19.00% (2021: 19.00%)	32	1
Income not taxable	(30)	(1)
<b>Taxation charge for the year</b>	<b>2</b>	<b>-</b>

In the Spring Budget 2021, the Government announced that from 1 April 2023 the main rate of corporation tax rate will increase to 25%. The rate change was substantively enacted on 24 May 2021 and is reflected in these financial statements.

#### 9 Investments

	2022 £m	2021 £m
Investments in subsidiaries	2,062	1,905
	<u>2,062</u>	<u>1,905</u>

#### Movements in fixed asset investments

	Shares in group undertakings £m
<b>Cost or valuation</b>	
At 1 January 2022 & 31 December 2022	2,062
<b>Impairment</b>	
At 1 January 2022	(157)
Reversal of impairment loss	157
At 31 December 2022	-
<b>Carrying amount</b>	
At 31 December 2022	2,062
At 31 December 2021	1,905

# RWE GENERATION UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 9 Investments

(Continued)

Fair values are determined using valuation models based on planned cash flows. Our key planning assumptions relate to the development of wholesale prices of electricity, crude oil, natural gas, coal and CO2 emission allowances, market shares and regulatory framework conditions. Based on the use of internal planning assumptions, the determined fair values are assigned to Level 3 of the fair value hierarchy.

See note 6 for details of the impairment reversal.

#### 10 Subsidiaries

All subsidiaries incorporated in the United Kingdom are registered at Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire. SN5 6PB, United Kingdom.

Details of the Company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Principal activities	Class of shares held	% Held	
				Direct	Indirect
RWE Generation UK plc	United Kingdom	Gas-fired and hydro-electric power generation	Ordinary shares	100.00	-
RWE Ingenius Limited	United Kingdom	Holding company	Ordinary shares	-	100.00
RWE Markinch Limited	United Kingdom	Biomass power generation	Ordinary shares	-	100.00
RWE KL Limited	United Kingdom	Dormant	Ordinary shares	-	100.00

#### 11 Trade and other receivables

	2022 £m	2021 £m
Loans owed by group undertakings	680	671

On 1 May 2021, the Company entered into a facility agreement with RWE AG under which the Company may deposit cash with RWE AG. The deposit is unsecured and bears interest, calculated monthly, at the overnight LIBOR average of the respective month minus 10 basis points. On 1 January 2022 the decision was taken to change the basis for the interest calculation and instead of LIBOR the Company's interest is now calculated using SONIA (sterling overnight index average) minus 10 basis points. The Company's transactions are all held at arms length.

As at 31 December 2022, the amount held on deposit with RWE AG was £680m (2021: £671m).

There is no provision for impairment of financial assets as at 31 December 2022 (2021: £nil).

#### 12 Creditors

	2022 £m	2021 £m
Corporation tax	2	-

# RWE GENERATION UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 13 Share capital

	2022 Number	2021 Number	2022 £m	2021 £m
<b>Ordinary share capital</b>				
Ordinary shares of 10p each	1	1	-	-
	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>
<b>Issued and fully paid</b>				
Ordinary shares of 10p each	1	1	-	-
	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>

#### 14 Other reserves

	£m
Balance at 1 January 2021	(6)
Balance at 31 December 2021	(6)
Other movements	6
Balance at 31 December 2022	-

Other reserves comprise the difference between the issue price and exercise price of shares issued in 2002 to satisfy specific share schemes held in place at the time of acquisition by RWE AG.

This reserve is no longer required because the Company is not an employing company and its shares are 100% owned by RWE Generation SE. Therefore the balance has been transferred to the profit and loss reserve.

#### 15 Dividends

	2022 per share	2021 per share	2022 £m	2021 £m
Amounts recognised as distributions to equity holders:				
<b>Ordinary shares</b>				
Interim dividend paid	-	7,000,000	-	7

#### 16 Contingent liabilities

In the normal course of business, the Company has provided parent company guarantees on behalf of its subsidiaries. As at 31 December 2022 the total value of these guarantees amounted to £60m (2021: £28m).

All of the above guarantees 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 affected.

## **RWE GENERATION UK HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022**

---

#### **17 Controlling party**

The Company's immediate parent is RWE Generation SE, a company incorporated in Germany.

The ultimate parent is RWE AG, a company incorporated in Germany. RWE AG is the smallest and largest group to consolidate these financial statements. Their financial statements are available upon request from RWE AG, RWE Platz 1, 45141 Essen, Germany. They can be accessed at [www.rwe.com](http://www.rwe.com).

The ultimate controlling party is RWE AG.