

RWE Trading Services Limited

**Directors' Report and Financial Statements
for the year ended
31 December 2015**

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Registered Number 3696615

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RWE Trading Services Limited - 31 December 2015

Directors' report for the year ended 31 December 2015

The directors present their report and the audited financial statements of RWE Trading Services Limited ("the Company") for the year to 31 December 2015.

Preparation of Directors' report

The Directors' report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. The company has also taken advantage of the small companies exemption from preparing a strategic report.

Review of business and principal activities

The Company is a wholly owned subsidiary of RWE Supply & Trading GmbH, a company registered in Germany ("the Parent Company"), and which is wholly owned by RWE AG ("RWE"), the German energy company which is also incorporated in Germany.

The Company is a limited company incorporated and domiciled in the UK. The address of its registered office is Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire, SN5 6PB.

The Company acts as an agent for RWE Supply & Trading GmbH in arranging commodity deals for it in actively traded energy markets. This agency business is set out in the existing Intra Group Service Level Agreement ("the Service Level Agreement"). In consideration of these services under the Service Level Agreement, the Company charges RWE Supply & Trading GmbH a fixed monthly commission. In return, RWE Supply & Trading GmbH requires a fixed monthly fee from the Company in respect of costs incurred on its behalf. The Company does not contract with third parties.

The Company is authorised and regulated by the Financial Conduct Authority (FCA) and as such is subject to the reporting requirements detailed in the FCA Handbook for non-BIPRU firms IPRU(INV) Chapter 3.

The Company's profit for the financial year is £63,000 (2014: £59,000). During the year the Company continued to operate its business in accordance with the agreed business model, and the directors are satisfied with the stable business performance and financial position at year end. The directors do not propose a dividend for the year ended 31 December 2015 (2014: £nil).

Strategy and Future Outlook

The Company operates in line with the direct requirements of its Parent Company, the Service Level Agreement, and within the RWE group of companies. The directors are not aware of any plans to change or significantly curtail the activities of the Company, and consequently they expect the present level of activity to continue for the foreseeable future. They consider that the business model is robust, the outlook for the Company is positive, and therefore the going concern assumption is an appropriate basis for the preparation of the financial statements (Note 3).

Principal risks and uncertainties, key performance indicators

The Company's operations expose it to a number of risks. The principal risks and uncertainties of the Company are in ensuring compliance with the Service Level Agreement with the Parent Company, managing its finances and obligations, and ensuring compliance with the FCA's regulatory rules and reporting requirements. Management of these risks is undertaken by the Company's management in accordance with the Company's policies, and in the context of the risk management activities of the Parent Company and RWE, details of which may be found in the Annual Report.

The directors do not use any complex key performance indicators (KPIs) to monitor the business. Performance is measured at RWE group level and any KPIs can be found in the RWE Annual Report.

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

Directors and their interests

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

E Law (resigned 27 May 2015)

R Jones (appointed 27 May 2015)

A Brown

The directors do not have any interest in the shares of the Company.

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year, and is currently in force, for the benefit of the Directors of the Company and of any associated company. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Statement of Directors' Responsibilities

The directors are responsible for preparing the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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 UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosures exemptions, if any, of FRS 102 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.

Statement as to disclosure of information to auditors

So far as each of the directors in office at the date of signing of this report is aware, there is no relevant audit information of which the auditors are unaware and each such director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

RWE Trading Services Limited - 31 December 2015

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

Independent Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office. The Company has elected not to re-appoint auditors annually. Therefore the auditors, PricewaterhouseCoopers LLP, are deemed to be re-appointed under S487(2) of the Companies' Act 2006.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'A Brown', with a long horizontal stroke extending to the right.

A Brown
18 April 2016

Independent auditors' report to the members of RWE Trading Services Limited

Report on the financial statements

Our opinion

In our opinion, RWE Trading Services 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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

RWE Trading Services Limited's financial statements comprise:

- The balance sheet as at 31 December 2015;
- the statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 Directors' Report and Financial Statements 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
18 April 2016

RWE Trading Services Limited - 31 December 2015

Statement of comprehensive income for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Turnover	4	605	605
Administrative expenses		<u>(526)</u>	<u>(530)</u>
Profit on ordinary activities before taxation	5	79	75
Tax on profit on ordinary activities	7	<u>(16)</u>	<u>(16)</u>
Profit for the financial year		63	59
Total comprehensive income for the year		63	59

All amounts relate to continuing operations.

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the years stated above and their historical cost equivalents.

The notes on pages 11-15 form an integral part of these financial statements.

RWE Trading Services Limited - 31 December 2015

Balance sheet as at 31 December 2015

	Note	2015 £'000	2014 £'000
Current assets			
Debtors	8	40	77
Cash at bank and in hand		<u>983</u>	<u>883</u>
		<u>1,023</u>	<u>960</u>
Creditors - amounts falling due within one year	9	<u>(16)</u>	<u>(16)</u>
Net current assets		<u>1,007</u>	<u>944</u>
Net assets		<u>1,007</u>	<u>944</u>
Capital and reserves			
Called up share capital	10	200	200
Retained earnings		<u>807</u>	<u>744</u>
Total equity		<u>1,007</u>	<u>944</u>

The notes on pages 11-15 form an integral part of these financial statements.

The financial statements on pages 7 to 15 were approved by the Board of Directors on 18 April 2016 and signed on their behalf by



A Brown
Director

RWE Trading Services Limited - 31 December 2015

Statement of cash flows for the year ended 31 December 2015

	2015	2014
	£'000	£'000
Cash Flows from Operating Activities		
Profit on ordinary activities before taxation	<u>79</u>	<u>75</u>
Decrease / (Increase) in receivables	37	(11)
Tax paid	(16)	(18)
Net cash generated from operating activities	<u>100</u>	<u>46</u>
Net increase in Cash and Cash Equivalents	100	46
Cash and cash equivalents at beginning of year	883	837
Cash and cash equivalents at end of year	<u>983</u>	<u>883</u>
Cash and cash equivalents consists of:		
Cash at bank	983	883

Statement of changes in equity for the year ended 31 December 2015

		Called up share capital	Retained earnings	Total
	Note	£'000	£'000	£'000
Balance as of 1 January 2014		<u>200</u>	<u>685</u>	<u>885</u>
Profit for the financial year		-	59	59
Balance as of 31 December 2014		<u>200</u>	<u>744</u>	<u>944</u>
Profit for the financial year		-	63	63
Balance as of 31 December 2015	10	<u>200</u>	<u>807</u>	<u>1,007</u>

Notes to the Financial Statements

1 General information

The Company acts as an agent for RWE Supply & Trading GmbH in arranging commodity deals for it in actively traded energy markets.

The Company is a limited company incorporated and domiciled in the UK. The address of its registered office is Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire, SN5 6PB.

2 Statement of compliance

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 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. The company has adopted FRS 102 in these financial statements. Details of the transition to FRS 102 are disclosed in note 16.

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention.

Going concern

The Company meets its day-to-day working capital requirements through its operating profit. The Company's forecasts and projections show that the Company should be able to operate within the level of its current facilities. After making enquiries, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has not taken advantage of any available exemption for qualifying entities.

Revenue recognition

Revenue comprises commissions charged to RWE Supply & Trading GmbH in accordance with the Service Level Agreement, for dealing and arranging services performed in the energy commodity markets and is measured at fair value of the consideration received. Revenue is recognised in the accounting period in which the services are rendered when the outcome of contract can be estimated reliably.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Notes to the Financial Statements (continued)

Note 3 Summary of significant accounting policies (continued)

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. The company's liability for current tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

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. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements (continued)

Note 3 Summary of significant accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4 Turnover

	2015	2014
	£'000	£'000
Commission from RWE Supply & Trading GmbH	<u>605</u>	<u>605</u>

5 Profit on ordinary activities before taxation

	2015	2014
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging:		
Amounts recharged from Parent Company	<u>526</u>	<u>530</u>

Included within the Parent Company recharges is auditors' remuneration of £11,950 (2014: £11,600) for the audit of the financial statements of the Company and £6,050 (2014: £5,900) for other services pursuant to legislation. No other amounts are paid to auditors in respect of services provided.

6 Directors' and employees' remuneration

RWE Trading Services Limited has no employees (2014: nil). Employees are contracted to RWE Supply & Trading GmbH and are not employed directly by RWE Trading Services Limited. Staff costs of £429,000 (2014: £429,000) are included within the recharge from RWE Supply & Trading GmbH.

The directors did not receive any emoluments in respect of their services to the Company (2014: £nil).

7 Income tax

	2015	2014
	£'000	£'000
Group relief at 20.25% (2014: 21.5%) on profits for the year	<u>16</u>	<u>16</u>

The Company has no deferred tax asset or deferred tax liability.

There is no difference (2014: no difference) between the tax charge for the year and the accounting profit before tax multiplied by the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%).

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.

RWE Trading Services Limited - 31 December 2015

Notes to the Financial Statements (continued)

Note 7 Income tax (continued)

Further changes to the main rate of corporation tax were also substantively enacted on 26 October 2015, prior to the balance sheet date, to reduce the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020

8 Debtors

	2015	2014
	£'000	£'000
Amounts owed by group undertakings	40	59
Other debtors	=	<u>18</u>
	<u>40</u>	<u>77</u>

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

9 Creditors - amounts falling due within one year

	2015	2014
	£'000	£'000
Amount owed to group undertakings in respect of group relief	<u>16</u>	<u>16</u>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

10 Share capital

	2015	2014
	£'000	£'000
Allotted and fully paid		
200,002 (2014: 200,002) ordinary shares of £1 each	<u>200</u>	<u>200</u>

11 Commitments and contingencies

The Company has no commitments and contingencies at the balance sheet date.

12 Controlling parties

The immediate parent undertaking is RWE Supply & Trading GmbH. The ultimate parent undertaking and controlling party is RWE AG, a company incorporated in Germany.

13 Events after the end of the reporting period

There were no post balance sheet events.

Notes to the Financial Statements (continued)

14 Transition to FRS 102

This is the first year the Company has presented the results under FRS 102. The last financial statements under UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. There were no changes in accounting policies resulting in the differences in profit for the financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS 102.