

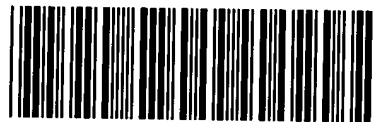
Registration number: 04445217

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)

Annual Report and Financial Statements

for the Year Ended 31 December 2015

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RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
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RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)

Strategic Report for the year ended 31 December 2015

The directors present their Strategic Report and the audited financial statements for the year ended 31 December 2015.

Principal activity

The principal activity of the Company is the generation and sale of electricity and steam. RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited) operates a Combined Heat and Power plant in the UK.

Business review and future developments

Turnover and cost of sales, excluding exceptional items, have decreased at the Hythe CHP site in 2015 compared to 2014 by £7,734k and £7,918k respectively, driven by the end of supply contracts with Versalis (formally Polimeri Europa) and Geo Speciality Chemicals. The Company made an operating loss for the year of £797k and an overall loss for the financial year of £680k.

The future operations of the site were reviewed during 2015 and the decision was made to install a bypass stack to enable the Gas Turbine to be operated in open cycle mode, independently from the steam turbine cycle. The project was completed in November 2015 and has enabled faster start time, as well as reduced operations and staffing costs.

In December 2015, the plant was successful in the second Electricity Market Reform Capacity Market auction, obtaining a Capacity Market agreement for the 2019/20 Delivery year.

Looking forward, the site is applying to pre-qualify for the third auction for 2020/21 Delivery year, with the auction due in December 2016. This is to be followed by an early auction for delivery in 2017/18 Delivery year.

OFGEM has been instructed to review TRIAD payment levels as the current charging structure is widely seen as not being cost reflective. The outlook and future level of TRIAD income for the Hythe site is therefore subject to uncertainty.

Principal risks and uncertainties

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

The management of the business and the execution of the Company's strategy are subject to a number of risks. The current regulatory and market uncertainty adds to the overall balance of risk detailed discussions of these risks and opportunities, in the context of the RWE AG Group as a whole, are provided on pages 78 to 87 of the RWE AG 2015 Annual Report.

The Company continues to invest in a formal, regular risk assessment process to identify, monitor and mitigate as far as possible any risk that should arise. These are formally reviewed and assessed by the Company's directors. The energy risk management activities undertaken by RWE Supply and Trading GmbH ("RWEST") on behalf of the Company are overseen by the RWE AG board.

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
Strategic Report for the year ended 31 December 2015 (continued)

Key performance indicators (KPIs)

The directors of the Company do not primarily focus their management of the activities of the Company or wider group on a legal entity basis. Instead business performance is monitored, assessed and managed on a divisional basis which covers all of the activities of RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited) as well as other entities in the group that own and operate CHP sites. Therefore the Company's directors do not set KPIs at a legal entity level, and as a result such KPIs are not presented for the Company.

Approved by the Board on 20/9/16 and signed on its behalf by:



Mrs Rebecca Wall
Director

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)

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.

Results and dividends

The Company's loss for the financial year ended 31 December 2015 is £680k (2014: profit £137k). No dividends were paid during the year (2014: £nil). The directors do not recommend payment of a final dividend for the year ended 31 December 2015 (2014: £nil).

Directors of the Company

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

Mrs Rebecca Wall

Fraser Blunt (resigned 20 May 2016)

Thomas Glover (resigned 20 May 2016)

The following directors were appointed after the year end:

Kevin Lindley (appointed 20 May 2016)

Martin O'Connor (appointed 20 May 2016)

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.

Employees

The success of our business depends on the ability, commitment and dedication of our employees and we thank them for their continued efforts this year in the challenging business environment that we find ourselves in.

The Company is committed to the development of all staff in order to leverage our intellectual capital. Among many development and training initiatives, all staff are encouraged to maintain personal development plans.

The major changes within the Company mean that effective communications with staff are vital. The Company provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Corporate publications and other media, including distribution of key development messages and team briefings, are used to promote wide understanding of policies and strategy.

Health and Safety remains of the utmost priority and we are committed to sharing best practice across the Company, maintaining our high standards and striving for improvements. We take every measure to protect everyone we work with – not only our employees, but also our contractors, visitors and the public. We also take every opportunity to promote wellbeing at work.

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)

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

Equal opportunities and diversity

We are committed to creating a diverse and inclusive organisation and to valuing the contribution that our employees make.

We welcome and respect differences in culture, background, working style, education and other less obvious differences. We value the contribution that people from all backgrounds can make to the success of our business, irrespective of sex, marital status, race, nationality, ethnic or national origins, disability, age, religion or belief, sexual orientation and trade union affiliation.

Our commitment means that we continually seek to improve our policies, procedures and codes of practice to ensure that our employees, potential employees and other workers are treated equally, fairly and on merit.

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. In addition, appropriate arrangements are made for training, career development and promotion of disabled persons employed by the Company. If members of staff become disabled the Company continues employment, either in the same or an alternative position, with appropriate training being given if necessary.

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.

Credit risk

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited) has a policy of requiring appropriate credit checks on customers prior to establishing credit terms and payment method. Credit insurance and security deposits are arranged depending upon a combination of the credit rating and projected annual spend. For all new customers with an annual spend in excess of predetermined limits, commodity risk control are required to sign off the account prior to acceptance. Cash at bank and in hand comprise cash in hand and deposits which are readily convertible to cash and are subject to insignificant risk of change in value or credit risk.

Liquidity risk

The Company forms part of the 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.

Commodity price risk

The Company is exposed to commodity price risk as a result of its operations. Commodity risks exist in electricity, gas, and CO2 emission certificates. Exposure to index price risk arises from within the Company's Energy Supply Contracts with its customers. Typically, these indices are UK Government Office for National Statistics Energy Trends indices or closing spot market price indices. RWE AG follows the business model of group wide pooling of liquid commodity risks inherent in its business activities. RWEST serves as the group's central commodity market risk manager. The Company's portfolio commodity positions are transferred at market price to the relevant RWEST trading desks. The timing of the transfer depends on market liquidity and certain contractual and physical constraints. These result from commitments that the Company holds with site specific Energy Supply Contracts. RWE AG, the Company's ultimate parent, and RWE Generation UK plc, the immediate parent company, define their Governance framework and risk management systems in a series of directives, policies and procedures.

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)

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

Financial risk management (continued)

Securities price risk

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

Market risk

The Company is responsible for forecasting customer demand and plant outage requirements (planned and unplanned), and for assessing the associated physical and financial positions for each commodity and Energy Supply Contract. These positions are aggregated to form a portfolio position. The consolidated indexation and commodity positions are reviewed and monitored on an ongoing basis by management.

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.

Change to FRS 101

The financial statements of RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited) have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) with an effective date of 1 January 2014.

Post balance sheet events

There have been no post balance sheet events requiring disclosure or adjustment in these financial statements.

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 Generally Accepted 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;
- 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.

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
Directors' Report for the year ended 31 December 2015 (continued)

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 29/1/16 and signed on its behalf by:



Mrs Rebecca Wall
Director

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
Independent Auditors' Report to the members of RWE Cogen UK (Hythe) Limited
(formerly Npower Cogen (Hythe) Limited)

Report on the financial statements

Our opinion

In our opinion, RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)'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 loss 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:

- Statement of financial position as at 31 December 2015;
- Income statement for the year then ended;
- 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 Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
Independent Auditors' Report to the members of RWE Cogen UK (Hythe) Limited
(formerly Npower Cogen (Hythe) Limited) (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 6, 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 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

20 September 2016

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
Income statement for the year ended 31 December 2015

	Note	2015 £ 000	2014 £ 000
Revenue		<u>1,907</u>	<u>9,641</u>
Cost of sales			
Excluding exceptional items		(2,670)	(10,588)
Exceptional items	4	<u>-</u>	<u>(4,870)</u>
Cost of sales		<u>(2,670)</u>	<u>(15,458)</u>
Gross loss		(763)	(5,817)
Administrative expenses		(96)	4
Other income	5	<u>62</u>	<u>6,041</u>
Operating (loss)/profit		(797)	228
Finance income	7	67	73
Finance costs	8	<u>(18)</u>	<u>(17)</u>
Finance income - net		<u>49</u>	<u>56</u>
(Loss)/profit on ordinary activities before income tax		(748)	284
Income tax expense on ordinary activities	11	<u>68</u>	<u>(147)</u>
(Loss)/profit for the financial year		<u>(680)</u>	<u>137</u>

The above results were derived from continuing operations.

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

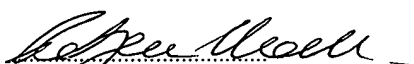
The notes on pages 12 to 30 form an integral part of these financial statements.

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
Statement of financial position as at 31 December 2015

	Note	2015 £ 000	2014 £ 000
Fixed assets			
Property, plant and equipment	12	3,938	4,411
Current assets			
Inventory	13	117	117
Trade and other receivables	14	4,412	6,997
Deferred tax assets	11	685	567
		<u>5,214</u>	<u>7,681</u>
Creditors: Amounts falling due within one year			
Trade and other payables	15	<u>(600)</u>	<u>(2,860)</u>
Net current assets		<u>4,614</u>	<u>4,821</u>
Net assets		<u>8,552</u>	<u>9,232</u>
Equity			
Ordinary shares	16	37,462	37,462
Retained earnings		<u>(28,910)</u>	<u>(28,230)</u>
Total shareholders' funds		<u>8,552</u>	<u>9,232</u>

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited) registered company number: 04445217

The financial statements on pages 9 to 30 were approved by the Board on 20/9/16 and signed on its behalf by:



Mrs Rebecca Wall

Director

The notes on pages 12 to 30 form an integral part of these financial statements.

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
Statement of Changes in Equity for the year ended 31 December 2015

	Called up share capital £ 000	Retained earnings £ 000	Total shareholders' funds £ 000
At 1 January 2014	37,462	(28,525)	8,937
FRS 101 adjustment	-	158	158
At 1 January 2014 (restated)	37,462	(28,367)	9,095
Profit for the financial year	-	137	137
Total comprehensive income	-	137	137
At 31 December 2014	37,462	(28,230)	9,232

	Called up share capital £ 000	Retained earnings £ 000	Total shareholders' funds £ 000
At 1 January 2015	37,462	(28,230)	9,232
Loss for the financial year	-	(680)	(680)
Total comprehensive expense	-	(680)	(680)
At 31 December 2015	37,462	(28,910)	8,552

The notes on pages 12 to 30 form an integral part of these financial statements.

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
Notes to the Financial Statements for the year ended 31 December 2015

1 General information

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

The address of its registered office is:

Windmill Hill Business Park

Whitehill Way

Swindon

Wiltshire

SN5 6PB

United Kingdom

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, modified by financial assets and financial liabilities held at fair value through profit and loss, and in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Summary of disclosure exemptions

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard as follows;

- 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)

(ii) 10(f)

(iii) 16

(iv) 38A

(v) 38B-D

(vi) 40A-D

(vii) 111

(viii) 134-136

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
Notes to the Financial Statements for the year ended 31 December 2015 (continued)

2 Accounting policies (continued)

- IAS 7 (Statement of Cash Flows)
- Paragraphs 30 and 31 of IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors)
- Paragraph 17 of IAS 24 (Related Party Disclosures)
- The requirements in IAS 24 (Related Party Disclosures) to disclose related party transactions entered into between two or more members of a group.

Going concern

The directors have considered the application of the going concern basis of accounting and believe that for the foreseeable future the Company will have available resources to meet its liabilities as they fall due, largely from group financing and cash flows from the Company's operations.

Revenue

Revenue represents income from the sales of electricity and steam generated by the Company to large industrial users in the UK under long term contracts, and the production of power for the national grid. Turnover is recognised at the point of providing the goods and services to the customer. A significant amount of revenue is related to TRIAD capture during the winter periods. Suppliers are charged system charges (TNUOS) based on their average demand and if the Company's asset is generating during the peak periods this reduces the supplier's fees and a substantial part of this reduction is passed back to the embedded generators (including the Company). These credits are received based on the 3 highest peak demands (TRIADS), during the winter period and are not guaranteed.

TRIAD earnings are paid to the Company by the holder of the meter, Elexon, so monies relating to TRIAD capture are paid directly by National Grid.

Revenue comprises the value of sales of electricity and steam, excluding VAT and other indirect taxes, in the normal course of business. The Company operates in one class of business, marketing and supply of electricity and steam, and in one geographical segment, the United Kingdom.

Carbon emission allowances and obligations

As the Company has a Carbon emissions obligation, a provision is recognised for the net excess of carbon emissions over the emission allowances (carbon certificates) granted during the financial year. This provision is recognised in operating expenses, initially at the price of any procured certificates. Any additional emissions short position is recognised at market value at year end. Any procured carbon certificates in the year are recognised at cost as a current intangible asset grouped within other debtors.

Finance income and costs

Finance income and costs are credited or charged to the Income Statement on an accruals basis.

Exceptional items

Exceptional items represent significant items of income and expense which due to their nature or the expected infrequency of the events giving rise to them, are presented separately in the notes to the financial statements to give a better understanding of financial performance in the year, so as to facilitate comparison with prior periods and to better assess trends in financial performance.

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
Notes to the Financial Statements for the year ended 31 December 2015 (continued)

2 Accounting policies (continued)

Foreign currency translation

Functional and presentation currency

The financial statements are presented in 'Pounds Sterling' (£) which is also the Company's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Taxation

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

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

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

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

Property, plant and equipment

Property, plant and equipment are stated at historic purchase cost less accumulated depreciation and any provision for impairment in value. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. In the case of assets constructed by the Company, cost includes related works and administrative overheads and commissioning costs. Assets in the course of construction are included in tangible fixed assets on the basis of expenditure incurred at the balance sheet date and are not depreciated until brought into use. Interest costs are capitalised for qualifying assets according to IAS 23 (Borrowing costs).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation

Depreciation is calculated so as to write down the cost of tangible fixed assets to their residual value evenly over their estimated useful lives. Estimated useful lives are reviewed periodically, taking into account commercial and technological obsolescence as well as normal wear and tear with a provision being made for any impairment in value.

Asset class

Plant and machinery

Depreciation method and rate

6-15 years

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
Notes to the Financial Statements for the year ended 31 December 2015 (continued)

2 Accounting policies (continued)

Impairment of non-financial assets

The Company's management reviews the carrying amounts of its property, plant and equipment 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 income statement.

The recoverable amount of an asset is based on the higher of its estimated fair value less costs to sell and 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 generation 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 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 income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade receivables

Trade receivables are amounts due from customers in the ordinary course of business. 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.

Trade receivables 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 trade receivables 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 receivables.

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
Notes to the Financial Statements for the year ended 31 December 2015 (continued)

2 Accounting policies (continued)

Trade payables

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

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

Borrowings

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Capitalised borrowing costs are then depreciated over the life of the asset.

All other borrowing costs are recognised in the Income statement in the period in which they are incurred.

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.

Pension costs

The majority of the Company's pension contributions are made to the Electricity Supply Pension Scheme's (ESPS) defined benefit scheme, which are recognised as if they were to a defined contribution scheme within operating expenses in the Income statement account in the period to which they relate. This is because the Company is unable to identify its share of the underlying assets and liabilities of the ESPS scheme on a reasonable and consistent basis and hence it is accounted for as a defined contribution scheme under IAS 19R (Employee Benefits) with RWE Generation UK Holdings plc (formerly RWE Npower Holdings plc), the sponsoring entity for the ESPS, accounting for the scheme as a defined benefit multi-employer scheme under IAS 19R. The assets of these schemes are held separately from those of the Company in independently administered funds. During 2009, the Company took the decision to close its defined benefit schemes to new entrants. New entrants are now only able to participate in a defined contribution scheme.

Operating leases

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

3 Critical accounting judgements and key sources of estimation uncertainty

Impairment of fixed assets

The Company's management makes an estimate annually of the recoverable amounts of its assets based on the present value of future cash flows expected to be derived from use of the asset. If the recoverable amount is estimated to be less than its carrying amount, an impairment loss is recognised immediately in the Income statement.

Further information on how the recoverable amount is calculated is described in the accounting policy on page 15.

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
Notes to the Financial Statements for the year ended 31 December 2015 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Multi-employer defined benefit pension scheme

Certain employees participate in a multi-employer defined benefit pension scheme, the Electricity Supply Pension Scheme, an industry-wide scheme. In the judgement of the directors, the company does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution scheme, see note 10 for further details.

4 Cost of sales - exceptional item

	2015	2014
	£ 000	£ 000
Impairment of owned assets	-	4,870

5 Other income

The analysis of the Company's other (expense)/income is as follows:

	2015	2014
	£ 000	£ 000
Net contract termination settlements receivable	-	6,300
Movement in unrealised valuation of financial derivatives (note 17)	62	(259)
	<u>62</u>	<u>6,041</u>

6 Operating (loss)/profit

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

	2015	2014
	£ 000	£ 000
Wages and salaries	245	434
Social security costs	27	49
Other pension costs	17	46
Staff costs	<u>289</u>	<u>529</u>
Impairment of property, plant and equipment	-	4,870
Depreciation charge	<u>1,005</u>	<u>1,774</u>

The audit fee in 2015 and 2014 was borne by RWE Generation UK plc, the intermediate parent, and no recharge was made.

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
Notes to the Financial Statements for the year ended 31 December 2015 (continued)

7 Finance income

	2015	2014
	£ 000	£ 000
Interest income on bank deposits	-	10
Other finance income	6	-
Interest receivable from group undertakings	<u>61</u>	<u>63</u>
	<u><u>67</u></u>	<u><u>73</u></u>

8 Finance costs

	2015	2014
	£ 000	£ 000
Interest on bank overdrafts and borrowings	<u>18</u>	<u>17</u>

9 Employees and directors

Employees

The average monthly number of persons (including executive directors) employed by the company during the year was:

	2015	2014
	No.	No.
Generation	5	8

All employees are employed by RWE Generation UK plc, the intermediate parent. Employee costs of £289k (2014: £529k) have been recharged to RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited) via a group management charge.

As employees may work across several legal entities average staff numbers have been deduced based on the average employee costs for the Company.

Directors

The directors provide the majority of their services to other group companies and therefore received no remuneration (2014: £nil) from RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited) during the year.

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
Notes to the Financial Statements for the year ended 31 December 2015 (continued)

10 Post-employment benefits

The majority of pensions are funded through the defined benefit scheme within the RWE Npower Group of the industry-wide scheme, the Electricity Supply Pension Scheme (ESPS). It 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 Defined Contribution Section of the RWE Npower Group of the ESPS.

RWE Generation UK Holdings plc (formerly RWE Npower Holdings plc), RWE Generation UK plc's immediate parent undertaking, is the sponsoring entity for the RWE Npower Group of the Electricity Supply Pension Scheme.

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited) participates, along with other UK employers in the RWE AG Group, in the Electricity Supply Pension Scheme.

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited) is unable to identify its share of the underlying assets and liabilities on a reasonable and consistent basis primarily due to the following reasons:

- The allocation of non-active members (retired and deferred) to any one employer is not possible on an accurate and practicable basis due to the privatisation and subsequent restructuring of the electricity industry. Non active members made up approximately 86% of the scheme membership as at 31 March 2013;
- No one employer dominates the overall scheme in terms of payroll cost. RWE Generation UK plc's share of scheme pensionable salary is approximately 35%.

These circumstances have meant that the last actuarial valuation in 2013 was not prepared on an individual entity basis and it will also not be possible to prepare the next one on an individual entity basis either. Therefore the scheme is accounted for as a defined contribution scheme under IAS 19R 'Employee Benefits', with RWE Generation UK Holdings plc (formerly RWE Npower Holdings plc) accounting for the scheme as a defined benefit multi-employer scheme under IAS 19R (Employee Benefits).

The last formal valuation of the scheme was carried out as at 31 March 2013. At that date the deficit of the whole scheme was £563 million giving a funding level of 89%. Independent actuaries have assessed the IAS 19R position as at 31 December 2015 for the scheme as a whole by updating the last formal valuations using methods appropriate for IAS 19R. As at 31 December 2015 there was a deficit of £499 million (2014: £604 million).

During the year ended 31 December 2015, RWE Generation UK plc contributed to the four defined benefit sections of the ESPS at a weighted average rate of 17% of members' pensionable earnings.

Contributions towards administration expenses for the scheme became payable as a lump sum rather than as a percentage of pensionable salaries in 2015. The first such lump sum payment of £1m was paid in March 2015 by RWE Generation UK plc. Prior to 30 June 2014 a contribution of 0.9% of pensionable earnings was paid towards administration expenses.

The RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited) cost of contributions during the financial year was £6k (2014: £11k).

There were no prepaid or accrued contributions at 31 December 2015 or 31 December 2014.

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
Notes to the Financial Statements for the year ended 31 December 2015 (continued)

11 Income tax

Tax charged/(credited) in the income statement

	2015	2014
	£ 000	£ 000
Current taxation		
Group relief payable	50	1,225
Deferred taxation		
Arising from origination and reversal of temporary differences	(194)	(1,076)
Arising from changes in tax rates and laws	76	-
Adjustments in respect of previous years	-	(2)
Total deferred taxation	<u>(118)</u>	<u>(1,078)</u>
Tax (receipt)/expense in the income statement	<u>(68)</u>	<u>147</u>

The tax on (loss)/ profit before tax for the year is higher than the standard rate of corporation tax in the UK (2014 - higher than the standard rate of corporation tax in the UK) of 20.25% (2014 - 21.5%).

The differences are reconciled below:

	2015	2014
	£ 000	£ 000
(Loss)/profit on ordinary activities before taxation	<u>(748)</u>	<u>284</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%)	(152)	61
Increase from effect of expenses not deductible in determining taxable (loss)/profit	5	6
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	-	(2)
Deferred tax expense relating to changes in tax rates or laws	76	-
Other tax effects for reconciliation between accounting profit and tax expense	<u>3</u>	<u>82</u>
Total tax (credit)/charge	<u>(68)</u>	<u>147</u>

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 corporation tax rate for the year ended 31 December 2015 of 20.25%.

During the year, the relevant deferred tax balances have been re-measured as a result of the change in the main rate of corporation tax to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020. These rate reductions were substantively enacted on 26 October 2015 prior to the balance sheet date.

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 16 March 2016. These include reductions to 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 Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
Notes to the Financial Statements for the year ended 31 December 2015 (continued)

11 Income tax (continued)

Deferred tax

Analysis of deferred tax	Accelerated capital allowances £ 000	Other £ 000	Total £ 000
At 1 January 2014	(472)	(39)	(511)
(Charged)/credited to the income statement	1,027	51	1,078
At 31 December 2014	555	12	567
Credited to the income statement	195	(1)	194
Credited/(charged) to income statement arising from rate change	(75)	(1)	(76)
At 31 December 2015	675	10	685

	2015 £ 000	2014 £ 000
The amounts of the deferred tax assets to be recovered/settled are as follows:		
Within 12 months:		
Deferred tax asset	1	1
Deferred tax liability	-	-
	<u>1</u>	<u>1</u>
After 12 months:		
Deferred tax asset	684	566
Deferred tax liability	-	-
Total	<u>685</u>	<u>567</u>

The deferred tax asset is expected to be recoverable on the basis it can be used against expected future taxable profits within the UK tax group of RWE.

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
Notes to the Financial Statements for the year ended 31 December 2015 (continued)

12 Tangible fixed assets

	Assets under construction £ 000	Plant, machinery and equipment £ 000	Total £ 000
Cost or valuation			
At 1 January 2015	226	50,475	50,701
Additions	<u>532</u>	<u>-</u>	<u>532</u>
At 31 December 2015	<u>758</u>	<u>50,475</u>	<u>51,233</u>
Accumulated depreciation			
At 1 January 2015	-	46,290	46,290
Charge for the year	<u>-</u>	<u>1,005</u>	<u>1,005</u>
At 31 December 2015	<u>-</u>	<u>47,295</u>	<u>47,295</u>
Carrying amount			
At 31 December 2015	<u>758</u>	<u>3,180</u>	<u>3,938</u>
At 31 December 2014	<u>226</u>	<u>4,185</u>	<u>4,411</u>

Impairment

During the year the Company reviewed the carrying value of its plant. This review indicated that the recoverable value of the Company's generating assets was greater than the carrying amount and consequently no further impairment was required. In assessing the value the following significant assumptions were made:

- Post tax (real) discount rate of 5.0% was applied; and
- Future cashflows were estimated to the end of the generating asset's estimated useful life being 31 December 2027.

Further information on how the recoverable value is calculated is described in the accounting policy on page 15.

13 Inventories

	2015 £ 000	2014 £ 000
Raw materials and consumables	<u>117</u>	<u>117</u>

With regard to both raw materials and spares the replacement cost is not materially different to the value shown in the balance sheet above. No provision has been made for slow moving, obsolete or defective stock (2014: £nil).

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
Notes to the Financial Statements for the year ended 31 December 2015 (continued)

14 Trade and other receivables

	2015	2014
	£ 000	£ 000
Trade receivables	157	34
Loans owed by group undertakings	4,255	6,923
Other receivables	-	40
Total current trade and other receivables	<u>4,412</u>	<u>6,997</u>

The loan owed by group undertakings is unsecured, bears interest at 12 month LIBOR less 0.1% (2014: 12 month LIBOR less 0.1%) and is repayable within one year.

15 Creditors: amounts falling due within one year

	2015	2014
	£ 000	£ 000
Trade payables	401	528
Accrued expenses	91	30
Amounts owed to group undertakings	85	2,240
Social security and other taxes	8	-
Other payables	15	62
	<u>600</u>	<u>2,860</u>

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

Amounts owed to group undertakings include £50k (2014: £1,225k) of group relief payable.

Other payables includes a commodity derivatives liability of £62k in 2014.

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
Notes to the Financial Statements for the year ended 31 December 2015 (continued)

16 Share capital

Allotted, called up and fully paid shares

	No.	2015 £	No.	2014 £
Ordinary shares of £1 each	37,462,007	37,462,007	37,462,007	37,462,007

17 Financial instruments

Financial instruments by category

2015		Loans & receivables	Total	
Assets as per balance sheet		£ 000	£ 000	
Trade & other receivables		4,412	4,412	
Total		4,412	4,412	
2015		Other financial liabilities at amortised cost	Total	
Liabilities as per balance sheet		£ 000	£ 000	
Trade and other payables		577	577	
Total		577	577	
2014		Loans & receivables	Total	
Assets as per balance sheet		£ 000	£ 000	
Trade and other receivables		6,997	6,997	
Total		6,997	6,997	
2014		Other financial liabilities at amortised cost	Liabilities at fair value through profit and loss	Total
Liabilities as per balance sheet		£ 000	£000	£ 000
Derivative financial instruments	-	62		62
Trade and other payables	2,798	-		2,798
Total	2,798	62		2,860

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
Notes to the Financial Statements for the year ended 31 December 2015 (continued)

17 Financial instruments (continued)

Valuation methods and assumptions

Commodity derivatives:

The following overview presents the main parameters for the measurement of financial instruments recognised at fair value. In accordance with IFRS 7, the individual levels are defined as follows:

Level 1: Measurement using (unadjusted) prices of identical financial instruments quoted on active markets;

Level 2: Measurement on the basis of input parameters which are not the quoted prices from level 1, but which can be observed directly or indirectly;

Level 3: Measurement on the basis of models using input parameters which cannot be observed on the market.

	Level 1 2015 £ 000	Level 2 2015 £ 000	Level 3 2015 £ 000	Total 2015 £ 000
Commodity derivatives	-	-	-	-
Total	-	-	-	-
	Level 1 2014 £ 000	Level 2 2014 £ 000	Level 3 2014 £ 000	Total 2014 £ 000
Commodity derivatives	-	(62)	-	(62)
Total	-	(62)	-	(62)

The maturity profile of the financial assets / (liabilities) is as follows:

	Assets/(liabilities) at fair value through profit and loss 2015 £ 000
Due within one year	-
Due in more than one year and less than two years	-
Due in more than two years and less than five years	-
Total	-
	Assets/(Liabilities) at fair value through profit and loss 2014 £ 000
Due within one year	(62)
Due in more than one year and less than two years	-
Due in more than two years and less than five years	-
Total	(62)

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
Notes to the Financial Statements for the year ended 31 December 2015 (continued)

17 Financial instruments (continued)

Financial risk management

a) Market risk

Market price risk is the risk that changes in commodity prices will affect the Company's profits. The use of derivative instruments in the Company's business may expose the Company to market risk resulting from adverse changes in commodity prices. It is RWE Group policy that commodity price risks should be managed by RWEST to the extent that the market is sufficiently liquid. The principles for the transfer of market price risk to RWEST are controlled by the risk policies issued by RWE AG.

b) Credit risk

The majority of commodity contracts entered into are with RWEST, a subsidiary of RWE AG. RWE AG has an investment grade credit rating with major rating agencies and is the ultimate controlling company for both RWEST and the Company. Due to the nature of the relationship between RWEST and RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited), the exposure to credit risk is considered immaterial.

Other contracts are with other RWE AG group entities and therefore the level of credit risk is considered immaterial.

None of the financial assets are past due or impaired as at 31 December 2015.

c) Liquidity risk

A maturity analysis of financial assets relating to the commodity derivatives is included on page 25. Settlement of the contracts entered into with respective parties is settled on a monthly basis through the payment of cash amounts or reduction in intercompany debts.

Cash flow risk is mitigated by the use of forward derivatives for the sale of power and also the purchase of fuel. This reduces the company's exposure to unforeseen cash requirements in the future.

Gross value of assets and liabilities

(a) Financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements.

As at 31 December 2015	Gross amounts of recognised financial assets £ 000	Gross amounts of financial liabilities set off in the balance sheet £ 000	Net amounts of financial assets presented in the balance sheet £ 000
Commodity	-	-	-
Total	-	-	-

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
Notes to the Financial Statements for the year ended 31 December 2015 (continued)

17 Financial instruments (continued)

As at 31 December 2014	Gross amounts of recognised financial assets £ 000	Gross amounts of financial liabilities set off in the balance sheet £ 000	Net amounts of financial assets presented in the balance sheet £ 000
Commodity	2,545	(2,545)	-
Total	<u>2,545</u>	<u>(2,545)</u>	<u>-</u>

(b) Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements and similar arrangements

As at 31 December 2015	Gross amounts of recognised financial liabilities £ 000	Gross amounts of financial assets set off in the balance sheet £ 000	Net amounts of financial liabilities presented in the balance sheet £ 000
Commodity	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>

As at 31 December 2014	Gross amounts of recognised financial liabilities £ 000	Gross amounts of financial assets set off in the balance sheet £ 000	Net amounts of financial liabilities presented in the balance sheet £ 000
Commodity	2,607	(2,545)	62
Total	<u>2,607</u>	<u>(2,545)</u>	<u>62</u>

18 Parent and controlling parties

The immediate parent company is RWE Cogen (UK) Limited, a company incorporated and registered in England and Wales.

The ultimate parent company and controlling party is RWE AG, a company incorporated in Germany, which is the parent company of the smallest and largest group to consolidate these financial statements. Copies of the RWE AG consolidated financial statements can be obtained from RWE AG, Opernplatz 1, 45128, Essen, Germany.

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
Notes to the Financial Statements for the year ended 31 December 2015 (continued)

19 Transition to FRS 101

The financial statements of RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited) from 1 January 2015 have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The comparative figures for the prior year in these financial statements have also been prepared under FRS101. The change has resulted in adjustments to figures previously reported in prior year financial statements as follows:

Balance Sheet at 1 January 2014

	Note	As originally reported £ 000	Reclassification £ 000	As restated £ 000
Fixed assets				
Property, plant and equipment		10,375	-	10,375
Current assets				
Inventory		117	-	117
Trade and other receivables		13,263	-	13,263
		13,380	-	13,380
Creditors: Amounts falling due within one year	19.1	(14,346)	197	(14,149)
Net current liabilities		(966)	197	(769)
Total assets less current liabilities		9,409	197	9,606
Provisions for liabilities	19.1	(472)	(39)	(511)
Net assets		8,937	158	9,095
Capital and reserves				
Ordinary shares		37,462	-	37,462
Retained earnings		(28,525)	158	(28,367)
Shareholders' funds		8,937	158	9,095

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
Notes to the Financial Statements for the year ended 31 December 2015 (continued)

19 Transition to FRS 101 (continued)

Balance Sheet at 31 December 2014

	Note	As originally reported £ 000	Reclassification £ 000	As restated £ 000
Fixed assets				
Property, plant and equipment		4,411	-	4,411
Current assets				
Inventory		117	-	117
Trade and other receivables		6,997	-	6,997
Deferred tax assets		555	12	567
		<u>7,669</u>	<u>12</u>	<u>7,681</u>
Creditors: Amounts falling due within one year		<u>(2,798)</u>	<u>(62)</u>	<u>(2,860)</u>
Net current assets		<u>4,871</u>	<u>(50)</u>	<u>4,821</u>
Net assets		<u>9,282</u>	<u>(50)</u>	<u>9,232</u>
Capital and reserves				
Ordinary shares		37,462	-	37,462
Retained earnings		<u>(28,180)</u>	<u>(50)</u>	<u>(28,230)</u>
Shareholders' funds		<u>9,282</u>	<u>(50)</u>	<u>9,232</u>

RWE Cogen UK (Hythe) Limited (formerly Npower Cogen (Hythe) Limited)
Notes to the Financial Statements for the year ended 31 December 2015 (continued)

19 Transition to FRS 101 (continued)

Profit and Loss Account for the year ended 31 December 2014

	Note	As originally reported £ 000	Reclassification £ 000	As restated £ 000
Revenue		9,641	-	9,641
Cost of sales		(15,458)	-	(15,458)
Gross loss		(5,817)	-	(5,817)
Administrative expenses		4	-	4
Other operating income	19.1	6,300	(259)	6,041
Operating profit		487	(259)	228
Finance income - net		56	-	56
Profit before tax		543	(259)	284
Tax on profit on ordinary activities		(198)	51	(147)
Profit for the financial year		345	(208)	137

19.1 Derivatives

Derivative instruments (note 17) relating to physical gas and power trades have been accounted for under FRS101 in accordance with IAS 39. At 1 January 2014 the company had a net asset of £197k which is shown on its own line under current assets within creditors: amounts falling due within one year. At 31 December 2014 the company had a net derivative financial liability of £62k which is shown within creditors: amounts falling due within one year. The net movement in the derivative financial asset is shown within retained earnings after adjusting for deferred tax which is shown as an adjustment under provisions for liabilities at 1 January 2014, and Deferred tax assets at 31 December 2014.